KING CETSHWAYO

DISTRICT MUNICIPALITY

Annual Financial Statements
for the year ended 30 June 2024

GENERAL INFORMATION

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (water, sanitation & waste management) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1996) Local Government: Municipal Finance Management Act (Act 56 of 2003) Water Services Act 108 of 1997 Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Division of Revenue Act (Act 1 of 2007)
Mayor	His Worship Councillor AT Ntuli (Resigned 13 June 2024) His Worship Councillor SZ Dlamini (Appointed as Acting Mayor - 26 June 2024 and thereafter as Mayor on 12 November 2024)
Accounting Officer	Mr PP Sibiya
Deputy Municipal Manager Finance	Mrs MC Reddy
Registered office	King Cetshwayo District Municipality Prince Mangosuthu Buthelezi House Krugerrand, CBD Richards Bay 3900
Business address	King Cetshwayo District Municipality Prince Mangosuthu Buthelezi House Krugerrand, CBD Richards Bay 3900
Postal address	Private Bag X1025 Richards Bay 3900
Bankers	FirstRand Bank
Auditors	Auditor-General of South Africa (AGSA)
Senior Legal Advisor	Mr G Dlamini
Municipal demarcation code and grade	DC 28 / Grade 5

GENERAL INFORMATION

Members of the audit committee	Mr D Naicker - Chairperson
	Mr HGS Mpungose CA (SA)
	Mr AD Gonzalves
	Dr MJ Ndlovu
	Mrs CN Khanyile

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The reports and statements set out below comprise the annual financial statements for the year ended 30 June 2024 presented to the Council:

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITY

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

The annual financial statements 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 annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2025 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 annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I would like to bring your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 30 and 45 of these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act no. 20 of 1998) and the Minister of Provincial and Local Government determination in accordance with this Act.

Accounting Officer
Mr PP Sibiya
28 November 2024

ACCOUNTING OFFICER'S REPORT

The Accounting Officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

The municipality is a category C municipality and has specific functions in line with section 85 of the Local Government Municipal Structures Act of 1998, which include planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, refuse and environmental health services. The full extent of functions are listed in the published annual report.

Net surplus of the municipality was R297 839 797 (30 June 2023: surplus R284 509 020).

2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R3 478 766 128 and that the municipality's total assets exceed total liabilities by R3 478 766 128.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year that may need to be adjusted for or disclosed in the annual financial statements.

4. Accounting Officers' interest in contracts

The Accounting Officer has no interest in contracts awarded, either direct or indirect.

5. Accounting policies

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

6. Accounting Officer

The Accounting Officer of the municipality is Mr PP Sibiya.

ACCOUNTING OFFICER'S REPORT

7. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

Audit committee

The chairperson of the audit committee for the full financial year was Mr D Naicker (independent member). The committee met 7 times during the financial year to review matters necessary to fulfil its role.

Internal audit

The municipality has co-sourced its internal audit function wherein the municipality appointed a Chief Audit Executive who oversees the outsourced service provider. This is in compliance with the Municipal Finance Management Act, 2003.

The annual financial statements set out on pages 8 to 108, which have been prepared on the going concern basis, were approved by the Accounting Officer on 28 November 2024.

Accounting Officer
Mr PP Sibiya

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Figures in Rands	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	136 160 780	153 519 700
Receivables from exchange transactions - consumer debtors	3	63 699 541	70 946 072
Receivables from non-exchange transactions - consumer debtors	4	1 273 465	5 801 653
Inventories	5	5 864 055	6 064 210
Exchange transactions - VAT	6	98 918 489	120 691 782
Receivables from exchange transactions - other	7	16 974 710	17 203 169
		322 891 040	**374 226 586**
Non-Current Assets			
Property, plant and equipment	8	3 454 015 906	3 135 303 753
Intangible assets	9	3 603 395	3 630 074
Heritage assets	10	1 487 200	1 487 200
Receivables from exchange transactions - consumer debtors	11	5 514 776	3 493 132
		3 464 621 277	**3 143 914 159**
Total Assets		**3 787 512 317**	**3 518 140 745**
Liabilities			
Current Liabilities			
Current portion of borrowings	12	-	6 285 648
Payables from exchange transactions	13	195 741 525	210 504 916
Consumer deposits	14	11 739 499	10 991 054
Current portion of employee benefit obligation	15	2 410 000	2 232 000
Trade and other payables from non-exchange transactions	16	-	4 805 144
Current portion of provisions	17	4 273 702	2 927 919
		214 164 726	**237 746 681**
Non-Current Liabilities			
Employee benefit obligations	15	34 456 000	36 951 000
Provisions	17	60 125 463	62 516 734
		94 581 463	**99 467 734**
Total Liabilities		**308 746 189**	**337 214 415**
Net Assets		**3 478 766 128**	**3 180 926 330**
Accumulated surplus		3 478 766 128	3 180 926 330
Total Net Assets		**3 478 766 128**	**3 180 926 330**

* See Note 52

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Figures in Rands	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	103 461 290	109 388 434
Sale of goods and rendering of services	19	468 975	416 068
Licences and permits	20	151 455	122 372
Rental income	21	357 491	357 770
Operational revenue	22	2 518 349	1 807 292
Interest on receivables from exchange transactions	23	4 350 959	4 110 326
Interest on receivables from investments and bank accounts	24	29 269 268	25 802 133
Actuarial gains	15	8 693 914	7 836 880
Gain on disposal of property, plant and equipment	8	833 252	-
Gain on adjustment to rehabilitation provision	17	10 325 417	3 429 681
Total revenue from exchange transactions		**160 430 370**	**153 270 956**
Revenue from non-exchange transactions			
Transfers and subsidies	25	1 177 325 016	1 135 764 783
Fines, penalties and forfeits	26	11 999 698	430 664
Donations	8	10 786 868	1 649 202
Service charges - availability charges	27	2 277 889	2 264 878
Interest on receivables from non-exchange transactions	28	466 846	294 338
Total revenue from non-exchange transactions		**1 202 856 317**	**1 140 403 865**
Total revenue		**1 363 286 687**	**1 293 674 821**
Expenditure			
Employee related costs	29	(330 089 520)	(301 718 720)
Remuneration of councillors	30	(14 986 734)	(15 273 741)
Depreciation and amortisation	31	(99 214 958)	(109 284 743)
Finance costs	32	(8 535 847)	(14 881 910)
Debt Impairment	3&4&7 &11	(5 253 782)	(6 142 540)
Irrecoverable debts written off	3&7	(4 914 328)	(3 163 449)
Inventory consumed	33	(219 394 982)	(154 063 936)
Contracted services	34	(186 348 862)	(247 772 848)
Transfers and subsidies	35	(3 700 000)	(2 400 000)
Operating leases	36	(18 954 954)	(17 510 703)
Operational costs	37	(99 744 319)	(89 009 025)
Water losses	38	(51 265 131)	(43 898 199)
Inventories write-downs	5	-	(143 622)
Impairment on property, plant and equipment	8	(23 043 473)	(3 634 198)
Loss on disposal of property, plant and equipment	8	-	(268 167)
Total expenditure		**(1 065 446 890)**	**(1 009 165 801)**
Surplus for the year		**297 839 797**	**284 509 020**

* See Note 52

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Figures in Rands	Accumulated surplus	Total net assets
Opening balance as previously reported	2 893 719 899	2 893 719 899
Adjustments		
Prior year adjustments 52	2 697 411	2 697 411
Restated balance at 01 July 2022	**2 896 417 310**	**2 896 417 310**
Restated surplus for the year	284 509 020	284 509 020
Restated balance at 01 July 2023	**3 180 926 330**	**3 180 926 330**
Opening balance as previously reported	3 177 811 494	3 177 811 494
Prior year adjustments 52	3 114 837	3 114 837
Surplus for the year	297 839 797	297 839 797
Balance at 30 June 2024	**3 478 766 128**	**3 478 766 128**

* See Note 52

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Figures in Rands	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Consumers and other		125 959 729	82 982 383
Transfers and subsidies	16	1 172 519 872	1 137 666 000
Interest		29 128 219	25 361 111
		1 327 607 820	1 246 009 494
Payments			
Employees		(338 699 345)	(309 908 581)
Suppliers		(564 846 938)	(744 993 548)
		(903 546 283)	(1 054 902 129)
Net cash flows from operating activities	40	**424 061 537**	**191 107 365**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles assets		(437 182 926)	(400 093 916)
Proceeds from insurance and sale of property, plant and equipment		2 649 817	2 417 800
Proceeds from long-term receivables		-	6 680
Net cash flows from investing activities		**(434 533 109)**	**(397 669 436)**
Cash flows from financing activities			
Repayment of current portion of borrowings	12	(6 285 648)	(9 563 780)
Finance costs	32	(601 700)	(1 686 702)
Net cash flows from financing activities		**(6 887 348)**	**(11 250 482)**
Net (decrease) in cash and cash equivalents		**(17 358 920)**	**(217 812 553)**
Cash and cash equivalents at the beginning of the year		153 519 700	371 332 253
Cash and cash equivalents at the end of the year	2	**136 160 780**	**153 519 700**

* See Note 52

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rands	Approved budget	Adjustments	Year to date Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges - water	74 388 424	(1 495 529)	**72 892 895**	61 721 653	**(11 171 242)**	46.1
Service charges - waste water management	10 006 523	-	**10 006 523**	8 769 402	**(1 237 121)**	46.2
Service charges - waste management	41 674 583	-	**41 674 583**	32 970 235	**(8 704 348)**	46.3
Sale of goods and rendering of services	784 293	(379 008)	**405 285**	468 975	**63 690**	
Interest earned from receivables	1 603 121	-	**1 603 121**	4 350 959	**2 747 838**	46.4
Interest earned from current and non-current assets	20 678 672	7 744 465	**28 423 137**	29 269 268	**846 131**	
Rental from fixed assets	229 272	-	**229 272**	357 491	**128 219**	
Licences and permits	-	109 479	**109 479**	151 455	**41 976**	
Operational revenue	714 610	4 469 825	**5 184 435**	2 518 349	**(2 666 086)**	46.5
Other gains	-	-	**-**	19 852 583	**19 852 583**	46.6
Total revenue from exchange transactions	**150 079 498**	**10 449 232**	**160 528 730**	**160 430 370**	**(98 360)**	
Revenue from non-exchange transactions						
Fines, penalties and forfeits	11 876	11 614 820	**11 626 696**	11 999 698	**373 002**	
Licenses and permits	50 000	(50 000)	**-**	-	**-**	
Transfers and subsidies - operational	725 015 175	3 045 531	**728 060 706**	728 046 612	**(14 094)**	
Donations	-	-	**-**	10 786 868	**10 786 868**	46.7
Interest	-	-	**-**	466 846	**466 846**	
Service charges - availability charges	-	-	**-**	2 277 889	**2 277 889**	46.8
Total revenue from non-exchange transactions	**725 077 051**	**14 610 351**	**739 687 402**	**753 577 913**	**13 890 511**	
Total revenue	**875 156 549**	**25 059 583**	**900 216 132**	**914 008 283**	**13 792 151**	
Expenditure						
Employee related costs	(360 603 844)	26 321 223	**(334 282 621)**	(330 089 520)	**4 193 101**	
Remuneration of councillors	(17 096 647)	-	**(17 096 647)**	(14 986 734)	**2 109 913**	46.9
Inventory consumed	(218 845 048)	(27 974 657)	**(246 819 705)**	(219 394 982)	**27 424 723**	46.10
Debt Impairment	(9 310 146)	3 694 044	**(5 616 102)**	(5 253 782)	**362 320**	
Depreciation and amortisation	(145 688 481)	3 036 849	**(142 651 632)**	(122 258 431)	**20 393 201**	46.11
Interest	(2 214 488)	(6 321 359)	**(8 535 847)**	(8 535 847)	**-**	
Contracted services	(148 846 807)	(44 638 691)	**(193 485 498)**	(186 348 862)	**7 136 636**	
Transfers and subsidies	(5 000 000)	(700 000)	**(5 700 000)**	(3 700 000)	**2 000 000**	46.12
Irrecoverable debts written off	-	(4 914 329)	**(4 914 329)**	(4 914 328)	**1**	
Operational costs	(124 036 156)	1 986 923	**(122 049 233)**	(118 699 273)	**3 349 960**	
Loss on disposal of assets	-	(1 816 564)	**(1 816 564)**	-	**1 816 564**	46.13
Other losses	-	(65 226 918)	**(65 226 918)**	(51 265 131)	**13 961 787**	46.14
Total expenditure	**(1 031 641 617)**	**(116 553 479)**	**(1 148 195 096)**	**(1 065 446 890)**	**82 748 206**	
Operating deficit	**(156 485 068)**	**(91 493 896)**	**(247 978 964)**	**(151 438 607)**	**96 540 357**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rands	Approved budget	Adjustments	Year to date Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Transfers and subsidies - capital (monetary allocation)	481 636 825	(32 269 614)	**449 367 211**	449 278 404	**(88 807)**	
Surplus for the year	**325 151 757**	**(123 763 510)**	**201 388 247**	**297 839 797**	**96 451 550**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rands	Approved budget	Adjustments	Year to date Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	446 879 263	(298 179 873)	**148 699 390**	136 160 780	**(12 538 610)**	
Trade and other receivables from exchange transactions	82 338 492	15 637 729	**97 976 221**	63 699 541	**(34 276 680)**	46.15
Receivables from non-exchange transactions	729 639	-	**729 639**	1 273 465	**543 826**	46.16
Current portion of non-current receivables	-	780 604	**780 604**	-	**(780 604)**	46.17
Inventory	8 650 332	(785 527)	**7 864 805**	5 864 055	**(2 000 750)**	46.18
VAT	40 934 447	73 999 660	**114 934 107**	98 918 489	**(16 015 618)**	
Other current assets	762 551	8 226 500	**8 989 051**	16 974 710	**7 985 659**	46.19
	580 294 724	**(200 320 907)**	**379 973 817**	**322 891 040**	**(57 082 777)**	
Non-Current Assets						
Property, plant and equipment	3 372 866 179	(11 594 486)	**3 361 271 693**	3 454 015 906	**92 744 213**	
Heritage assets	6 343 479	(2 100 000)	**4 243 479**	1 487 200	**(2 756 279)**	46.20
Intangible assets	6 764 254	(2 410 900)	**4 353 354**	3 603 395	**(749 959)**	46.21
Trade and other receivables from exchange transactions	-	-	**-**	5 514 776	**5 514 776**	46.22
	3 385 973 912	**(16 105 386)**	**3 369 868 526**	**3 464 621 277**	**94 752 751**	
Total Assets	**3 966 268 636**	**(216 426 293)**	**3 749 842 343**	**3 787 512 317**	**37 669 974**	
Liabilities						
Current Liabilities						
Consumer deposits	10 723 858	810 196	**11 534 054**	11 739 499	**205 445**	
Trade and other payables from exchange transactions	321 839 624	(102 842 596)	**218 997 028**	195 741 525	**(23 255 503)**	46.23
Provisions	49 403 266	(43 148 672)	**6 254 594**	6 683 702	**429 108**	
VAT	(69 410 480)	77 724 320	**8 313 840**	-	**(8 313 840)**	
	312 556 268	**(67 456 752)**	**245 099 516**	**214 164 726**	**(30 934 790)**	
Non-Current Liabilities						
Provisions	70 455 703	54 357 744	**124 813 447**	94 581 463	**(30 231 984)**	46.24
Total Liabilities	**383 011 971**	**(13 099 008)**	**369 912 963**	**308 746 189**	**(61 166 774)**	
Net Assets	**3 583 256 665**	**(203 327 285)**	**3 379 929 380**	**3 478 766 128**	**98 836 748**	
Accumulated surplus	3 583 256 665	(203 327 285)	**3 379 929 380**	3 478 766 128	**98 836 748**	
Total community wealth / equity	**3 583 256 665**	**(203 327 285)**	**3 379 929 380**	**3 478 766 128**	**98 836 748**	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

Figures in Rands	Approved budget	Adjustments	Year to date Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Services charges	113 462 576	9 950 233	**123 412 809**	108 627 486	**(14 785 323)**	
Other revenue	111 336 030	26 421 041	**137 757 071**	17 332 240	**(120 424 831)**	
Transfers and subsidies - operational	698 145 000	(195 950)	**697 949 050**	725 933 300	**27 984 250**	
Transfers and subsidies - capital	508 507 000	(31 078 000)	**477 429 000**	446 586 571	**(30 842 429)**	
Interest	22 281 793	6 141 344	**28 423 137**	29 128 219	**705 082**	
	1 453 732 399	**11 238 668**	**1 464 971 067**	**1 327 607 816**	**(137 363 251)**	
Payments						
Suppliers and employees	(919 948 089)	(100 698 007)	**(1 020 646 096)**	(900 594 728)	**120 051 368**	
Finance charges	(2 214 488)	1 612 787	**(601 701)**	(601 700)	**1**	
Transfers and subsidies	-	(5 700 000)	**(5 700 000)**	(3 700 000)	**2 000 000**	
	(922 162 577)	**(104 785 220)**	**(1 026 947 797)**	**(904 896 428)**	**122 051 369**	
Net cash flows from operating activities	**531 569 822**	**(93 546 552)**	**438 023 270**	**422 711 388**	**(15 311 882)**	
Cash flows from investing activities						
Capital assets	(452 537 631)	16 105 386	**(436 432 245)**	(437 182 926)	**(750 681)**	
Proceeds on disposal of PPE	-	-	**-**	2 649 817	**2 649 817**	
Net cash flows from investing activities	**(452 537 631)**	**16 105 386**	**(436 432 245)**	**(434 533 109)**	**1 899 136**	
Cash flows from financing activities						
Repayments of borrowings	(6 285 649)	-	**(6 285 649)**	(6 285 649)	**-**	
Increase / (decrease) in consumer deposits	(17 803)	-	**(17 803)**	748 450	**766 253**	46.25
Net cash flows from financing activities	**(6 303 452)**	**-**	**(6 303 452)**	**(5 537 199)**	**766 253**	
Net (decrease) in cash held	72 728 739	(77 441 166)	**(4 712 427)**	(17 358 920)	**(12 646 493)**	
Cash and cash equivalents at the beginning of the year	374 114 918	(220 738 706)	**153 376 212**	153 519 700	**143 488**	
Cash and cash equivalents at the end of the year	**446 843 657**	**(298 179 872)**	**148 663 785**	**136 160 780**	**(12 503 005)**	

Variances greater than 10% with a value greater than R500 000 are explained in note 46.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1. Basis of preparation

The annual financial statements for the year ended 30 June 2024 have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands and the amounts have been rounded to the nearest rand.

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

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements Significant judgements and sources of estimation uncertainty include:

1.1.1 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17.

1.1.2 Useful lives of property, plant, equipment and intangible assets

As described in accounting policies 1.7&1.9 the municipality depreciates/amortises its property, plant and equipment and 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 become available for use. The useful lives and residual values of the assets are based on industry knowledge and are reviewed annually.

1.1.3 Defined benefit plan liabilities and other long-term employee benefits

As described in accounting policy 1.5, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post retirement health benefit obligations and other long-term employee benefits i.e. long service awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 15 to the financial statements.

1.1.4 Impairment of financial assets

The accounting policy 1.4 on financial instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers 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 made assumptions that are mainly based on market conditions existing at the end of the reporting period.

On receivables from exchange transactions consumer debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

The calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per the approved council policy on credit control and debt collection.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.1 Basis of preparations (continued)

1.1.5 Revenue recognition

Accounting policy 1.13 on Revenue from Exchange Transactions and accounting policy 1.14 on Revenue from Non - Exchange Transactions describe the conditions under which revenue is recorded by the management of the municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 Revenue from Exchange Transactions and GRAP 23 Revenue from Non-Exchange Transactions and in particular, whether the service has been rendered.

1.1.6 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is outlined in 1.4. below and is based on management's judgement.

1.1.7 Impairment of property, plant and equipment, intangible assets, heritage assets and write down of inventory

The accounting policies on impairment of non-cash generating assets 1.10 as well as inventory 1.12 describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of inventories to the lower of cost and net realisable values (NRV).

1.1.8 Inventory water

Water inventory is considered to be inventory at the point of extraction from natural water sources or at the point where water passes into the municipal network provided by bulk water suppliers.

1.1.9 Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or in aggregate, influence the decisions that users make on the basis of information disclosed in the annual financial statements.

In preparation of the annual financial statements materiality has been considered in:

a) Deciding what to report in the financial statements and how to present it.

b) Assessing the effect of omissions, misstatements and errors on the annual financial statements.

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items,transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

The municipality has also considered whether certain transactions or balances may be qualitatively material based on the inherent characteristics thereof, even though the transaction or balance is quantitatively immaterial, if:

a) The item, transaction or event relates to legal or regulatory requirements.

b) Related party transactions.

c) The regularity or frequency with which an item, transaction or event occurs.

d) The item, transaction or event results in the reversal of a trend.

e) The item, transaction or event is likely to result in a change in accounting policy.

f) The commencement of a new function, or the reduction or cessation of an existing function.

1.1 Basis of preparations (continued)

g) The degree of estimation or judgement that is needed to determine the value of an item, transaction or event.

h) An item, transaction or event that affects the going concern assumption of the municipality.

1.2 New standards of GRAP, guidelines and interpretations

GRAP standards revised and not yet effective

The following Standards have been revised with their amendments being effective for financial years commencing on or after 1 April 2025:

-GRAP 1 (as amended) on Presentation of Financial Statements. The effective date is still to be determined by the Minister of Finance.

-GRAP 103 (as revised) on Heritage Assets. The effective date is still to be determined by the Minister of Finance.

-GRAP 104 (as revised) on Financial Instruments. The effective date is 1 April 2025.

-Amendments of Standards of GRAP

The municipality expects that the above standards would not have a material impact on the preparation of the annual financial statements, with the exception of GRAP 104's impact which is still being assessed.

1.3 Offsetting

Assets and liabilities, as well as revenue and expenses, are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4 Financial instruments

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions (excluding statutory receivables i.e. VAT)	Financial asset measured at amortised cost

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

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

The municipality measures all financial assets and financial liabilities after initial recognition at amortised cost.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.4 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

1.5 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 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 included in payables from exchange transactions.

Defined contribution plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those funds. 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 municipality contributes to state funds on behalf of its qualifying employees (refer to Note 15 of the annual financial statements for details). The contributions to fund obligations for the payment of retirement benefits are charged to surplus or deficit in the year they become payable. These defined benefit funds are actuarially valued on the discounted cash method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

These contributions are recognised in the statement of financial performance when employees have rendered the service entitling them to the contribution.

Defined benefit plans

Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the medical aid fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

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

1.5 Employee benefits (continued)

Other long-term employee benefits - long-service awards

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25, 30, 35, 40 and 45 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.

1.6 Provisions

The municipality accounts for the following provisions - refer to note 17:

- Performance bonus for section 56 and 57 managers
- Rehabilitation provision for the solid waste landfill site

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

1.7 Property, plant and equipment

All property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation on assets other than land is calculated using the Straight-line method.

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

Item	Useful life
Buildings -other	30 years
Buildings - permanent	30 - 50 years
Plant and equipment	2 - 15 years
Furniture	10 years
Motor vehicles	5 - 15 years
Office equipment	5 years
IT equipment	5 years
Infrastructure - plant and equipment	15 years
Infrastructure - sewerage services	50 years
Infrastructure - solid waste and cemetery services	15 years
Infrastructure - water services	20 - 50 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.8 Heritage assets

A class of heritage assets is carried at its cost less any accumulated impairment losses.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the item is derecognised.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.9 Intangible assets

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

Amortisation is on assets calculated using the straight line method.

The amortisation rates are based on the following useful lives:

Item	Useful life
Computer software, other	3-5 years

1.10 Impairment of non-cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. All other assets are classified as non-cash generating assets. 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 an asset is the higher of its fair value less costs to sell and its value in use.

For non-cash generating assets the value in use is determined using the Depreciated Replacement Cost approach. An impairment loss is recognised immediately in Surplus or Deficit. An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable (service) amounts of those assets are estimated. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss is recognised immediately in Surplus or Deficit.

1.11 Leases

Operating leases - The municipality as a lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - The municipality as a lessee

Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

1.12 Inventory

Consumables and maintenance materials are inventories used by the municipality which are not sold and thus measured at the lower of cost and current replacement cost. The cost of these inventory items are assigned using the first-in, first out (FIFO) formula.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.12 Inventory (continued)

Water for distribution is measured using the weighted average formula. Additions to water for distribution is accounted for in two ways i.e. bulk purchases and own production (natural sources). Bulk purchases are capitalised in inventory based on actual costs from the service provider and own production is capitalised based on costs associated with the production of naturally sourced water. Water is sold and thus subsequently valued at the lower of cost and net realisable value.

1.13 Revenue from exchange transactions

Measurement

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

Sale of goods

Charges relating to water are based on consumption. Meters are read on a monthly basis and when the meter is not read provisional estimates are made and based on those readings the revenue is invoiced monthly and recognised. 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.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Service charges relating to refuse are recognised on a monthly basis in arrears and on an accrual basis by applying the approved tariff to each consumer that makes use of the landfill site.

Service charges from sanitation are raised on a monthly basis in accordance with the approved tariffs.

Other revenue from exchange transactions

Interest and rentals are recognised on a time proportion basis.

1.14 Revenue from non-exchange transactions

Revenue from non-exchange transactions includes the following items:

- Donations
- Transfers and subsidies
- Fines, penalties and forfeits
- Availability charges and interest

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.15 Tax

Tax expenses

The municipality is exempt from income tax in terms of section 10(1)(A) of the Income Tax Act.

VAT

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

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality. Permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors.

1.16 Transfers and subsidies

The municipality transfers money to individuals, organisations and other sectors of government from time to time.

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

1.17 Statutory receivables

The municipality has the following categories under the ambit of statutory receivables:

-Receivables from exchange transactions - consumer debtors (Air quality licences)

-VAT receivable (SARS)

The municipality measures statutory receivables using the cost method.

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

1.18 Budget information

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

The annual financial statements for the year ended 30 June 2024 and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanatory comments are provided in note 46 of the annual financial statements for a variance of 10% and greater than R500 000, providing reasons for the variance between actuals and budget.

1.19 Unauthorised expenditure

Unauthorised expenditure is defined in section 1 of the MFMA as follows:

“unauthorised expenditure”, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- overspending of the total amount appropriated in the municipality’s approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.19 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in that the expenditure was incurred. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.20 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined in section 1 of the MFMA as follows:

“fruitless and wasteful expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in that the expenditure was incurred. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.21 Irregular expenditure

Irregular expenditure is defined in section 1 of the MFMA as follows:

“irregular expenditure”, in relation to a municipality or municipal entity, means—

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc. (as applicable). If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

1.22 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will result in the future outflow of resources. Capital commitments are not recognised in the statement of Financial Position as a liability but are included in the disclosure note 39, for approved and contracted commitments, where the expenditure has been approved and the contract awarded at the reporting date.

1.23 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

1.23 Related parties (continued)

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.25 Segment information

The amount of each segment item reported is the per measure reported to management. Management applies the measurement requirements per GRAP for the respective segment items and thus aligned to the entity's financial statements measurement basis.

Adjustments and eliminations made in preparing an entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit where relevant. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities are reported for that segment.

Amounts allocated to reported segment surplus or deficit, assets or liabilities, are allocated on total segment expenses or total segment assets or liabilities basis. Revenues are segment specific and are not allocated.

The municipality is organised and operates in six key functional segments being community and public safety, economic and environmental services, trading services water, trading services waste water, trading services waste management and governance and administration. The segment information is outlined in note 51.

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

1.26 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities. Any surplus / deficit realised during a specific financial year is credited / debited against the accumulated surplus.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

2. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash book balances	76 052 070	93 370 411
Call investment deposits	60 000 000	60 000 000
Cash in transit	102 910	143 489
Cash on hand	5 800	5 800
	136 160 780	**153 519 700**

The comparative balance has been restated by an amount of R143 489 from R153 376 211 to R153 519 700. Refer to note 52.

Cash in bank accounts earn interest at a linked rate.

Call investment deposits with financial institutions

Financial institution	**Maturity**		
Absa	On call	-	60 000 000
Absa	On call	60 000 000	-
		60 000 000	**60 000 000**

An average interest rate of 9.15% and 6.83% was received on investments placed for the year ended 30 June 2024 and 30 June 2023 respectively. The detailed investment register is available at the registered office of the municipality.

No cash and cash equivalents have been pledged as security.

2. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
NEDBANK						
Primary Account Account No 145 408 8885	-	-	229 745 420	-	-	229 743 524
Billing Account Account No 145 408 8893	-	-	1 387 500	-	-	763 694
Expenditure Account Account No 145 408 9016	-	-	18 905 203	-	-	18 905 203
FirstRand Bank Limited						
Primary Account Account No 629 434 44109	53 575 177	63 351 103	1 914 032	53 575 177	63 350 411	1 914 032
Billing Account Account No 629 434 44125	82 995	20 000	-	82 995	20 000	-
Expenditure Account Account No 629 434 44117	22 393 898	30 000 000	-	22 393 898	30 000 000	-
Total	**76 052 070**	**93 371 103**	**251 952 155**	**76 052 070**	**93 370 411**	**251 326 453**

2023/2024

Detailed bank reconciliation's in support of the cash book balances are available at the registered office of the municipality.

First National Bank has provided a guarantee to the value of R80 000 as security for the payment obligations of the municipality in the event of defaulting against the South African Post Office SOC Ltd.

2022/2023

Detailed bank reconciliation's in support of the cash book balances are available at the registered office of the municipality.

The municipality had changed bankers from Nedbank to FirstRand Bank Limited in the 2021/2022 reporting period.

The municipality finalised the transition and closure of the Nedbank accounts and as at 30 June 2023 the Nedbank accounts had been closed.

The difference between the cash book balance and bank statement as at 30 June 2023 for the FNB main account amounted to R692 is attributable to unallocated deposits.

First National Bank has provided a guarantee to the value of R80 000 as security for the payment obligations of the municipality in the event of defaulting against the South African Post Office SOC Ltd.

Figures in Rands	2024	2023

3. Receivables from exchange transactions - consumer debtors

Gross balances		
Water	84 357 504	78 457 991
Sanitation	18 710 621	15 875 797
Solid waste	6 310 630	21 138 011
	109 378 755	**115 471 799**
Less: Allowance for impairment		
Water	(34 308 352)	(38 395 542)
Sanitation	(7 445 153)	(4 745 823)
Solid waste	(3 925 709)	(1 384 362)
	(45 679 214)	**(44 525 727)**
Net balance		
Water	50 049 152	40 062 449
Sanitation	11 265 468	11 129 974
Solid waste	2 384 921	19 753 649
	63 699 541	**70 946 072**

Aged summary of debtors by service type

Water		
Current (0 - 30 days)	7 458 693	4 542 549
31 - 60 days	3 539 434	4 267 707
61 - 90 days	2 262 097	1 778 546
91 - 120 days	2 035 456	2 250 503
> 120 days	69 061 824	65 618 686
Less: Allowance for impairment	(34 308 352)	(38 395 542)
	50 049 152	**40 062 449**
Sanitation		
Current (0 - 30 days)	694 365	582 996
31 - 60 days	397 732	500 764
61 - 90 days	321 257	340 389
91 - 120 days	314 323	304 325
> 120 days	16 982 944	14 147 323
Less: Allowance for impairment	(7 445 153)	(4 745 823)
	11 265 468	**11 129 974**
Solid Waste		
Current (0 - 30 days)	2 990 659	5 152 763
31 - 60 days	337 967	1 432 955
61 - 90 days	291 393	1 741 629
91 - 120 days	167 373	1 495 614
> 120 days	2 523 238	11 315 050
Less: Allowance for impairment	(3 925 709)	(1 384 362)
	2 384 921	**19 753 649**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

3. Receivables from exchange transactions - consumer debtors (continued)

Aged summary of debtors by customer classification

Domestic Consumers		
Current (0 - 30 days)	3 005 835	7 837 843
31 - 60 days	1 881 122	831 514
61 - 90 days	1 379 839	917 054
91 - 120 days	1 159 797	1 206 379
> 120 days	63 847 614	58 365 665
	71 274 207	69 158 455
Less: Allowance for impairment	(41 847 715)	(43 599 558)
	29 426 492	**25 558 897**

Industrial/Commercial Consumers		
Current (0 - 30 days)	4 333 661	3 959 133
31 - 60 days	714 340	3 570 720
61 - 90 days	494 215	2 133 109
91 - 120 days	523 242	2 146 721
> 120 days	15 550 607	21 944 917
	21 616 065	33 754 600
Less: Allowance for impairment	(3 831 499)	(926 169)
	17 784 566	**32 828 431**

National and Provincial Government Consumers		
Current (0 - 30 days)	3 754 996	2 573 882
31 - 60 days	1 677 062	1 799 192
61 - 90 days	997 753	810 401
91 - 120 days	831 209	697 342
> 120 days	9 227 463	6 677 926
	16 488 483	**12 558 743**

Aged summary of total debtors in:		
Current (0 - 30 days)	11 094 492	14 370 859
31 - 60 days	4 272 524	6 201 427
61 - 90 days	2 871 808	3 860 563
91 - 120 days	2 514 248	4 050 442
> 120 days	88 625 683	86 988 508
	109 378 755	115 471 799
Less: Allowance for impairment	(45 679 214)	(44 525 727)
	63 699 541	**70 946 072**

Aged summary of allowance for impairment		
Current (0 - 30 days)	(2 237 162)	(1 275 991)
31 - 60 days	(1 171 058)	(594 626)
61 - 90 days	(1 058 488)	(573 208)
91 - 120 days	(988 293)	(561 475)
> 120 days	(40 224 213)	(41 520 427)
	(45 679 214)	**(44 525 727)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

3. Receivables from exchange transactions - consumer debtors (continued)

Aged debtors past due but not impaired		
31 - 60 days	3 101 466	5 606 800
61 - 90 days	1 813 320	3 287 355
91 - 120 days	1 525 955	3 488 967
> 120 days	54 694 378	45 468 082
	61 135 119	**57 851 204**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(44 525 727)	(36 774 231)
Contributions	(1 153 487)	(7 751 496)
	(45 679 214)	**(44 525 727)**

The comparative net figure has been restated by an amount of R9 294 784 from R80 240 856 to R70 946 072 - refer to note 4, 11 and 52.

The movement in debt impairment to an amount of R1 153 487 has been recognised in the statement of financial performance.

The municipality entered into arrangements with debtors to pay off debt in arrears. The non-current portion of such has been disclosed separately in note 11.

In the determination of the amounts deemed to be impaired at 30 June 2024, an analysis of each debtor is undertaken. The debtors are classified into one of three categories.

- Category A - Regular payers, government accounts, consumers with amounts owing not older than 60 days.
- Category B - Irregular payers.
- Category C - Indigent customers, customers with debts older than 60 days with no payments made within the last 6 months and inactive accounts.

The value of the provision is determined for the detailed categories as follows:

- Category A - 0% of consumer's total debt.
- Category B - 50% of consumer's debt less or equal to 180 days, 100% of consumer's debt > than 180 days.
- Category C - 100% of consumer's total debt.

As at 30 June 2024 and 30 June 2023, the collection rate from consumer debtors (inclusive of availability charges and debtor arrangements) was 105% and 74%, respectively. The high collection rate is a result of significant prior year debtor balances being settled within the reporting period.

In accordance with Council resolution KCDMC: 2196/2024 and the approved Council incentive policy, the municipality has written off R4 127 469 and R57 219 as at 30 June 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

3. Receivables from exchange transactions - consumer debtors (continued)

Statutory receivables general information

Transaction(s) arising from statute

The municipality raises charges for the issuance of atmospheric emission licenses in terms of the National Environmental Management; Air Quality Act No. 39 of 2004. Upon the issuance of the license the municipality records all atmospheric licenses in the National atmospheric emissions database. These fees are received in full prior to the issuance of the license and thus no debtors are outstanding at the reporting date.

Determination of transaction amount

The air quality license amount is determined by the Minister of Environmental Affairs as issued through government gazette no. 39805 dated 11 March 2016. The revenue recognised as at 30 June 2024 and 30 June 2023 is included in note 20 (air quality licenses).

Interest or other charges levied/charged

The municipality does not charge interest on the determined charges as all fees must be paid in full before the issuance of the license.

4. Receivables from non-exchange transactions - consumer debtors

Service charges - availability charges	10 704 859	9 196 565
Allowance for impairment	(9 431 394)	(3 394 912)
	1 273 465	**5 801 653**

Receivables from non-exchange transactions - consumer debtors impaired

Current (0 - 30 days)	(163 224)	(75 612)
31 - 60 days	(143 716)	(56 033)
61 - 90 days	(155 326)	(54 399)
91 - 120 days	(133 761)	(53 807)
> 120 days	(8 835 367)	(3 155 061)
	(9 431 394)	**(3 394 912)**

Receivables from non-exchange transactions - consumer debtors past due but not impaired

31 - 60 days	35 102	115 247
61 - 90 days	26 436	105 363
91 - 120 days	24 934	106 349
> 120 days	1 062 713	5 258 258
	1 149 185	**5 585 217**

Reconciliation of provision for impairment of receivables from non-exchange transactions - consumer debtors

Opening balance	(3 394 912)	(7 493 251)
Impairment (raised) / reversed	(6 036 482)	4 098 339
	(9 431 394)	**(3 394 912)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands		2024	2023

4. Receivables from non-exchange transactions - consumer debtors (continued)

Non-exchange receivables relating to availability charges on undeveloped land, previously disclosed within receivables from exchange transactions - consumer debtors, has now been separately disclosed in the statement of financial position - refer to note 3 and 52.

5. Inventory

	2024	2023
Consumable stores	610 456	633 476
Maintenance materials	2 397 435	2 562 733
Water - static tanks	169 136	956 055
Water stock	2 687 028	1 911 946
	5 864 055	**6 064 210**

Water for distribution

	Note	2024	2023
Opening balance		1 911 946	2 112 372
System input volume - bulk purchases		167 213 379	109 874 081
System input volume - natural sources		14 911 261	14 278 419
Authorised consumption		(130 084 429)	(80 454 726)
Water losses	38	(51 381 936)	(43 863 539)
Water stock adjustment		116 807	(34 661)
Closing balance		**2 687 028**	**1 911 946**

	2024	2023
Write - down of inventories - water static tanks	-	143 622

<u>2023/2024</u>

No matters of significance have arisen during the reporting period requiring further disclosure.

<u>2022/2023</u>

The donations received amounting to R40 722 for relief efforts pertaining to the floods in April 2022 were distributed to the affected citizens during the reporting period.

No inventory was pledged as security.

6. Exchange transactions - VAT

	2024	2023
VAT	**98 918 489**	**120 691 782**

	2024	2023
VAT accrual	82 430 456	90 594 341
VAT receivable	16 488 033	30 097 441
	98 918 489	**120 691 782**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

6. Exchange transactions - VAT (continued)

Statutory receivables general information

Transaction(s) arising from statute

The municipality raises input and output value added tax in terms of the Value Added Tax Act no. 89 of 1991.

Determination of transaction amount

The municipality raises output VAT on services rendered and claims input VAT on qualifying purchases. As the municipality receives grant funding that is predominately zero rated, VAT claimed against these grants thus results in the municipality being in a net refund status at reporting year end.

7. Receivables from exchange transactions - other

Deposits	12 869 334	12 155 888
Employee, councillor accounts and other transactions	59 678	533 706
Investment interest accrual	438 904	160 932
King Cetshwayo Fresh Produce Market	41 193	408 513
Payments in advance	3 565 601	3 683 166
Transfers and subsidies	-	260 964
	16 974 710	**17 203 169**

The comparative figure for receivables from exchange transactions - other has been restated by an amount of R3 427 772 from R13 775 397 to R17 203 169 - refer to note 2&13&23&52.

2023/2024

The impairment for the King Cetshwayo Fresh Produce Market of R362 320 has been reversed and the the gross receivable amounting to R729 639 was written off through council resolution KCDMC: 2444/2024 on 21 August 2024.

Deposits disclosed above relate to Eskom electricity connections at municipal plants, staff rentals and other municipal deposits.

Payments in advance relate primarily to South African Local Government Association membership fees.

2022/2023

Deposits disclosed above relate to Eskom electricity connections at municipal plants, staff rentals and other municipal deposits.

Payments in advance relate to South African Local Government Association membership fees.

The receivable pertaining to the King Cetshwayo Fresh Produce Market has been disclosed net off impairments amounting to R362 320.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	78 500 688	(32 673 538)	45 827 150	77 624 484	(30 198 075)	47 426 409
Community assets	37 241 956	(12 868 875)	24 373 081	28 775 025	(10 199 188)	18 575 837
Computer equipment	19 061 195	(14 498 920)	4 562 275	18 148 465	(13 211 050)	4 937 415
Furniture	7 919 568	(6 178 915)	1 740 653	7 557 861	(5 845 578)	1 712 283
Infrastructure	4 303 718 348	(986 697 142)	3 317 021 206	3 892 064 475	(888 014 671)	3 004 049 804
Motor vehicles	102 228 985	(48 700 031)	53 528 954	90 041 219	(36 029 261)	54 011 958
Office equipment	9 280 568	(7 713 086)	1 567 482	9 153 560	(7 330 564)	1 822 996
Plant and Machinery	9 083 948	(3 688 843)	5 395 105	5 917 726	(3 150 675)	2 767 051
Total	**4 567 035 256**	**(1 113 019 350)**	**3 454 015 906**	**4 129 282 815**	**(993 979 062)**	**3 135 303 753**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions - AUC	Disposals	Donations	Depreciation capitalised	Depreciation	Impairment loss	Total
Buildings	47 426 409	-	-	-	876 204	-	(2 007 378)	(468 085)	45 827 150
Community assets	18 575 837	-	7 391 931	-	1 075 000	-	(1 744 267)	(925 420)	24 373 081
Computer equipment	4 937 415	1 450 851	-	(59 684)	90 910	-	(1 857 217)	-	4 562 275
Furniture	1 712 283	110 796	-	(7 475)	300 604	-	(375 555)	-	1 740 653
Infrastructure	3 004 049 804	45 575 807	360 760 044	-	5 318 019	(351 579)	(76 680 921)	(21 649 968)	3 317 021 206
Motor vehicles	54 011 958	12 931 165	-	(1 741 977)	3 092 220	-	(14 764 412)	-	53 528 954
Office equipment	1 822 996	296 513	-	(6 617)	33 911	-	(579 321)	-	1 567 482
Plant and Machinery	2 767 051	3 231 671	-	(809)	-	-	(602 808)	-	5 395 105
	3 135 303 753	**63 596 803**	**368 151 975**	**(1 816 562)**	**10 786 868**	**(351 579)**	**(98 611 879)**	**(23 043 473)**	**3 454 015 906**

The comparative figure for operational buildings was restated by R229 961 - refer to note 52.

During the year donations were received from Development Bank of South Africa, South 32 and uMlalazi Municipality for water tankers, infrastructure projects and community projects respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions - AUC	Disposals	Transfers received	Depreciation capitalised	Rehabilitation adjustment	Depreciation	Impairment loss	Total
Buildings	47 948 297	652 174	-	-	931 584	-	-	(2 105 646)	-	47 426 409
Community assets	20 471 306	-	-	-	-	-	-	(1 895 469)	-	18 575 837
Computer equipment	4 559 140	1 849 673	-	(55 527)	-	-	-	(1 415 871)	-	4 937 415
Furniture	1 703 904	394 508	-	(8 228)	-	-	-	(377 901)	-	1 712 283
Infrastructure	2 768 999 891	43 540 728	336 789 811	(2 561)	-	(284 915)	(51 219 805)	(90 139 147)	(3 634 198)	3 004 049 804
Motor vehicles	47 621 319	16 947 820	-	-	717 618	-	-	(11 274 799)	-	54 011 958
Office equipment	1 747 503	564 552	-	(16 979)	-	-	-	(472 080)	-	1 822 996
Plant and machinery	1 263 287	1 775 696	-	(5 601)	-	-	-	(266 331)	-	2 767 051
	2 894 314 647	**65 725 151**	**336 789 811**	**(88 896)**	**1 649 202**	**(284 915)**	**(51 219 805)**	**(107 947 244)**	**(3 634 198)**	**3 135 303 753**

During the year a donated water tanker from DWS was taken on upon finalisation of licensing and registration. Furthermore, a house registered at the deeds office has been recognised.

Figures in Rands	2024	2023

8. Property, plant and equipment (continued)

Gain / (loss) on disposal of property, plant and equipment

	2024	2023
Computer equipment	(59 684)	(55 527)
Furniture	(7 475)	(8 228)
Infrastructure	-	(2 561)
Motor vehicles	(1 741 977)	-
Office equipment	(6 617)	(16 979)
Plant and machinery	(809)	(5 601)
Insurance proceeds	2 649 814	-
Proceeds from the sale of property, plant and equipment	-	2 417 800
	833 252	**(268 167)**

The loss on disposal of intangible assets amounting to R2 597 071 which was previously disclosed within the property, plant and equipment note during the 2022/2023 annual financial statements has been reclassified to intangible assets note 9.

Change in estimates

In the financial year the review of the useful lives of assets resulted in the changes in estimates and the effects of the changes are as outlined below:

Asset class	Change in estimates	Effect in depreciation change
Buildings	R103 262	Increase
Computer equipment	R21 708	Increase
Furniture	R39 894	Increase
Infrastructure	R5 037 807	Increase
Motor vehicles	R82 978	Increase
Community	R151 202	Increase
Office equipment	(R11 333)	Decrease
Plant and machinery	(R96 295)	Decrease

8. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

2023/2024

The assets under construction (infrastructure) carrying values includes delayed/halted water infrastructure projects amounting to R430.8m. The delays are mainly due to completed project phases awaiting the bulk water supply, water resource development, protracted planning processes and reticulation.

2022/2023

The assets under construction (infrastructure) carrying values includes delayed water infrastructure projects amounting to R192.4m. The delays are mainly due to completed project phases awaiting the bulk water supply.

Assets under construction - 2024

	Included within Infrastructure	Included within Community assets	Total
Opening carrying value	1 197 402 141	935 015	1 198 337 156
Additions/capital expenditure	413 137 158	-	413 137 158
Transferred to completed items	(189 954 785)	-	(189 954 785)
	1 420 584 514	**935 015**	**1 421 519 529**

Assets under construction - 2023

	Included within Infrastructure	Included within Community assets	Total
Opening carrying value	987 990 520	935 015	988 925 535
Additions/capital expenditure	380 982 710	-	380 982 710
Transferred to completed items	(171 571 089)	-	(171 571 089)
	1 197 402 141	**935 015**	**1 198 337 156**

Expenditure incurred to repair and maintain property, plant and equipment

	30 June 2024	30 June 2023
Community assets	2 377 514	2 663 845
Computers	1 193 161	690 090
Infrastructure	149 264 314	130 792 959
Motor vehicles	29 877 089	19 073 189
Plant and machinery	2 759 591	3 706 183
	185 471 669	**156 926 266**

The comparative AUC balance for operational buildings was restated by an amount of R1 087 623 from R1 087 623 to Rnil.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. Intangible assets

	2024			2023		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software and other	7 442 846	(3 839 451)	3 603 395	6 866 446	(3 236 372)	3 630 074

Assets under construction - 2024

	Opening balance	**Additions - AUC**	**Amortisation**	**Total**
Computer software and other	3 630 074	576 400	(603 079)	3 603 395

Assets under construction - 2023

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software and other	7 289 195	275 449	(2 597 071)	(1 337 499)	3 630 074

(Loss) / gain on disposal of intangible assets

	30 June 2024	**30 June 2023**
Computer software	-	(2 597 071)

Intangible assets in the process of being constructed or developed

Expenditure recognised in the carrying value of Intangible assets	**30 June 2024**	**30 June 2023**
Computer software	1 754 229	1 177 829

9. Intangible assets (continued)

Change in estimates

The changes in estimates are evaluated at each financial year end, and in the year the review of the useful lives of assets resulted in the changes in estimates and the effects of the changes are as outlined below:

Asset class	Change in estimates	Effect in amortisation charge
Intangibles	(R64 804)	Decrease

10. Heritage assets

	2024			2023		
	Cost	**Accumulated impairment losses**	**Carrying value**	**Cost**	**Accumulated impairment losses**	**Carrying value**
Historical monuments	1 487 200	-	1 487 200	1 487 200	-	1 487 200

Reconciliation of heritage assets - 2024

	Opening balance	**Total**
Historical monuments	1 487 200	1 487 200

Reconciliation of heritage assets - 2023

	Opening balance	**Additions**	**Total**
Historical monuments	700 000	787 200	1 487 200

Historical monument

Figures in Rands	2024	2023

11. Receivables from exchange transactions - consumer debtors

Service charges	6 068 976	5 621 201
Allowance for impairment	(554 200)	(2 128 069)
	5 514 776	**3 493 132**

Receivables from exchange transactions - consumer debtors impairment ageing

31 - 60 days	-	(6 560)
61 - 90 days	(270)	(16 704)
91 - 120 days	(3 248)	(6 076)
> 120 days	(550 682)	(2 098 729)
	(554 200)	**(2 128 069)**

Receivables from exchange transactions - consumer debtors past due but not impaired

31 - 60 days	(63 178)	(14 191)
61 - 90 days	(63 061)	(27 810)
91 - 120 days	(57 445)	(42 252)
> 120 days	(5 331 092)	(3 408 878)
	(5 514 776)	**(3 493 131)**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(2 128 069)	(1 005)
Impairment reversed / (raised)	1 573 869	(2 127 064)
	(554 200)	**(2 128 069)**

A policy exists which grants consumer debtors an opportunity to make arrangements to pay off their arrear debt over an extended term. The non-current value of this term, previously included within receivables from exchange transactions - consumer debtors has now been separately disclosed on the statement of financial position. The amount is disclosed net of impairments - refer to note 3 and 52.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

12. Borrowings

At amortised cost

ABSA Bank 12.6%	-	6 285 648

The loan was raised originally for the development of the King Cetshwayo House building and the Greater Mthonjaneni Bulk Water Scheme. Subsequently infrastructure for the landfill site and sewer treatment plants were constructed there from.

The loan was settled within the reporting period with the final installment paid in June 2024.

Current liabilities		
At amortised cost	**-**	**6 285 648**

13. Payables from exchange transactions

Accrued bonus	6 841 300	7 036 628
Accrued leave pay	19 989 264	19 955 538
Amounts received in advance	5 406 493	4 611 027
Employee related costs	2 429 227	226 463
Retention payables	52 717 772	58 649 999
Trade payables and accruals	108 357 469	119 525 305
Trade payables King Cetshwayo Fresh Produce Market	-	499 956
	195 741 525	**210 504 916**

The comparative figure for payables from exchange transactions has been restated by an amount of R226 463 from R210 278 451 to R210 504 916 - refer to note 7&52.

14. Consumer deposits

Water and sanitation	**11 739 499**	**10 991 054**

Consumer deposits are paid by consumers on application for new water and sanitation connections. The deposits are repaid when the accounts are terminated.

In terms of Council's by-laws no interest is raised or paid on consumer deposits.

15. Employee benefit obligations

Employee benefit obligations comprises two benefit categories, i.e. post retirement health care benefits and long service awards. A detailed breakdown of these obligations have been disclosed below.

Post retirement health care benefit liability

The municipality provides post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds with which the municipality is affiliated, a member (who is on the current condition of service) may continue to be a member of the medical aid fund upon retirement, in which case the municipality is liable for a portion of the medical aid contributions.

The most recent actuarial valuations of the unfunded defined benefit obligation was carried out as at 30 June 2024 by Arch Actuarial Consulting (Pty) Ltd, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation and the related current service cost, were measured using the projected unit credit funding method. No other post retirement benefits are provided by the municipality.

Characteristics

-As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

-Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

-Continuation members and their eligible dependants receive a 60% subsidy.

-All post-employment subsidies are subject to a maximum subsidy. The maximum subsidy was assumed to be R 5,541 per principal member per month for the year ending 30 June 2025, and has been assumed to increase annually on 1 July at 75% of salary inflation.

-Upon a member's death-in-service, surviving dependants are not entitled to commence receipt of the subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Risks

-Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

-Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

-Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

-Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

-Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

The municipality contributes monthly to the following medical aid schemes:

Bonitas, Keyhealth, Hosmed, Samwumed, and LA Health.

The post employment health care benefit plan is a defined benefit plan, of which the members as per the most recent valuation as at 30 June 2024 were made up of 330 in-service member employees (2023: 319), 104 in-service non-member employees (2023: 125) and 6 (2023: 6) continuation members - retirees, widowers and orphans.

Figures in Rands	2024	2023

15. Employee benefit obligations (continued)

Estimated liability in respect of past services		
In service members (Employees)	18 054 000	22 172 000
In-service non-members (Employees)	1 063 000	415 000
Continuation members (Retirees, widowers and orphans)	3 238 000	2 319 000
	22 355 000	**24 906 000**

Other long-term employee benefits - Long service awards

Employees are eligible for a long service award per the long service award policy after completing fixed periods of continuous service with the municipality, which includes their uninterrupted service with the former Local Authorities that were amalgamated in December 2000. The aforementioned award consists of a certain number of vacation leave days that, depending on the beneficiary employee's election, can be converted into an amount based on his or her basic salary at the time the award became payable, or alternatively, credited to the employee's vacation leave accrual.

The provision represents an estimation of the awards to which employees in the service of the municipality at the reporting date may become entitled to in future, based on the actuarial valuation performed at 30 June 2024.

The most recent actuarial valuations of the unfunded defined benefit obligation was carried out as at 30 June 2024 by Arch Actuarial Consulting (Pty) Ltd, a member of the Actuarial Society of South Africa.

The present value of the defined benefit obligation and the related current service cost, were measured using the projected unit credit funding method.

Characteristics

-As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

-The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

-In the month that each “completed service” milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/249th of annual earnings per day.

-Employees’ basic salaries, referred to as “earnings” in this report, are used to determine the Rand value of LSA.

-An employee with five or more years’ service with the Municipality, who leaves the service of the Municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee’s most recent service milestone, divided by five.

-The encashment or taking of LSA leave days must occur in the same year that the employee qualifies for the award.

Risks

-Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Figures in Rands	2024	2023

15. Employee benefit obligations (continued)

-Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

-Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

-Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

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

	2024	2023
Present value of the defined benefit obligation - post employment medical aid benefits (PEMAB)	(22 355 000)	(24 906 000)
Present value of the defined benefit obligation - long service awards(LSA)	(14 511 000)	(14 277 000)
	(36 866 000)	(39 183 000)
Non-current liabilities	**(34 456 000)**	**(36 951 000)**
Current liabilities	**(2 410 000)**	**(2 232 000)**
	(36 866 000)	(39 183 000)

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

	2024	2023
Opening balance	39 183 000	39 936 000
Actuarial gains	(8 693 914)	(7 836 880)
Net expense recognised in the statement of financial performance - total included in employee related costs	6 376 914	7 083 880
	36 866 000	**39 183 000**

Net amount recognised in the statement of financial performance

	2024	2023
Post employment medical aid benefit - current service cost	1 491 000	1 748 000
Long service awards - current service cost	1 534 000	1 617 000
Post employment medical aid benefit - interest cost	3 302 000	3 393 000
Long service awards - interest cost	1 615 000	1 700 000
Post employment medical aid benefit - actual benefits paid	(274 707)	(266 716)
Long service awards - actual benefits paid	(1 290 379)	(1 107 404)
	6 376 914	**7 083 880**

Calculation of actuarial gains and losses

	2024	2023
Post employment medical aid benefit - actuarial (gain)	(7 069 293)	(5 136 284)
Long service awards - actuarial (gain)	(1 624 621)	(2 700 596)
	(8 693 914)	**(7 836 880)**

15. Employee benefit obligations (continued)

Expected future obligation and maturity analysis

Depicted below is the maturity analysis and past and future changes in the net DBO of the municipality. The maturity analysis shows the PMB and LSA liability's undiscounted expected benefits vesting within the next 80 years (R millions) and 40 years (R millions) respectively whilst the past and future changes in the net DBO of both the PMB and LSA shows the development of the DBO over the current period and projects the municipality's DBO and periodic costs over the two-year period following this valuation.

Post-retirement medical aid benefits

Maturity analysis of defined benefit	Future year	Expected benefit payments	Future year	Expected benefit payments	Future year	Expected benefit payment
	1	0,394	6-10	10,982	31-40	360,014
	2	0,699	11-15	21,837	41-50	422,738
	3	0,869	16-20	42,641	51-60	321,445
	4	1,130	21-25	76,664	61-70	131,077
	5	1,363	26-30	122,522	71-80	22,563

Past year and future projected defined benefit obligation	2024	2025	2026
Opening balance	24 906 000	22 355 000	26 232 000
Current service cost	1 491 000	1 536 000	1 726 000
Interest cost	3 302 000	2 735 000	3 195 000
Benefits paid	(274 707)	(394 000)	(699 000)
Actuarial gain	(7 069 293)	-	-
Projected closing	**22 355 000**	**26 232 000**	**30 454 000**
Current portion	394 000	699 000	869 000
Non-current portion	21 961 000	25 533 000	29 585 000
	22 355 000	**26 232 000**	**30 454 000**

Other long-term employee benefits - Long service awards

Maturity analysis of defined benefit	Future year	Expected benefits vesting	Future year	Expected benefits vesting
	1	2,016	6-10	15,930
	2	1,030	11-15	21,497
	3	2,078	16-20	22,607
	4	3,196	21-30	29,826
	5	2,974	31-40	4,408

Past year and future projected defined benefit obligation	2024	2025	2026
Opening balance	14 277 000	14 511 000	15 638 000
Current service cost	1 534 000	1 590 000	1 773 000
Interest cost	1 615 000	1 553 000	1 738 000
Benefits paid	(1 290 379)	(2 016 000)	(1 030 000)
Actuarial gain	(1 624 621)	-	-
Projected closing	**14 511 000**	**15 638 000**	**18 119 000**
Current portion	2 016 000	1 030 000	2 078 000
Non-current portion	12 495 000	14 608 000	16 041 000
	14 511 000	**15 638 000**	**18 119 000**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the last actuarial valuation as at 30 June 2024 as a follows:

Post employment medical aid benefits		
Discount rate	12,34 %	12,96 %
Medical aid contribution inflation rate	7,81 %	9,37 %
Net effective discount rate	4,20 %	3,29 %
Maximum subsidy inflation rate	5,48 %	6,65 %
Net effective subsidy inflation rate	6,50 %	5,92 %
Continuation of membership at retirement	75,00 %	75,00 %
Proportion of in-service non-members joining a scheme by retirement	15,00 %	15,00 %
Other long-term employee benefits - Long service awards		
Discount rate	11,48 %	11,44 %
Normal salary increase rate	6,58 %	7,31 %
Net effective discount rate	4,60 %	3,85 %
Consumer price inflation	5,58 %	6,31 %
Other assumptions		
Normal retirement age	65 years	65 years
Average retirement age for females and males	63 years	63 years
Mortality rate - males per SA	85-90	85-90
Mortality rate - females per SA	85-90	85-90

15. Employee benefit obligations (continued)

2023/2024

The basis on which the discount rate and medical aid inflation rate has been determined are as follows for post employment medical aid benefits:

The yield curves as at 28 June 2024 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years.

The 12,34% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 28 June 2024 and do not contain any adjustments for taxation. The liability-weighted implied duration for both components (In-Service and Continuation members) of the liability was used to determine the appropriate discount rate used for the purposes of this valuation.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A medical aid contribution inflation rate of 7.81% per annum has been assumed. This is 1.50% in excess of expected consumer price index (CPI) inflation over the expected term of the DBO, namely 6.31% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.20% per annum which derives from ((1+12.34%)/(1+7.81%))-1.

The CPI inflation assumption of 6.31% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the DBO (5.21%) and those of fixed interest bonds (12.34%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was thus determined as follows: ((1+12.34%-0.50%)/(1+5.21%))-1.

The next contribution increase was assumed to occur on 1 January 2025.

The maximum subsidy inflation rate assumption is the rate at which the subsidy cap amount is expected to increase with in the future. These annual increases are specified periodically by the local government bargaining council. The next increase expected to occur on 1 July 2025. The increases are assumed to increase with 75% of salary inflation each year, with salary inflation assumed to be equal to CPI + 1%. This gives rise to a subsidy cap inflation of 7.31%.

The basis on which the discount rate and salary inflation has been determined as follows for other long-term employee benefits - long service awards:

The yield curves as at 28 June 2024 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The actuaries have derived the underlying future rate of consumer index inflation (CPI inflation) from the relationship between (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) inflation linked bond rate for each relevant time period.

The 11.48% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 28 June 2024 and do not contain an adjustments for taxation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Employee benefit obligations (continued)

The CPI assumption was obtained by using the differential between the nominal yield (earned on fixed interest bonds) and the index-linked yield on the yield curve, as this effectively represents the market's expectation of future inflation. The index-linked yield used was 5.12%, which was also obtained by using the rate on the yield curve that corresponds to the calculated implied duration of 9.75 years.

The CPI inflation assumption of 5.58% per annum was obtained from the differential between market yields on index-linked bonds (5.12%) consistent with the estimated term of the DBO and those of nominal bonds (11.48%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as ((1+11.48%-0.50%)/(1+5.12%))-1.

Thus, a general earnings inflation rate of 6.58% per annum over the expected term of the DBO has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.60%.

It was assumed that the next general earnings increase will take place on 1 July 2025.

2022/2023

The basis on which the discount rate and medical aid inflation rate has been determined are as follows for post employment medical aid benefits:

The yield curves as at 30 June 2023 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The medical aid contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) medical aid contribution inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years.

The 12,96% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 30 June 2023 and do not contain any adjustments for taxation. The liability-weighted implied duration for both components (In-Service and Continuation members) of the liability was used to determine the appropriate discount rate used for the purposes of this valuation.

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

The inflation assumption is required to reflect future changes to health care costs. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1,5% per annum over the foreseeable future.

The next contribution increase was assumed to occur on 1 January 2024.

The CPI assumption was obtained by using the differential between the nominal yield (earned on fixed-interest bonds) and the index-linked yield on the yield curve, as this effectively represents the market's expectation of future inflation. The index-linked yield used was 7.87%, which was also obtained by using the rate on the yield curve that corresponds to the calculated implied duration.

The maximum subsidy inflation rate assumption is the rate at which the subsidy cap amount is expected to increase with in the future. These annual increases are specified periodically by the local government bargaining council. The next increase expected to occur on 30 June 2024. The increases are assumed to increase with 75% of salary inflation each year, with salary inflation assumed to be equal to CPI + 1%. This gives rise to a subsidy cap inflation of 6.65%.

15. Employee benefit obligations (continued)

The rate at which cashflows would effectively be discounted at after allowing for the 12.96% discount rate and 9.37% medical aid inflation rate is 3.29% which is derived from: ((1+12,96%)/(1+9.37%)) – 1.

The basis on which the discount rate and salary inflation has been determined as follows for other long-term employee benefits - long service awards:

The yield curves as at 30 June 2023 supplied by the Johannesburg Stock Exchange were used to determine the discount rates and inflation rates for the valuation. This was done by matching the implied duration with the yields on the curve at that duration. The actuaries have derived the underlying future rate of consumer index inflation (CPI inflation) from the relationship between (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) inflation linked bond rate for each relevant time period.

The 11.44% discount rate was obtained by means of an iterative process where the implied duration of the liabilities was matched to the corresponding rates on the yield curve at that duration. The yield curve used to obtain the rates was provided by the JSE as at 30 June 2023 and do not contain an adjustments for taxation.

The CPI assumption was obtained by using the differential between the nominal yield (earned on fixed interest bonds) and the index-linked yield on the yield curve, as this effectively represents the market's expectation of future inflation. The index-linked yield used was 3.85%, which was also obtained by using the rate on the yield curve that corresponds to the calculated implied duration.

The rate at which cashflows would effectively be discounted at after allowing for the 11.44% discount rate and 7.31% salary inflation rate is 3.85% which is derived from ((1+11.44%)/(1+7.31%))-1.

Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2023 of 5.4%. The next salary increase was assumed to take place on 01 July 2023.

Figures in Rands	2024	2023

15. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends, salary(general earnings) inflation rates and deviations from assumed level of mortality experience of the current employees and continuation members, amongst others will have a large impact on the actual cost to the municipality, with a significant effect on the amounts recognised in surplus or deficit. A change in assumed healthcare cost trends, salary inflation rates, mortality rates and withdrawal rates and other assumptions would have the following effects:

The assumptions applied in performing the employee defined benefit and other long-term employee benefits are determined annually. As such, only the prior year end effects have been disclosed.

	2024	2023
<u>Increase of 1% / (Decrease of 1 %) - Health care cost trends</u>		
Effect on the post employment medical aid	2 104 000	3 129 000
Effect on aggregate of the service cost and interest cost	424 000	652 000
Effect on the post employment medical aid	(2 542 000)	(3 193 000)
Effect on aggregate of the service cost and interest cost	(526 000)	(675 000)
<u>Increase of 1% / (Decrease of 1 %) - General earnings inflation rate</u>		
Effect on the long service awards	934 000	1 018 000
Effect on aggregate of the service cost and interest cost	234 000	252 000
Effect on the long service awards	(847 000)	(920 000)
Effect on aggregate of the service cost and interest cost	(209 000)	(225 000)
<u>(Increase of 1 year)/ Decrease of 1 year in post employment mortality</u>		
Effect on the post employment medical aid	(518 000)	(701 000)
Effect on the post employment medical aid	509 000	697 000
<u>(Increase of 1%) / Decrease of 1 % in discount rates</u>		
Effect on the post employment medical aid	(3 074 000)	(3 412 000)
Effect on the post employment medical aid	3 862 000	4 273 000
Effect on the long service awards	(859 000)	(880 000)
Effect on the long service awards	961 000	988 000
<u>Increase of 2 years/(Decrease of 2 years) in average retirement age</u>		
Effect on the long service awards	786 000	1 176 000
Effect on the long service awards	(795 000)	(1 279 000)
<u>Decrease of 1 year in average retirement age</u>		
Effect on the post employment medical aid	2 166 000	2 492 000
<u>(Increase of x 2)/Decrease of x 0,5 in withdrawal rates</u>		
Effect on the long service awards	(2 105 000)	(2 746 000)
Effect on aggregate of the service cost and interest cost	(573 000)	(706 000)
Effect on the long service awards	1 400 000	1 835 000
Effect on aggregate of the service cost and interest cost	391 000	487 000
<u>(Decrease by 10%) of membership continuation</u>		
Effect on the post employment medical aid	(2 549 000)	(2 884 000)

The assumptions are as per the most recent valuations as at 30 June 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Employee benefit obligations (continued)

The history of the accrued liability is outlined below:

	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Present value of post employment medical aid benefit	22 355 000	24 906 000	25 168 000	21 852 000	28 875 000
Present value of Other long-term employee benefits - long service awards	14 511 000	14 277 000	14 768 000	13 593 000	9 751 000

Defined benefit contributions

The municipality's employees are members of one of the three(3) KwaZulu Natal Joint Municipal Pension Funds i.e (Superannuation, Provident and Retirement). An amount of R33 721 681 (2023: R30 381 505) was contributed by Council towards employment retirement funding. These contributions have been expensed as at 30 June 2024.

Description of fund	Total Assets R'000	Total Liabilities R'000	Net Assets R'000
March 2023			
Government Employees Pension Fund	2 332 923	66 083	2 266 840
KwaZulu Natal Joint Municipal Provident Fund	10 569 244	343 908	10 225 337
KwaZulu Natal Joint Municipal Pension Fund (Superannuation Fund)	16 051 174	191 586	15 859 588
KwaZulu Natal Joint Municipal Pension Fund (Retirement)	5 582 479	82 494	5 499 986
March 2022			
Government Employees Pension Fund	2 304 711	68 590	2 236 121
KwaZulu Natal Joint Municipal Provident Fund	9 271 834	329 300	8 942 534
KwaZulu Natal Joint Municipal Pension Fund (Superannuation Fund)	15 645 648	189 288	15 456 360
KwaZulu Natal Joint Municipal Pension Fund (Retirement)	5 414 053	67 609	2 346 444

Municipal employees have joined the Old Mutual Group Life scheme from 1 November 2015 which includes family cover, life insurance and group income protection. The municipality and employee each contribute to the scheme based on a percentage of the employees pensionable earnings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

16. Trade and other payables from non-exchange transactions

Unspent conditional transfers and subsidies comprises of:

Department of Water and Sanitation	-	2 691 833
Department of Co-operative Governance and Traditional Affairs	-	2 049 867
KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs	-	63 444
	-	**4 805 144**

Transfers and subsidies movement during the year

Balance at the beginning of the year	4 805 144	2 903 927
Amounts received during the year	1 172 519 872	1 137 666 000
Revenue recognised for the year	(1 177 325 016)	(1 135 764 783)
	-	**4 805 144**

The municipality has complied with the conditions of allocations made in terms of Section 214 (1) (c) of the Constitution. In addition, all funds in terms of the Division of Revenue Act were received during the reporting period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Adjustments change in estimates of provision	Unwinding of discount & other charges	Total
Performance bonus	2 927 919	1 345 783	-	-	4 273 702
Rehabilitation of landfill site	62 516 734	-	(10 325 418)	7 934 147	60 125 463
	65 444 653	**1 345 783**	**(10 325 418)**	**7 934 147**	**64 399 165**

Reconciliation of provisions - 2023

	Opening Balance	Additions	Adjustments change in estimates of provision	Unwinding of discount & other charges	Total
Performance bonus	1 839 345	1 088 574	-	-	2 927 919
Rehabilitation of landfill site	103 971 011	-	(54 649 486)	13 195 209	62 516 734
	105 810 356	**1 088 574**	**(54 649 486)**	**13 195 209**	**65 444 653**

Non-current liabilities	**60 125 463**	**62 516 734**
Current liabilities	**4 273 702**	**2 927 919**
	64 399 165	65 444 653

17. Provisions (continued)

Performance bonus

2023/2024

Performance bonuses are usually paid after the financial year end in arrears as the assessment of eligible employees usually only takes place after the year and upon approval of the Council following the tabling of the oversight report. The performance achievements relating to the provision for 2020/2021, 2021/2022 and 2022/2023 are in the process of being evaluated and anticipated to be completed before the second quarter of the 2024/2025 financial year. Provision for the current year has been made.

2022/2023

Performance bonuses are usually paid after the financial year end in arrears as the assessment of eligible employees usually only takes place after the year and upon approval of the Council following the tabling of the oversight report. The performance achievements relating to the provision for 2020/2021and 2021/2022 have yet to be evaluated, however provision was made as per the performance agreements. Furthermore, provision was made for the 2022/2023 financial year with exception for the Deputy Municipal Manager Technical Services and Deputy Municipal Manager Planning and Economic Development, as the incumbents were not in the position for a full financial year.

Rehabilitation of refuse landfill site

The provision for rehabilitation is calculated for the existing Empangeni Landfill Site, situated on Lot 11425 Richards Bay. The site is classified as a G:M:B+, which implies it is a site which may only be used for general waste between 150 to 500 tons per day. In terms of the permit as issued by the Department of Water Affairs and Forestry (DWAF) and the conditions of the permit requires the municipality to rehabilitate the site at the end of its useful life in order to obtain a closure permit.

2023/2024

In terms of licensing of the landfill refuse site, the provision for rehabilitation costs was R60.1m as at 30 June 2024 (2023: R62.5m) to restore the remaining portions of the old Empangeni refuse site at the end of their useful lives. Provision has been made at best estimate based on the current rehabilitation rate costs, determined by an independent professional engineer for the current solid waste site located in Empangeni.

The rehabilitation rate cost was escalated over the current developed waste footprint to determine the future liability and discounted using the cost of capital rate. Rehabilitation will take place as cells are fully utilised and per the site design of the cells which at the current used footprint and available airspace is expected to be approximately July 2030. The expected timing is subject to any significant changes to waste strategies of major customers. Based on the best estimate in consideration of the producer price index (PI), an applicable inflation rate of 4.6% (2023: 4.8%) has been determined and a discount rate of 12,69% (2023:12,69%) has been utilised.

Change in estimates

GRAP 19 requires that provisions be reviewed at each period end. The following changes transpired during the financial year, due to a decrease in the rehabilitation of the landfill site as a result of escalation rates applied in calculating the future obligation.

The rehabilitation provision adjustment resulted in a downward adjustment of R10 325 418.

2022/2023

In terms of licensing of the landfill refuse site, the provision for rehabilitation costs was R62.5m as at 30 June 2023 (2022: R104m) to restore the remaining portions of the old Empangeni refuse site at the end of their useful lives. Provision has been made at best estimate based on the current rehabilitation rate costs, determined by an independent professional engineer for the current solid waste site located in Empangeni.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. Provisions (continued)

The rehabilitation rate cost was escalated over the current developed waste footprint to determine the future liability and discounted using the cost of capital rate. Rehabilitation will take place as cells are fully utilised and per the site design of the cells which at the current used footprint and available airspace is expected to be approximately July 2028. The expected timing is subject to any significant changes to waste strategies of major customers. Based on the best estimate provided by the engineers, an applicable inflation rate of 4.8% (2022: 6.2%) has been determined and a discount rate of 12.69% (2022: 12,69%) has been utilised.

The rehabilitation provision adjustment resulted in a downward adjustment of R54 649 486 and the remaining adjustment of R3 429 681 was adjusted to profit and loss as the adjustment to the asset is limited to the carrying value of the asset as at 30 June 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

18. Revenue from exchange transactions - Service charges

Sanitation revenue	8 769 402	8 134 303
Solid waste revenue	32 970 235	36 634 396
Water revenue	61 721 653	64 619 735
	103 461 290	**109 388 434**

The comparative figure for revenue from exchange transactions - service charges has been restated by an amount of R2 264 878 from R111 653 312 to R109 388 434 as a result of reclassifying revenue from non-exchange transactions - availability charges to be separately disclosed on the statement of financial performance - refer to note 27&52.

The municipality has registered indigents who qualify for free water as outlined in the municipal policy amounting to 6Kl per month of 201 (2023:562). The revenue forgone amounts to R225 040 (2023: R261 730).

19. Revenue from exchange transactions - Sale of goods and rendering of services

Cemetery income	460 279	408 085
Sale of publication - tender documents	8 696	7 983
	468 975	**416 068**

20. Revenue from exchange transactions - Licences and permits

Air quality licenses	55 000	45 000
Food premises	96 455	77 372
	151 455	**122 372**

21. Revenue from exchange transactions - Rental income

Lease income - community assets	357 491	311 509
Rental income - parking	-	46 261
	357 491	**357 770**

22. Revenue from exchange transactions - Operational revenue

Administrative fees	96 196	146 363
Bursary refunds and other	613 802	455 101
Insurance claim proceeds	1 808 351	1 205 828
	2 518 349	**1 807 292**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

23. Interest on receivables from exchange transactions

Revenue from exchange transactions - consumer debtors	3 582 843	3 610 824
Interest on receivables from long term exchange transactions	-	28
Interest on Eskom deposits	768 116	499 474
	4 350 959	**4 110 326**

The comparative figure for interest on receivables from exchange transactions has been restated by an amount of R205 136 from R3 905 190 to R4 110 326, as a result of reclassifying interest on receivables from non-exchange transactions and accounting for interest earned on Eskom deposits - refer to note 28&52.

24. Interest on receivables from investments and bank accounts

Bank accounts	14 646 561	21 174 474
External investments	14 622 707	4 627 659
	29 269 268	**25 802 133**

Figures in Rands	2024	2023

25. Revenue from non-exchange transactions - Transfers and subsidies

Operating grants		
Levy Replacement Grant	362 663 833	342 609 000
Equitable Share	328 420 000	304 587 000
Department of Water and Sanitation	-	1 598 166
Department of Co-operative Governance and Traditional Affairs	25 033 911	54 573 838
Department of Public Works Grant	5 534 000	4 742 000
Department of Transport	3 145 000	2 705 000
National Treasury	1 200 000	1 200 000
KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs	-	241 483
Public Contributions	-	15 000
Department of Co-operative Governance and Traditional Affairs	2 049 868	2 450 133
	728 046 612	**714 721 620**
Capital grants		
Department of Water and Sanitation	282 547 000	279 273 001
Department of Co-operative Governance and Traditional Affairs	166 703 089	141 770 162
National Treasury	28 315	-
	449 278 404	**421 043 163**
	1 177 325 016	**1 135 764 783**

Summary of grants per funder

National Government - Levy Replacement Grant (Unconditional Grant)

Current-year receipts	362 663 833	342 609 000
Transferred to revenue	(362 663 833)	(342 609 000)
	-	-

Regional council levies have been discontinued as from 30 June 2006, and the national fiscus has allocated a levy replacement grant to the district municipalities. The levy replacement grant is a measure to ensure the financial stability of district municipalities while National government is defining the overall fiscus streams to local government.

National Government - Equitable Share Grant (Unconditional Grant)

Current-year receipts	328 420 000	304 587 000
Transferred to revenue	(328 420 000)	(304 587 000)
	-	-

In terms of the Constitution, this grant is unconditional and is used to subsidise the provision of basic services to the community. These subsidies includes 6 kilolitre free basic water per household to registered indigents.

25. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Department of Water and Sanitation

Balance unspent at beginning of the year: WSIG	2 691 833	-
Transferred to funder: WSIG	(2 691 833)	-
Current year receipts: WSIG	60 000 000	70 000 000
Conditions met - transferred to revenue: WSIG	(60 000 000)	(67 308 167)
Current year receipts: RBIG	222 547 000	213 563 000
Conditions met - transferred to revenue : RBIG	(222 547 000)	(213 563 000)
	-	**2 691 833**

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

These grants are used for:

- restoration of water & wastewater infrastructure services damaged by floods - WSIG;
- water infrastructure and sanitation projects;
- the reduction of water and sanitation backlogs;
- the sustainability of water and sanitation infrastructure;
- the upgrading and development of regional bulk water infrastructure; and
- the implementation of water conservation and water demand management programs.

Refer to note 49.

2023/2024

An amount of R2 691 833 received in the 2022/2023 financial year was not approved for roll over and was transferred to the funder.

Department of Co-operative Governance and Traditional Affairs

Current year receipts: MIG	191 737 000	196 344 000
Conditions met - transferred to revenue: MIG	(191 737 000)	(196 344 000)
	-	**-**

This grant is used for:

- restoration of water and wastewater infrastructure services damaged by floods;
- the construction of water and sanitation infrastructure;
- the reduction of water and sanitation backlogs;
- the sustainability of water and sanitation infrastructure, and
- the upgrading and development of regional bulk infrastructure.

Refer to note 49.

Figures in Rands	2024	2023

25. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Department of Public Works Grant

Current year receipts: EPWP	5 534 000	4 742 000
Conditions met - transferred to revenue: EPWP	(5 534 000)	(4 742 000)
	-	-

This grant is used to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

The following areas have been identified:
- basic services infrastructure, including water and sanitation reticulation;
- parks and beautification;
- sustainable land based livelihoods, and
- social services programmes.

Department of Transport

Balance unspent at beginning of the year	-	2 584 000
Conditions not met - transferred to funder: RRAMS	-	(2 584 000)
Current year receipts : RRAMS	3 145 000	2 705 000
Conditions met - transferred to revenue: RRAMS	(3 145 000)	(2 705 000)
	-	-

The Department of Transport grant is used to co-ordinate Rural Roads Asset Management Systems, and collect road, bridges and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa.

National Treasury

Current year receipts: FMG	1 200 000	1 200 000
Conditions met - transferred to revenue: FMG	(1 200 000)	(1 200 000)
Current year receipts: LG SETA	28 315	-
Conditions met - transferred to revenue: LG SETA	(28 315)	-
	-	-

The Financial Management Grant is used to promote and support reforms to municipal financial management,and for the implementation of the Municipal Finance Management Act(Act no. 56 of 2003).

The LG SETA grant is used to promote the upskilling of employees. The budget amount of R131 050 was not received in full.

Figures in Rands	2024	2023

25. Revenue from non-exchange transactions - Transfers and subsidies (continued)

KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs

Balance unspent at beginning of the year	-	241 483
Conditions met - transferred to revenue : Capacity building	-	(241 483)
	-	**-**

The grants received from the Department of Economic Development Tourism and Environmental Affairs is for development of the Tourism Sector Strategy to provide support to municipality and the facilitation of tourism development initiatives within the district that are aligned to Tourism Master Plan. No grants were received during the current year to date.

KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs

Balance unspent at beginning of the year: Planning Shared Services	63 405	63 405
Transferred to funder : Planning and Shared Services	(63 405)	-
Balance unspent at beginning of the year: Feasibility study to establish the district shared legal service	39	39
Transferred to funder: Feasibility study to establish the district shared legal service	(39)	-
	-	**63 444**

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

An amount of R63 405 that was received in previous financial years was not approved for roll over and therefore transferred to the funder during the current financial year.

This grant was used to build planning capacity within the district as part of Planning Shared Services in order to enable effective performance of planning legislative mandates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

25. Revenue from non-exchange transactions - Transfers and subsidies (continued)

Public contributions

Balance unspent at beginning of the year	-	15 000
Conditions met - transferred to revenue	-	(15 000)
	-	**-**

Department of Co-operative Governance and Traditional Affairs

Balance unspent at beginning of the year	2 049 867	-
Current-year receipts: Municipal Disaster Relief	-	4 500 000
Conditions met - transferred to revenue - Municipal Disaster Relief	(2 049 867)	(2 450 133)
	-	**2 049 867**

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

The roll-over approval was received from the department during the year. This grant is used to reconstruct and rehabilitate damaged municipal infrastructure due to the 2022 storms. The grant has been identified for the refurbishment of the Regional Solid Waste Site Empangeni infrastructure damaged by the April 2022 floods.

26. Revenue from non-exchange transactions - Fines, penalties and forfeits

Air quality fines	800 000	400 000
Penalty fees non-compliance	1 403 993	30 664
Forfeits	9 795 705	-
	11 999 698	**430 664**

27. Revenue from non-exchange transactions - availability charges

Water revenue	1 269 711	1 240 451
Sanitation revenue	1 008 178	1 024 427
	2 277 889	**2 264 878**

Revenue from non-exchange transactions - availability charges, previously disclosed in revenue from exchange transactions - service charges, has now been separately disclosed on the statement of financial performance - refer to note 18 and 52.

28. Interest on receivables from non-exchange transactions

Service charges - availability charges	**466 846**	**294 338**

Interest on receivables from non-exchange transactions - availability charges, previously disclosed in interest on receivables from exchange transactions, has now been disclosed separately on the statement of financial performance - refer to note 23 and 52.

Figures in Rands	2024	2023

29. Employee related costs

Employee related costs - salaries and wages	204 855 138	185 473 159
Employee related costs - contributions for UIF, pensions and medical aid	47 267 741	43 976 733
Travel allowances	16 882 073	16 773 011
Bonuses	13 895 757	13 270 101
Housing and cellphone allowances	7 103 262	8 071 165
Defined employee benefit obligations: post employment medical aid benefits and long service awards	6 376 914	7 083 880
Overtime payments	19 646 888	13 695 629
Acting allowances	1 584 199	1 740 667
Leave pay provision charge	4 281 268	5 205 874
Scarcity allowance	8 196 280	6 428 501
	330 089 520	**301 718 720**

Included in the employee related costs are the salaries, allowances and benefits for the Municipal Manager and Deputy Municipal Managers amounting to R11 591 142, and are outlined below:

2023/2024

As at 30 June 2024, a 3.3% percent cost of living adjustment(effective 1 July 2023) and a once off gratuity of R1695 per month (1 July 2023 to 30 June 2024) was gazetted in the period per gazette No. 50737 dated 30 May 2024.

2022/2023

As at 30 June 2023, a 3% percent cost of living adjustment(effective 1 July 2022) and a once off gratuity of R1695 per month (1 July 2022 to 30 June 2023) was gazetted in the period per gazette No. 48789 dated 14 June 2023.

Remuneration of Municipal Manager - PP Sibiya

Basic remuneration	1 328 597	1 290 490
Backpay	110 322	74 549
Cellphone and data allowance	41 798	39 656
Contributions to UIF	2 125	2 125
Gratuity	38 985	-
Leave pay	338 880	-
Travel allowance	442 868	501 850
	2 303 575	**1 908 670**

2023/2024

The incumbent resigned from office effective 28 June 2024. Mr SBS Sibisi was thereafter appointed as Acting Municipal Manager effective 1 July 2024.

2022/2023

The incumbent was employed on a contract effective 01 August 2022.

Figures in Rands	2024	2023

29. Employee related costs (continued)

Remuneration of Deputy Municipal Manager - Planning & Economic Development - MR Mazibuko

Basic remuneration	1 064 397	-
Backpay	45 143	-
Cellphone and data allowance	34 167	-
Contributions to UIF and medical aid	33 297	-
Gratuity	18 645	-
Travel allowance	273 595	-
	1 469 244	**-**

The position was advertised and Council appointed an incumbent to the position effective 1 August 2023.

Remuneration of Previous Deputy Municipal Manager - Planning & Economic Development - Z Mbonane

Basic remuneration	-	918 963
Acting allowance	-	19 418
Backpay	-	31 012
Cellphone and data allowance	-	29 470
Contributions to UIF	-	1 771
Gratuity	-	20 340
Travel allowance	-	306 321
	-	**1 327 295**

2023/2024

The position was advertised and Council appointed MR Mazibuko to the position effective 1 August 2023.

2022/2023

The incumbent's contract came to an end on 30 April 2023. An acting allowance was thereafter paid to an incumbent.

Remuneration of Deputy Municipal Manager - Technical Services - ZP Ndlovu

Basic remuneration	1 040 947	-
Backpay	41 039	-
Cellphone and data allowance	31 061	-
Contributions to UIF, provident and retirement	17 896	-
Gratuity	16 950	-
Travel allowance	186 542	-
	1 334 435	**-**

The position was advertised and Council appointed the incumbent to the position effective 1 September 2023.

Figures in Rands	2024	2023

29. Employee related costs (continued)

Remuneration of Previous Deputy Municipal Manager - Technical Services - S Mbambo

Basic remuneration	-	847 120
Acting allowance	-	26 644
Backpay	-	9 234
Cellphone and data allowance	-	29 470
Contributions to UIF	-	1 771
Gratuity	-	3 390
	-	**917 629**

2023/2024

The position was advertised and Council appointed ZP Ndlovu to the position effective 1 September 2023.

2022/2023

The incumbent resigned effective 30 April 2023. An acting allowance was paid to an incumbent for operational reasons.

Remuneration of Deputy Municipal Manager - Corporate Services - SBS Sibisi

Basic remuneration	748 199	606 323
Backpay	73 205	47 193
Cellphone and data allowance	37 273	29 470
Contributions to UIF, medical and provident	186 689	143 667
Gratuity	37 290	-
Travel allowance	499 988	140 732
	1 582 644	**967 385**

2023/2024

The incumbent was appointed Acting Municipal Manager effective 1 July 2024.

2022/2023

The position was advertised and Council appointed an incumbent to the position effective 01 September 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

29. Employee related costs (continued)

Remuneration of Deputy Municipal Manager - Community Services - B Masondo

Basic remuneration	432 103	-
Acting allowance	27 778	-
Backpay	17 953	-
Cellphone and data allowance	15 530	-
Contributions to UIF, provident and retirement	81 509	-
Gratuity	8 475	-
Travel allowance	111 925	-
	695 273	**-**

The position was advertised and the incumbent was appointed effective 1 February 2024.

Remuneration of Deputy Municipal Manager - Community Services - TF Mguni

Basic remuneration	331 630	945 695
Backpay	97 712	128 873
Cellphone and data allowance	12 424	35 364
Contributions to UIF, medical, provident and retirement	70 320	179 328
Gratuity	27 120	20 340
Leave payout	167 813	-
Travel allowance	98 164	280 543
	805 183	**1 590 143**

The position was advertised and the incumbent was appointed effective 1 February 2024.

2023/2024

The incumbent resigned effective 31 October 2023. An acting allowance was thereafter paid to an incumbent for operational reasons. The position was advertised and Council appointed Mr B. Masondo effective 1 February 2024.

Remuneration of Chief Operating Officer - CK M'Maretel

Basic Remuneration	914 295	1 328 135
Backpay	89 756	107 714
Cellphone and data allowance	24 849	35 364
Contributions to UIF, provident and retirement	170 452	243 918
Gratuity	33 900	20 340
Travel allowance	152 270	197 267
	1 385 522	**1 932 738**

The incumbent resigned effective 29 February 2024 as a result of reaching the age of retirement. An acting allowance amounting to R57 677 was paid to an incumbent for operational reasons.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

29. Employee related costs (continued)

Remuneration of Deputy Municipal Manager - Financial Services - MC Reddy

Basic remuneration	1 272 308	1 230 631
Backpay	117 616	110 442
Cellphone and data allowance	37 273	35 364
Contributions to UIF	2 125	2 125
Gratuity	40 680	20 340
Travel allowance	545 264	535 571
	2 015 266	**1 934 473**

30. Remuneration of councillors

Mayor	820 663	828 130
Deputy Mayor	977 901	939 904
Speaker	543 868	531 065
Chief Whip	605 658	617 065
MPAC Chair	583 574	653 252
Executive Committee	4 676 443	4 793 494
Councillors	6 204 758	6 396 509
Councillors' pension contribution	573 869	514 322
	14 986 734	**15 273 741**

In-kind benefits

The Mayor, Deputy Mayor, Speaker, Chief Whip, MPAC Chair and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council, which is included with expenditure items in the statement of financial performance. The remuneration of councillors includes remuneration, cellular allowance, backpay, sitting allowance, pension and travel. The pension for all councillors is disclosed under the line item councillors pension contribution.

The Mayor, Deputy Mayor and Speaker have the use of a Council owned vehicle together with a driver for official duties, and security. Furthermore, personal security is provided for some EXCO and Council members based on security assessments, as outlined in the Government Gazette on the Determination of upper limits of salaries, allowances and benefits of municipal councils.

Councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the upper limits of salaries,allowances and benefits of the different members of municipal councils,as determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act,1998. South African Special Risk Insurance Association (SASRIA) covers the loss of damage to a councillor's personal immovable and movable property and assets, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

The full breakdown of the councillor remuneration by nature is disclosed under the note on related parties - refer to note 45.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

31. Depreciation and amortisation

Depreciation - property, plant and equipment	98 611 879	107 947 244
Amortisation - intangible assets	603 079	1 337 499
	99 214 958	**109 284 743**

The comparative figure has been restated by an amount of R82 049 from R109 202 694 to R109 284 743 - refer to note 52.

32. Finance charges

Interest paid - borrowings	601 700	1 686 702
Provision for landfill site rehabilitation	7 934 147	13 195 208
	8 535 847	**14 881 910**

Finance costs relate to the one annuity loan held with ABSA during the year which was settled resulting in a year end balance of Rnil (2023: R6 285 647) - refer to note 12.

33. Inventory consumed

Consumables	72 750 876	64 439 349
Materials and supplies	15 785 983	9 144 121
Water	130 858 123	80 480 466
	219 394 982	**154 063 936**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

34. Contracted services

Outsourced Services		
Burial services	16 395	56 850
Business and advisory	604 381	813 586
Catering services	3 086 950	4 150 206
Cleaning services	365 031	324 576
Hygiene services	16 525 481	30 364 954
Internal auditors	2 054 088	2 127 226
Meter management	474 877	707 842
Medical services (medical health services & support)	79 500	99 130
Mini dumping sites	12 177 952	11 522 248
Professional staff	380 229	202 239
Security services	13 845 127	9 620 798
Transport services	950 208	60 159 478
Consultants and Professional Services		
Business and advisory	1 303 515	2 242 825
Infrastructure and planning	2 734 783	2 724 000
Laboratory services	6 474 062	5 900 800
Legal cost	3 561 790	4 430 615
Contractors		
Artists and performers	405 000	1 206 311
Auctioneers	-	128 399
Event promoters	23 935 186	7 470 074
Exhibit installations	340 252	173 504
Fire services	29 125	-
Inspection fees	63 284	58 435
Maintenance and operations	88 017 614	95 029 180
Medical Services	-	46 148
Pest control and fumigation	13 370	5 950
Safeguard and security	8 595 902	7 360 568
Sports and recreation	81 600	93 200
Stage and sound crew	233 160	753 706
	186 348 862	**247 772 848**

The transportation line amount as disclosed in prior year amounting to R58 184 969 under sub-heading "contractors" has been aligned to the transport services line item under sub-heading "outsourced services" in accordance with mSCOA.

35. Transfer and subsidies

Transfers to organisations	**3 700 000**	**2 400 000**

During the period under review, the Municipality supported social cohesion initiatives in the form of monetary transfers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

36. Operating leases

Premises	-	12 000
Motor vehicles	18 589 489	17 133 664
Plant and equipment	116 731	95 442
Community assets	248 734	269 597
	18 954 954	**17 510 703**

Operating leases, previously disclosed in operational costs, has now been disclosed separately on the statement of financial performance - refer to note 37 and 52.

37. Operational Costs

Achievements and awards	49 243	47 905
Advertisements and publicity	14 120 001	10 419 256
Archives	500 224	343 343
Bank charges	118 682	131 040
Bursaries	87 030	132 830
Cleaning	30 000	-
Courier and delivery services	12 651	2 732
Deeds	12 151	12 723
Delegations	15 519	332 040
Entrance fees	70 000	60 870
External audit fees	4 293 518	4 252 667
Insurance	10 681 748	9 457 811
Licenses	8 243 210	6 989 108
Municipal services	42 191 916	38 741 484
Personal protective equipment	2 679 052	2 562 512
Postage	486 718	472 895
Professional and regulatory bodies fees	3 329 280	2 570 509
Skills development levy	2 721 153	2 435 608
Small tools	33 594	56 625
Subsistence and travel	7 181 888	7 665 730
Telephone	2 383 391	2 213 894
Vehicle tracking services	503 350	107 443
	99 744 319	**89 009 025**

The comparative figure has been restated by an amount of R17 510 703 from R106 519 728 to R89 009 025 due to separately disclosing operating leases - refer to note 36 and 52.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

38. Water distribution losses

Apparent losses: unauthorised consumption	3 882 811	7 176 626
Apparent losses: customer meter inaccuracies	1 941 401	1 596 085
Real losses: leakage on transmission and distribution mains	37 357 331	28 774 477
Real losses: leakage and overflows at storage tanks/reservoirs	227 791	175 456
Real losses: leakage on service connections	7 972 602	6 140 895
Subtotal	51 381 936	43 863 539
Pipeline capacity and reservoir level storage	(116 807)	34 660
	51 265 129	**43 898 199**

2023/2024

National Treasury circular 71 of the Municipal Finance management act 53 of 2006 prescribes a norm of 15% to 30%. The calculated non-revenue water of 50.4% (10 308 857 kl) includes water losses of 28.31% (5 797 283 kl). The project to reduce water losses will be ongoing, aimed at isolating the root causes (like metering, illegal connections, leak detection and pressure reduction) in order to assist the municipality to calculate water losses and to implement water reducing loss strategies.

2022/2023

National Treasury circular 71 of the Municipal Finance management act 53 of 2006 prescribes a norm of 15% to 30%. The calculated non-revenue water of 51.6% (9 721 527 kl) includes water losses of 35.3% (6 652 942 kl). The project to reduce waste losses will be ongoing, aimed at isolating the root causes (like metering, illegal connections, leak detection and pressure reduction) in order to assist the municipality to calculate water losses and to implement water reducing loss strategies.

Figures in Rands	2024	2023

39. Commitments

Authorised capital expenditure

Approved and contracted for:		
• Infrastructure	365 980 180	543 366 040
• Intangible assets	2 430 576	3 006 976
	368 410 756	**546 373 016**

The outstanding commitments exclusive of VAT, relate to capital projects and other assets that have been committed by the supply chain management processes prior to 30 June 2024.

Operating leases - as lessee (expense)

Minimum lease payments due		
- not later than one year	5 506 204	17 243 745
- later than one year and not later than five years	18 789	318 165
	5 524 993	**17 561 910**

2023/2024

Operating lease payments represent payments for the leasing of vehicles and commercial property by the municipality. Lease contracts for vehicles are entered into for a three year period and the lease payments are fixed for the lease period with no escalation. The current lease contracts have been extended via Council resolution KCDMC: 40/2024 on 26 June 2024 in accordance with Section 116(3) of the MFMA, on a month to month basis for a period not exceeding four months. The commercial property leases are for business operations.

2022/2023

Operating lease payments represent payments for the leasing of vehicles and commercial property by the municipality. Lease contracts for vehicles are entered into for a three year period and the lease payments are fixed for the lease period with no escalation. The commercial property leases are for business operations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rands	2024	2023

40. Cash generated from operations

Surplus	297 839 797	284 509 020
Adjustments for:		
Depreciation and amortisation	99 214 958	109 284 743
(Gain) / Loss on disposal of property, plant and equipment	(833 252)	268 167
Gain on adjustment to rehabilitation provision	(10 325 417)	(3 429 681)
Impairment on property, plant and equipment	23 043 473	3 634 198
Interest income	(4 958 858)	(4 845 686)
Finance costs	8 535 847	14 881 910
Debt impairment	5 253 782	6 142 540
Irrecoverable debts written off	4 914 328	3 163 449
Movements in employee benefit obligations	(2 317 000)	(753 000)
Movements in provisions	(8 979 635)	(53 560 911)
Depreciation capitalised	351 579	284 915
Adjustment for provision - landfill	10 325 417	54 649 486
Donations	(10 786 868)	(1 649 202)
Insurance proceeds - non-cash	(47 700)	-
Changes in working capital:		
Inventory	(671 329)	11 706
Receivables from exchange transactions - consumer debtors	3 704 122	(31 545 775)
Receivables from other debtors	1 068 159	(259 322)
Payables from exchange transactions	(8 986 460)	(177 362 384)
Exchange transactions - VAT	21 773 293	(15 086 211)
Trade and other payables from non-exchange transactions	(4 805 144)	1 901 217
Consumer deposits	748 445	868 186
	424 061 537	**191 107 365**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) 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 a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and reports the said deviations to the next meeting of Council and includes a note to the annual financial statements. All deviations are reported to Council on a quarterly basis with a detailed schedule and reasons thereto. The deviations greater than R200 000 are listed individually below for the year ended 30 June 2024 in categories as follows:

- 36(1)(a)(i) - in an emergency
- 36(1)(a)(ii) - if such goods and services are produced or available from a single service provider
- 36(1)(a)(iii) - for the acquisition of special works of art or historical objects where specifications are difficult to compile
- 36(1)(a)(v) - dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement process
- 36(1)(b) - dispense with the official procurement processes to ratify minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature

Project description	Nature	June 2024	June 2023
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	318 954	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	608 586	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	220 188	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	548 754	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	974 711	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	236 556	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	469 881	-
Transport	36(1)(a)(i)	328 750	-
Fire equipment: Landfill site fire outbreak intervention	36(1)(a)(i)	408 595	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	337 288	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	287 381	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	204 406	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	229 099	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	377 464	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	286 737	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	632 415	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	271 946	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	230 957	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	239 492	-

41. Deviation from supply chain management regulations (continued)

Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	245 927	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	369 801	-
Car hire	36(1)(a)(i)	233 439	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	463 771	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	244 236	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	295 127	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	212 428	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	688 929	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	572 608	-
Software	36(1)(a)(ii)	962 496	-
Vehicle tracking	36(1)(a)(ii)	671 000	-
Purchase of water tankers	36(1)(a)(ii)	9 606 180	-
Purchase of water tanker	36(1)(a)(ii)	1 601 030	-
Horse racing affiliation fees	36(1)(a)(ii)	990 000	-
Purchase of water tanker	36(1)(a)(ii)	1 601 030	-
Purchase of Leadership vehicles	36(1)(a)(ii)	1 715 392	-
Repairs to mayoral vehicle	36(1)(a)(ii)	361 431	-
Sporting gear - golden games	36(1)(a)(v)	265 876	-
Salga games accommodation	36(1)(a)(v)	1 582 000	-
Radio broadcasting	36(1)(a)(v)	391 000	-
Radio broadcasting	36(1)(a)(v)	952 683	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	565 906	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	271 526	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	594 094	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	420 900	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	206 845	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	319 042	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	291 890	-
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	207 838	-
Radio Broadcasting	36(1)(a)(v)	308 637	-
Eshowe SSA1 Bulk Water Supply	36(1)(a)(v)	49 282 572	-
LED Items procured for Umfolozi Beneficiaries	36(1)(a)(v)	1 502 419	-
Radio Broadcasting	36(1)(a)(v)	391 000	-
LED Items procured for Umlalazi Beneficiaries.	36(1)(a)(v)	601 141	-
LED Items procured for Umhlathuze Beneficiaries.	36(1)(a)(v)	276 575	-
Radio Broadcasting	36(1)(a)(v)	391 000	-
Radio Broadcasting	36(1)(a)(v)	391 000	-
LED Items procured for Mthonjaneni Beneficiaries.	36(1)(a)(v)	225 062	-
Security services (guarding) for KCDM	36(1)(a)(i)	-	613 295
Management development program	36(1)(a)(ii)	-	250 000
Transportation - IDP roadshows	36(1)(a)(ii)	-	291 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. Deviation from supply chain management regulations (continued)

Manufacture and installation of statue at KCDM building	36(1)(a)(iii)	-	870 000
Internal audit fees	36(1)(a)(v)	-	1 223 600
Sports attire - golden games	36(1)(a)(v)	-	226 355
Financial system fault investigation	36(1)(a)(v)	-	207 000
Transportation event	36(1)(a)(v)	-	375 800
Sports attire - SALGA games	36(1)(a)(v)	-	599 500
Events management - KCDM lecture and impi yesesandlwana	36(1)(a)(v)	-	760 955
Booking of outside broadcast with Ukhozi FM for the renaming of building event	36(1)(a)(v)	-	391 000
Security services	36(1)(a)(v)	-	593 510
KCDM/RBIG/06/2022 - Kwahlokohloko SSA1 - Bulk Water Supply	36(1)(a)(v)	-	53 450 458
KCDM/MIG/01/2023 - Construction of Middledrift Water Reticulation Sub Supply	36(1)(a)(v)	-	24 996 554
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	575 562
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	395 767
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	250 833
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	636 038
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	242 070
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	617 760
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	314 548
Panel of contractors for maintenance and support for water and sanitation works	36(1)(b)	-	287 830
Total deviations greater than R200,000		**87 485 991**	**88 169 435**
Total deviations less than R200,000 aggregated	Various	56 225 596	9 362 071
Total deviations for the year		**143 711 587**	**97 531 506**

42. Awards to close family members of persons in the service of the state

The Municipal Finance Management Act, 2003 (Act no. 56 of 2003); Municipal Supply Chain Management Regulation 45 states that the particulars of any award more that R 2000 made to a person who is a spouse, child or parent of a person in the service of the state , or has been in the service of the state in the previous twelve (12) months must be disclosed as a note in the financial statements. The details are listed below for the year ended 30 June 2024:

Name of person	T Jordan
Relation	Spouse
Capacity	Director Development Faciliation Western Cape Governement
Service provider	Audio Computer World
Number of transactions	1 (June 2023: 12)
Total amount	R29 843 (June 2023: R126 773)
Declaration by supplier	MBD4, Annexure D
Name of person	N Reddy
Relation	Spouse
Capacity	Prosecutor - NPA Verulam Court
Service provider	Fana Manufacturing cc
Number of transactions	23 (June 2023: 34)
Total amount	R538 545 (June 2023: R1 320 031)
Declaration by supplier	MBD4, Annexure D
Name of person	Z Buthelezi
Relation	Mother
Capacity	Librarian City of uMhlathuze Municipality
Service provider	Zidane Management Trading
Number of transactions	6 (June 2023: 11)
Total amount	R556 775 (June 2023: R568 229)
Declaration by supplier	MBD4, Annexure D
Name of person	Mrs Msomi and Miss Msomi
Relation	Spouse and daughter
Capacity	Department of Education and Ethekwini Municipality
Service provider	Ngubane and Co.
Number of transactions	1 (June 2023: 1)
Total amount	R100 740 (June 2023: R1 223 600)
Declaration by supplier	MBD4, Annexure D

The above awards were done via the competitive bidding process.

Figures in Rands	2024	2023

43. Additional disclosure in terms of Municipal Finance Management Act No 56 of 2003

Contributions to organised local government

Current year membership fee	3 202 753	2 546 291
Amount paid - current year	(3 202 753)	(2 546 291)
	-	-

Audit fees

Current year fee	4 293 518	4 252 667
Amount paid - current year to date	(4 293 518)	(4 252 667)
	-	-

PAYE and UIF

Current year fee	57 996 070	51 119 352
Amount paid - current year to date	(57 996 070)	(51 119 352)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	40 583 434	37 842 608
Amount paid - current year to date	(40 583 434)	(37 842 608)
	-	-

VAT

Net VAT accrual	82 430 456	90 594 341
Net VAT receivable SARS	16 488 033	30 097 441
	98 918 489	**120 691 782**

2023/2024

All the VAT 201 returns have been submitted by the due date throughout the 12 months.

2022/2023

All the VAT 201 returns have been submitted by the due date throughout the 12 months. The VAT 201 returns for the months of May and June 2023 had not been settled as at 30 June 2023.

Councillors arrear consumer accounts

At the reporting date no Councillors had arrear accounts outstanding for more than 90 days.

Figures in Rands	2024	2023

44. Contingent liabilities

All contingencies disclosed in section A1 to A3 below relate to the estimated financial implication on plaintiff claims only and does not include legal fees thereto.

A1 - Legal matters relating to ex-employees - potential claims		
Ex-employee 3	880 196	880 196
Ex-employee 5	2 177 970	2 177 970
	3 058 166	**3 058 166**

Ex-employee 3 - The employee has lodged a labour dispute against the municipality. The amount disclosed is per annum and excludes interest which will be applied in the event the matter is not defended successfully. The matter is still at pleading stage.

Ex-employee 5 - The employee has lodged a claim against the municipality relating to the employee's dismissal and in this year an amount has been quantified and reflected above excluding interest which may become due in the event the matter is not defended. The matter is pending a court date.

Ex-employee 6 - The employee has lodged a claim against the municipality relating to the employee's dismissal and no amount has yet been quantified, however, in the event the incumbent is successful, backpay will be applicable. The matter is pending a court date.

A2 - Legal matters relating to service providers - potential claims		
Service provider 4	27 804 000	27 804 000
Service provider 5	-	193 844
Service provider 6	680 058	680 058
	28 484 058	**28 677 902**

Service provider 4 - This is a Section 197 labour related claim by a service provider. The matter is currently before the Labour Appeal Court and the amount disclosed is per annum. The matter is pending judgement.

Service provider 5 - This claim relates to a service provider demanding payment for work allegedly done. The matter was settled in the second quarter of the reporting period.

Service provider 6 - This claim relates to a service provider demanding payment for work allegedly done, which the municipality has defending, and pending judgement. The amount disclosed excludes interest which will be applied in the event the matter is not defended successfully.

A3 - Legal matters relating to public members - potential claims		
Public member 2	-	102 858
Public member 3	155 776	155 776
	155 776	**258 634**

Public member 2 - This is a claim made against the municipality as a result of a contested cession agreement. The matter was resolved in council's favour in the reporting period.

Public member 3 - This claim relates to a public member claiming damages to property.

44. Contingent liabilities (continued)

B - Dispute with the Department of Water and Sanitation (DWS)

Total raised by DWS since dispute	84 926 903	81 358 593
Less: pre 2012 invoices to be credited by DWS as per motivational correspondence from Provincial Treasury	(7 554 689)	(7 554 689)
Less: interest to be reversed on disputed invoices	(24 841 381)	(16 142 054)
Less: charges raised without supporting documentation	(14 488 760)	(15 632 517)
Accrued expenses	(4 236 660)	(8 223 920)
	33 805 413	**33 805 413**

A dispute has arisen between the municipality and the DWS with regard to charges which have been levied by the department against the municipality pertaining to raw water abstraction.

The dispute has arisen due to the department charging the municipality for water abstracted from the abstraction points under the control of the municipality, when no water was available due to the ongoing drought in the region. The municipality believes that it should not be charged for water that could not be delivered due to the drought. Emanating from numerous meetings with DWS, the department has requested the municipality to make a formal application to the department, requesting the reversal of all interest charges, the crediting of erroneous invoices and the substitution of corrected invoices based on actual water abstracted from the various abstraction points. The readings have been forwarded to the department for the process to be concluded. A contingent liability has been disclosed amounting to R 33 805 413.

In light of the above, an accrual has been made on the basis of the application being accepted by the department.

C - Dispute with the Bulk water service provider

Total raised by service provider	874 750 377	499 860 758
Revised rate applied by KCDM to invoices	(413 146 065)	(257 505 925)
	461 604 312	**242 354 833**

A dispute has arisen with the service provider regarding the tariff being applied to the municipality account. In this regard the municipality has paid and accrued at a rate being charged by the service provider to all other customers and raised an amount of R461 604 312 for the difference between the charged rate and the rate charged by the service provider to other customers.

The municipality has raised the dispute with the service provider accordingly.

45. Related parties

Municipal entities and other relationships

Members of key management	Refer to note 29
Members of council	Refer to note 30

Management class: Councillors

30 June 2024

	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
Mayor - AT Ntuli	781 435	-	-	39 228	-	-	820 663
Deputy Mayor - SZ Dlamini	887 311	49 608	-	40 981	-	-	977 900
Speaker - IJ Naidoo	76 885	-	-	4 727	6 154	21 727	109 493
Speaker - SH Mkhwanazi	439 263	-	-	1 266	-	-	440 529
Chief Whip - AM Mtshali	543 255	-	-	25 090	-	37 313	605 658
MPAC Chair - M Mtshali	456 453	-	-	21 080	-	106 041	583 574
EXCO							
Cllr SW Mgenge	831 855	49 608	-	38 419	-	-	919 882
Cllr PPC Cele	831 855	49 608	-	38 419	-	52 843	972 725
Cllr SL Magubane	831 855	49 608	-	38 419	-	26 064	945 946
Cllr PP Xulu	730 356	49 608	-	33 408	106 510	53 398	973 280
Cllr NM Madida	345 056	-	-	(6 067)	-	25 604	364 593
Cllr IN Zwane	480 854	-	-	22 208	-	103 467	606 529
COUNCIL							
Cllr NR Xulu	-	2 076	-	10 339	-	-	12 415
Cllr MT Mthiyane	351 002	49 608	-	16 211	-	-	416 821
Cllr NN Lembede	311 556	49 608	-	14 097	41 561	7 092	423 914
Cllr ZL Mfusi	305 219	49 608	-	14 097	47 897	-	416 821
Cllr ME Mthethwa	305 219	49 608	-	14 097	47 897	-	416 821
Cllr ES Mbatha	310 575	49 608	-	14 097	42 541	73 312	490 133
Cllr F Mndaba	305 219	49 608	-	14 097	47 897	66 321	483 142
Cllr SE Mhlongo	351 002	49 608	-	16 211	-	77 979	494 800
Cllr CM Mpanza	305 219	49 608	-	14 097	47 897	38 780	455 601
Cllr SF Mdletshe	305 219	49 608	-	14 097	47 897	84 814	501 635
Cllr FPB Mpungose	305 219	49 608	-	14 097	47 897	48 120	464 941
Cllr SP Mpanza	-	-	28 092	950	-	1 333	30 375
Cllr XM Bhengu	-	-	25 733	1 252	-	-	26 985
Cllr MM Mthiyane	-	-	23 417	1 166	-	-	24 583
Cllr SN Ntshangase	-	-	39 801	1 555	-	11 600	52 956
Cllr MM Msimango	-	-	12 759	1 295	-	-	14 054
Cllr JL Nzuza	-	-	29 272	1 209	-	24 090	54 571
Cllr SH Mkhwanazi	-	-	5 682	1 295	-	21 072	28 049
Cllr A Lange	-	-	10 486	1 080	-	-	11 566
Cllr WL Ngema	-	-	21 015	1 123	-	-	22 138
Cllr ME DLamini	62 801	-	-	3 549	-	5 763	72 113
Cllr SD Khubisa	-	-	19 879	1 339	-	11 678	32 896
Cllr QT Xulu	-	-	28 049	1 598	-	-	29 647
Cllr MM Ngema	-	-	24 554	1 209	-	-	25 763
Cllr BC Magwaza	62 801	-	-	3 549	-	43 681	110 031
Cllr PSN Mchunu	-	-	18 743	864	-	-	19 607
Cllr MN Biyela	-	-	33 946	1 554	-	-	35 500
Cllr BB Ndima	63 201	-	-	4 215	-	-	67 416
Cllr NP Mahaye	63 201	-	-	4 215	-	90 665	158 081

45. Related parties (continued)

Cllr SS Nkabinde	305 219	47 235	-	3 820	46 356	4 255	406 885
Cllr FN Mabuyakhulu	305 219	47 235	-	3 820	46 356	4 742	407 372
Cllr DJ Ndimande	-	2 127	-	10 591	(2 991)	-	9 727
Cllr SB Mthiyane	351 002	48 797	-	12 028	-	-	411 827
Cllr PH Khuzwayo	-	487	-	2 630	-	-	3 117
Cllr ZH Mkhize	-	-	12 975	-	-	20 683	33 658
	11 605 327	**892 077**	**334 403**	**518 621**	**573 869**	**1 062 437**	**14 986 734**

The municipal Council had movement within the Council strcutures as follows:

Honourable Speaker - Cllr IJ Naidoo resigned 31/8/2023 and was susequently replaced by Cllr ZH Mkhize on 6/12/2023.

Cllr SH Mkhwanazi was elected as Speaker on 7/9/2023.

Honourable Mayor - Cllr AT Ntuli resigned on 13/6/2024.

Honourable Cllr SZ Dlamini was appointed as Acting Mayor on 26/6/2024.

45. Related parties (continued)

30 June 2023

	Remuneration	Cellular	Sitting	Backpay	Pension	Travel	Total
Mayor - AT Ntuli	828 130	-	-	-	-	-	828 130
Deputy Mayor - SZ Dlamini	895 504	44 400	-	-	-	-	939 904
Speaker - IJ Naidoo	527 209	-	-	3 856	27 566	-	558 631
Chief Whip - AM Mtshali	548 283	-	-	-	-	68 782	617 065
MPAC Chair - M Mtshali	460 670	-	-	-	-	192 582	653 252
EXCO	-	-	-	-	-	-	-
Cllr SW Mgenge	841 700	44 400	-	-	-	5 856	891 956
Cllr PPC Cele	841 700	44 400	-	-	-	90 653	976 753
Cllr SL Magubane	841 700	44 400	-	-	-	43 938	930 038
Cllr PP Xulu	742 819	44 400	-	-	98 883	115 182	1 001 284
Cllr NM Madida	414 842	-	-	(9 931)	-	104 380	509 291
Cllr IN Zwane	487 457	-	-	-	-	95 598	583 055
COUNCIL	-	-	-	-	-	-	-
Cllr NR Xulu	272 072	35 397	-	-	-	-	307 469
Cllr MT Mthiyane	354 243	44 400	-	-	-	-	398 643
Cllr NN Lembede	316 343	44 400	-	-	37 899	6 583	405 225
Cllr ZL Mfusi	309 729	44 400	-	-	44 514	-	398 643
Cllr PH Khuzwayo	59 352	8 880	-	-	8 904	15 086	92 222
Cllr ME Mthethwa	309 729	44 400	-	-	44 514	-	398 643
Cllr ES Mbatha	314 763	44 400	-	-	39 481	110 522	509 166
Cllr F Mndaba	309 729	44 400	-	-	44 514	97 484	496 127
Cllr SE Mhlongo	354 243	44 400	-	-	-	126 091	524 734
Cllr CM Mpanza	309 729	44 400	-	-	44 514	76 366	475 009
Cllr SF Mdletshe	309 729	44 400	-	-	44 514	84 605	483 248
Cllr FPB Mpungose	309 729	44 400	-	-	44 514	45 067	443 710
Cllr SP Mpanza	14 339	-	20 454	-	-	8 962	43 755
Cllr XM Bhengu	-	-	28 408	-	-	-	28 408
Cllr MM Mthiyane	-	-	27 272	-	-	-	27 272
Cllr SN Ntshangase	-	-	35 225	-	-	21 636	56 861
Cllr MM Msimango	-	-	30 681	-	-	-	30 681
Cllr JL Nzuza	-	-	28 408	-	-	43 596	72 004
Cllr SH Mkhwanazi	-	-	29 544	-	-	144 685	174 229
Cllr A Lange	-	-	24 999	-	-	-	24 999
Cllr WL Ngema	-	-	24 999	-	-	-	24 999
Cllr ME DLamini	62 987	-	-	-	-	-	62 987
Cllr SD Khubisa	-	-	31 817	-	-	18 258	50 075
Cllr QT Xulu	-	-	37 499	-	-	-	37 499
Cllr MM Ngema	-	-	28 408	-	-	-	28 408
Cllr BC Magwaza	62 987	-	-	-	-	36 188	99 175
Cllr PSN Mchunu	-	-	20 453	-	-	-	20 453
Cllr MN Biyela	-	-	35 226	-	-	-	35 226
Cllr BB Ndima	62 987	-	-	-	-	-	62 987
Cllr NP Mahaye	62 987	-	-	-	-	175 478	238 465
Cllr LTZ Biyela (Nkosi)	-	-	1 750	-	-	-	1 750
Cllr TN MZimela (Nkosi)	-	-	1 750	-	-	-	1 750
Cllr SS Nkabinde	41 408	3 939	-	1 835	-	-	47 182
Cllr FN Mabuyakhulu	41 408	3 939	-	1 835	-	1 227	48 409
Cllr DJ Ndimande	244 202	36 260	-	(4)	34 506	9 809	324 773
Cllr SB Mthiyane	240 485	30 406	-	6 422	-	31 883	309 196
	11 793 194	**784 821**	**406 893**	**4 013**	**514 323**	**1 770 497**	**15 273 741**

45. Related parties (continued)

The municipal Council had movement within the Council structures as follows:

Cllr IJ Naidoo changed from a MPAC member to an ordinary councillor at uMlhathuze Municipality on 24 August 2022.

Cllr PH Khuzwayo was elected to uMlhathuze municipality effective 13 September 2022 and was subsequently replaced by SB Mthiyane 28 October 2022.

Cllr NN Ngubane resigned on 30 January 2023.

Cllr M Madida changed from a MPAC member to an ordinary councillor at uMlhathuze Municipality on 3 March 2023.

Cllr NR Xulu resigned on 17 April 2023 and was subsequently replaced by SS Nkabinde on 30 May 2023

Cllr DJ Ndimande resigned on 24 April 2023 and was subsequently replaced by FN Mabuyakulu on 30 May 2023.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

46. Budget and Actual amount variances

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal Budget Regulations as well as the Municipal Finance Management Act budget circulars.

Variances for the year ending 30 June 2024 which are greater than 10% and with a value greater than R500 000 between the final budget and actual amounts as referenced on the statement of comparison of budget and actual amounts, as reflected on pages 12 to 15, have been deemed material and explanations thereto are set out below.

Statement of Financial Performance

46.1 Service charges - water

Water revenue is below the budgeted projections. In analysing the consumption pattern, the municipality encountered a reduction in consumption by the commercial customer base due to loadshedding. Furthermore, government customer consumption reduced primarily due to school holidays and customers seeking alternative sources.

46.2 Service charges - waste water

Waste water revenue is below the budgeted projections primarily due to households opting for private contractors to render the removal of sewer from properties.

46.3 Service charges - waste management

Solid waste revenue is below the budgeted projections. The decrease is due to operational issues due to the contractor's performance at the solid waste site which are being addressed.

46.4 Interest earned from receivables

Interest is being raised in accordance with KCDM Council approved bylaws. Whilst there is an over achievement in relation to the budget, it must be noted that the collectability of this type of debt is relatively low due to economic hardships faced by residents.

46.5 Operational revenue

The variance between the budget and actual is primarily due to insurance claim proceeds relating to the disposal of assets which were budgeted for within operational revenue however accounted for within the gain/loss on disposal of assets vote structure.

46.6 Other gains

The variance is attributable to adjustments to the employee benefit and landfill site rehabilitation provisions which is determinable annually at year end.

Furthermore, gains realised from the disposal of assets in the form of insurance settlements was not budgeted for due to uncertain timing as a gain, however, the revenue was budgeted within operational revenue.

46.7 Donations

The variance is attributable to the municipality receiving water infrastructure from a private entity, water tankers from a government entity and land from a local municipality which was not budgeted for.

46.8 Service charges - availability charges

The municipality budgeted for the aforementioned revenue within service charges - revenue from exchange transactions.

46. Budget and Actual amount variances (continued)

46.9 Remuneration of councillors

The municipality did not anticipate the reduced travel reimbursive claims and the gazette on upper limits for councillors not being finalised.

46.10 Inventory consumed

The municipality anticipated a higher cost of bulk water purchases than realised as well as lower than anticipated consumptions.

46.11 Depreciation and amortisation

The variance is primarily attributable to the reduction in the landfill site provision as well as the assessment of RULs.

46.12 Transfers and subsidies

During the period under review, the Municipality supported social cohesion initiatives. Not all of the transfers anticipated for was realised as some projects were at inception stage.

46.13 Loss on disposal of assets

The municipality budgeted for transactions related to disposal of assets however, the insurance settlement process resulted in a gain. Refer to 46.6

46.14 Other losses

The variance is primarily attributable to the water loss savings which were greater than anticipated.

Statement of Financial Position

46.15 Trade and other receivables from exchange transactions

The municipality's collection for the year was higher than anticipated resulting in lower debtor balances than budgeted for. It must further be noted that trade and other receivables from non-exchange transactions as well as long-term consumer debtor arrangements were budgeted for within this line item however disclosed separately.

46.16 Receivables from non-exchange transactions

The municipality accounted for receivables on availability charges as a prior period reclassification which was initially budgeted for within trade and other receivables from exchange transactions.

46.17 Current portion of non-current receivables

The municipality wrote off the debtor balance relating to the King Cetshwayo Fresh Produce Market at year end through council resolution.

46.18 Inventory

The municipality anticipated a higher water stock balance than what was actually determined at year end.

46.19 Other current assets

The municipality did not anticipate the higher other debtor balances for year end.

46. Budget and Actual amount variances (continued)

46.20 Heritage assets

The variance is attributable to the budget including assets anticipated to be acquired in the year.

42.21 Intangible assets

The variance is attributable to the budget including assets anticipated to be acquired in the year, which were in progress at year end.

46.22 Trade and other receivables from exchange transactions (non-current)

The municipality accounted for non-current receivables on exchange transactions as a prior period reclassification which was initially budgeted for within trade and other receivables from exchange transactions.

46.23 Trade and other payables from exchange transactions

The municipality settled creditors timeously thereby contributing to the lower creditor balance at year end.

46.24 Provisions - current and non-current

The variance is due to the year end valuation performed by an engineer for the rehabilitation of the landfill site and employee benefit provision determined by the actuaries.

Cash flow statement

42.25 Net cash flows from financing activities

The variance is attributable to consumer deposits for which the municipality did not anticipate.

Changes from approved budget to the final budget

The changes between the approved budget are a consequence of the following:

The original 2023/2024 Multi Year Budget was approved by Council on 30 May 2023, per resolution number KCDMC:1058/2023, in accordance with section 24 of the Municipal Finance Management Act (MFMA).

The first adjustments budget was passed by Council on 23 August 2023 per resolution KCDMC: 1388/2023, dealing with roll-overs pertaining to the 2022/2023 in-progress capital projects (internally funded).

The second adjustments budget was passed by Council on 6 December 2023 per resolution KCDMC: 1664/2023, dealing with 2023/2024 conditional grant roll-overs in terms of Section 28 of the MFMA.

The third adjustments budget was passed by Council on 28 February 2024, per resolution KCDMC: 1857/2024 in terms of Section 28 of the MFMA, wherein adjustments were made after the consideration of the mid-year budget assessment process. During the process it was resolved that certain estimates would need to be adjusted in accordance with the performance of the first six months of the financial year as well as the forecasts for the remainder of the financial year.

The final adjustment budget was approved by Council on 15 May 2024 per resolution KCDMC: 2209/2024 to account for additional allocations. In accordance with Regulation 23(3) of the Municipal Budget and Reporting Regulations, which states that if a National or Provincial adjustments budget allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available Council meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustment budget referred to in section 28(2)(b) of the Act in the municipal Council to appropriate these additional revenues.

Figures in Rands	2024	2023

47. Unauthorised, Fruitless, Wasteful and Irregular expenditure

Unauthorised expenditure

No unauthorised expenditure has been identified within the reporting period.

Fruitless and wasteful expenditure

Opening balance as previously reported - Eskom	12 578	12 578
Eskom - reversal of interest charged	(4 613)	-
Opening balance as previously reported - Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2	-	860 201
Less -Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2 written off - current	-	(860 201)
Less: Eskom charges written off - current	(7 965)	-
	-	**12 578**

2023/2024

Eskom

Eskom has confirmed that the disputes raised by the municipality amounting to R4 613 have been resolved and reversed. The remaining balance amounting to R7 965 was written off as per council resolution KCDMC: 2242/2024 on 21 August 2024.

2022/2023

Eskom

Eskom has confirmed that the disputes raised by the municipality are under investigation and no outcome has been finalized.

Middledrift SSA 5 Phase 2: Construction of Reticulation within SSA 5 of Middledrift Phase 2

The investigation was concluded on and reports served at Council on 26 October 2022 - KCDMC: 649/2022 and 28 February 2023 (KCDMC: 917/2023). Council deemed the expenditure irrecoverable and resolved that the expenditure be written off.

Irregular expenditure

Opening balance as previously reported - non-compliance with Basic Condition of Employment Act, section 10	-	3 088 678
Less: non-compliance with Basic Conditions of Employment Act, section 10 written off	-	(3 088 678)
Opening balance as previously reported - non-compliance with Municipal Supply Chain Regulations, Regulation 43(2)	-	608 003
Less: non-compliance with Municipal Supply Chain Regulations, Regulation 43(2), written off	-	(608 003)
	-	**-**

All balances have been disclosed inclusive of VAT as outlined in Circular 68 of the MFMA.

2023/2024

No irregular expenditure has been identified within the reporting period.

Figures in Rands	2024	2023

47. Unauthorised, Fruitless, Wasteful and Irregular expenditure (continued)

2022/2023

Non-compliance with the Basic Conditions of Employment Act No. 75 of 1997 - section10 - R3 088 678

The municipality commissioned an investigation as outlined in Section 32 of the MFMA, and the report compiled by Ngubane and Co. was presented to MPAC on 18 October 2022 (KCDMMPAC 18/2022) and 22 August 2023 (KCDMMPAC 30/2023). Council on 30 August 2023 (KCDMC 1406/2023) deliberated on the report and recommendations and deemed the expenditure as irrecoverable and be written off.

Non-compliance with Municipal Supply Chain Regulations, Regulation 43(2) - R608 003

The council on 30 August 2023 (KCDMC 1407/2023) considered the report submitted and resolved to deem the expenditure as irrecoverable and be written off.

48. COVID-19

	2024	2023
Covid-19 expenditure	-	9 713

49. Flood damage

	2024	2023
Contracted services - maintenance & operations	1 782 493	14 989 902

2023/2024

The municipality has continued in the year to effect repairs to infrastructure that was effected by the floods.

2022/2023

The municipality has continued in the year to effect repairs to infrastructure that was effected by the floods.

50. Risk management

Capital risk management

The municipality's objectives when managing capital are to safe guard the municipality's ability to continue as a going concern in order to provide returns and benefits for all stakeholders, while delivering sustainable services and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt , which includes the long term liabilities as disclosed in note 12, cash and cash equivalents disclosed in note 2 and equity as disclosed in the statement of financial position.

Financial risk management

Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality’s financial services function monitors and manages the financial risks relating to the operation of the municipality. These risks include credit risk and liquidity risk.

Liquidity risk

The municipality’s liquidity risk pertains to whether funds are available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit obligations. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The trade payables under payables from exchange transactions under note 13 are paid in accordance with Council's creditors, councillors and staff payment policy, being within thirty days of the date of receipt of all correct supporting documents, invoices and statement.

The liquidity ratio is outlined below:

	30 June 2024	**30 June 2023**
Current Assets	322 891 040	374 226 586
Current Liabilities	214 164 726	237 746 681
Liquidity ratio	1,51	1,57

At 30 June 2024	**Carrying value**	**Less than 1 year**	**Between 1 and 2 years**
Consumer deposits	11 739 499	-	
Payables from exchange transactions	195 741 525	-	

At 30 June 2023	**Carrying value**	**Less than 1 year**	**Between 1 and 2 years**
Borrowings	6 285 648	6 285 648	-
Consumer deposits	10 991 054	-	
Payables from exchange transactions	210 504 916	-	

50. Risk management (continued)

The gearing ratio	30 June 2024	30 June 2023
Total borrowings - short and long term	-	6 285 648
Less: Cash and cash equivalents	(136 160 780)	(153 519 700)
Net cash	(136 160 780)	(147 234 052)
Total equity	3 478 766 128	3 180 926 330
Total capital	3 342 605 348	3 033 692 278
Gearing (%)	-	0,21

Credit risk

Credit risk consists mainly of cash investment deposits, cash equivalents, receivables from exchange and non-exchange transactions. The municipality manages credit risk in its investing activities by only dealing with well established financial institutions of high credit standing and by spreading its exposure over a range of such institutions in accordance with its approved cash banking and investment policy. Credit risk pertaining to consumer debtors comprise of mainly water, sanitation and refuse users, dispersed across different industries and geographical areas. Ongoing evaluations are performed on the financial condition of these debtors and have been presented in these financial statements net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", which ever procedure is applicable in terms of Council's credit control and debt collection policy. Furthermore the consumer debtors neither past due nor impaired are considered in the impairment assessment at year end as collectible debts as they are further secured by deposits held. The carrying amount of consumer debtors whose terms have been re-negotiated through an acknowledgment of debt whereby payment terms were extended amounts to R8 293 616 as at 30 June 2024 (30 June 2023 - R7 152 643).

Certain consumer debtors are recorded as past due when payment is not received in accordance with the credit terms, however such debtors are not impaired in compliance with the prescripts of Councils credit control policy which does not permit the impairment of such classes of consumers. Inclusive hereto are debtors within the different organs of State. The disclosure and analysis hereto is reflected in the annual financial statements under note 3&4&11 receivables from exchange transactions consumer debtors (National and Provincial Government) and note 7 receivables from exchange transactions - other.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties have similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with credit ratings. The carrying amount of financial assets recorded in the annual financial statements which is net of impairment losses, represents the municipality's maximum exposure to credit risk.

Financial assets exposed to credit risk at 30 June 2024 and 30 June 2023 respectively are detailed below:

	30 June 2024	30 June 2023
Investments	60 000 000	60 000 000
Cash and cash equivalents	76 160 780	93 519 700
Receivables from exchange transactions - consumer debtors	115 447 731	121 092 999
Receivables from non-exchange transactions - consumer debtors	10 704 859	9 196 565
Maximum exposure to credit risk	262 313 370	283 809 264

Interest rate risk

The municipality limits exposure to interest rate fluctuations by only dealing with well-established institutions and opting for fixed interest rates rather than variable rates.

51. Segment information

General information

Identification of segments

The municipality is organised and operates six key functional segments. The segments are organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes. Revenues, capital and operating expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the District of King Cetshwayo situated in the KwaZulu Natal Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the District were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and public safety	Community and social services
Economic and environmental services	Planning and development and environmental services
Trading services - water management	Provision of water services
Trading services - waste water management	Provision of sanitation services
Trading services - waste management	Provision of refuse services
Governance and administration - unallocated	Provision of support services - finance, corporate, municipal managers office and board

51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

30 June 2024

	Community and public safety	Economic and environmental services	Trading service - water management	Trading service - waste water management	Trading service - waste management	Governance and administration - unallocated	Total
Revenue							
Service charges	-	-	61 721 653	8 769 402	32 970 235	-	103 461 290
Sale of goods and rendering of services	460 279	-	-	-	-	8 696	468 975
Licenses and permits	-	151 455	-	-	-	-	151 455
Rental income	-	-	357 491	-	-	-	357 491
Operational income	-	-	-	-	-	2 518 349	2 518 349
Interest on receivables from exchange transactions	-	-	4 350 959	-	-	-	4 350 959
Interest on receivables from investments and bank accounts	-	-	-	-	-	29 269 268	29 269 268
Actuarial gains	-	-	-	-	-	8 693 914	8 693 914
Gain on disposal of property, plant and equipment	-	-	-	-	-	833 252	833 252
Gain on adjustment to rehabilitation provision	-	-	-	-	10 325 417	-	10 325 417
Transfers and subsidies	-	21 373 830	734 229 182	33 433 270	24 396 586	363 892 148	1 177 325 016
Fines, penalties and forfeits	-	800 000	11 199 698	-	-	-	11 999 698
Donations	1 075 000	-	6 619 648	-	-	3 092 220	10 786 868
Service charges - availability charges	-	-	1 269 711	1 008 178	-	-	2 277 889
Interest on receivables from non-exchange transactions	-	-	268 102	198 744	-	-	466 846
Total segment revenue	**1 535 279**	**22 325 285**	**820 016 444**	**43 409 594**	**67 692 238**	**408 307 847**	**1 363 286 687**
Expenditure							
Employee related costs	25 814 179	37 176 479	160 209 816	847 486	5 195 391	100 846 169	330 089 520
Remuneration of councilors	-	-	-	-	-	14 986 734	14 986 734
Depreciation and amortisation	958 076	72 414	87 372 517	3 968 121	1 459 611	5 384 219	99 214 958
Finance costs	-	-	171 354	58 862	8 024 402	281 229	8 535 847
Debt impairment	-	(362 320)	1 522 362	3 617 005	476 735	-	5 253 782
Irrecoverable debts written off	-	729 639	3 616 508	568 181	-	-	4 914 328
Inventory consumed	793 213	7 586 677	138 639 782	310 413	2 966 756	69 098 141	219 394 982
Contracted services	14 021 908	5 838 583	60 496 023	17 673 612	14 045 467	74 273 269	186 348 862
Transfers and subsidies	3 450 000	250 000	-	-	-	-	3 700 000
Operating leases	-	105 624	105 379	-	-	18 743 951	18 954 954
Operational costs	6 565 061	1 839 535	48 547 411	15 502	516 288	42 260 522	99 744 319

51. Segment information (continued)

Water losses	-	-	51 265 131	-	-	-	51 265 131
Impairment on property, plant and equipment	925 420	-	19 340 554	1 911 000	398 415	468 084	23 043 473
Total segment expenditure	**52 527 857**	**53 236 631**	**571 286 837**	**28 970 182**	**33 083 065**	**326 342 318**	**1 065 446 890**
Total segmental surplus/(deficit)	**(50 992 578)**	**(30 911 346)**	**248 729 607**	**14 439 412**	**34 609 173**	**81 965 529**	**297 839 797**
Assets							
Cash and cash equivalents	-	-	-	-	-	136 160 780	136 160 780
Receivables from exchange transactions - consumer debtors	-	-	46 432 171	12 296 343	2 384 921	2 586 106	63 699 541
Receivables from non-exchange transactions - consumer debtors	-	-	642 541	630 924	-	-	1 273 465
Inventories	-	-	2 687 028	-	-	3 177 027	5 864 055
Exchange transaction - VAT	-	-	-	-	-	98 918 489	98 918 489
Receivables from exchange transactions - other	-	-	12 494 792	-	-	4 479 918	16 974 710
Property, plant and equipment	13 146 316	584 124	3 123 858 498	190 024 673	69 901 300	56 500 995	3 454 015 906
Intangible assets	-	-	-	-	-	3 603 395	3 603 395
Heritage assets	-	787 200	-	-	-	700 000	1 487 200
Non-current receivables from exchange transactions - consumer debtors	-	-	4 996 464	518 312	-	-	5 514 776
Total segment assets	**13 146 316**	**1 371 324**	**3 191 111 494**	**203 470 252**	**72 286 221**	**306 126 710**	**3 787 512 317**
Liabilities							
Payables exchange transactions	-	-	-	-	-	195 741 525	195 741 525
Consumer deposits	-	-	11 739 499	-	-	-	11 739 499
Employee benefit obligations	-	-	-	-	-	2 410 000	2 410 000
Current portion of provisions	-	-	-	-	-	4 273 702	4 273 702
Non-current employee defined benefit obligations	-	-	-	-	-	34 456 000	34 456 000
Non-current provisions provisions	-	-	-	-	60 125 463	-	60 125 463
Total segment liabilities	**-**	**-**	**11 739 499**	**-**	**60 125 463**	**236 881 227**	**308 746 189**

51. Segment information (continued)

30 June 2023

	Community and public safety	Economic and environmental services	Trading service - water management	Trading service - waste water management	Trading service - waste management	Governance and administration - unallocated	Total
Revenue							
Service charges	-	-	64 619 742	8 134 303	36 634 389	-	109 388 434
Sale of goods and rendering of services	408 085	-	-	-	-	7 983	416 068
Licenses and permits	-	122 372	-	-	-	-	122 372
Rental income	-	-	311 509	-	-	46 261	357 770
Operational income	-	-	-	-	-	1 807 292	1 807 292
Interest on receivables from exchange transactions	-	-	2 018 108	664 132	-	1 428 086	4 110 326
Interest on receivables from investments and bank accounts	-	-	-	-	-	25 802 133	25 802 133
Actuarial gains	-	-	-	-	-	7 836 880	7 836 880
Gain on adjustment to rehabilitation provision	-	-	-	-	3 429 681	-	3 429 681
Transfers and subsidies	-	18 702 479	674 488 992	64 095 216	34 654 096	343 824 000	1 135 764 783
Fines, penalties and forfeits	-	400 000	30 664	-	-	-	430 664
Donations	931 584	-	717 618	-	-	-	1 649 202
Service charges - availability charges	-	-	1 240 451	1 024 427	-	-	2 264 878
Interest on receivables from non-exchange transactions	-	-	166 035	128 303	-	-	294 338
Total segment revenue	**1 339 669**	**19 224 851**	**743 593 119**	**74 046 381**	**74 718 166**	**380 752 635**	**1 293 674 821**
Expenditure							
Employee related costs	23 884 415	33 099 589	123 975 057	1 460 281	5 356 142	113 943 236	301 718 720
Remuneration of councilors	-	-	-	-	-	15 273 741	15 273 741
Depreciation and amortisation	2 184 205	70 444	85 031 616	4 114 530	12 846 458	5 037 490	109 284 743
Finance costs	-	-	376 963	129 491	13 635 772	739 684	14 881 910
Debt impairment	-	-	4 915 290	704 486	160 444	362 320	6 142 540
Bad debts written off	-	-	2 675 687	487 762	-	-	3 163 449
Inventory consumed	403 033	3 602 204	84 900 130	9 073	4 085 016	61 064 480	154 063 936
Contracted services	11 986 801	1 187 033	132 162 776	33 397 242	13 733 938	55 305 058	247 772 848
Transfers and subsidies	250 000	2 150 000	-	-	-	-	2 400 000
Operating leases	-	-	-	-	-	17 510 703	17 510 703
Operational costs	8 279 282	1 748 866	43 498 521	41 943	471 111	34 969 302	89 009 025
Water losses	-	-	43 898 199	-	-	-	43 898 199
Inventories write-down	-	-	-	-	-	143 622	143 622

51. Segment information (continued)

Impairment on property, plant and equipment	-	-	3 634 198	-	-	-	3 634 198
Loss on disposal of assets	-	-	-	-	-	268 167	268 167
Total segment expenditure	**46 987 736**	**41 858 136**	**525 068 437**	**40 344 808**	**50 288 881**	**304 617 803**	**1 009 165 801**
Total segmental surplus/(deficit)	**(45 648 067)**	**(22 633 285)**	**218 524 682**	**33 701 573**	**24 429 285**	**76 134 832**	**284 509 020**
Assets							
Cash and cash equivalents	-	-	-	-	-	153 519 700	153 519 700
Receivable from exchange transactions - consumer debtors	-	-	33 960 306	11 158 619	19 753 649	6 073 498	70 946 072
Receivables from non-exchange transactions - consumer debtors	-	-	3 374 250	2 427 403	-	-	5 801 653
Inventories	-	-	1 911 953	-	-	4 152 257	6 064 210
Exchange transactions - VAT	-	-	-	-	-	120 691 782	120 691 782
Receivables from exchange transactions - other	-	-	8 684 513	-	-	8 518 656	17 203 169
Property, plant and equipment	13 719 218	1 386 667	2 828 869 168	183 150 277	51 078 555	57 099 868	3 135 303 753
Intangible assets	-	-	-	-	-	3 630 074	3 630 074
Heritage assets	-	787 200	-	-	-	700 000	1 487 200
Receivables from exchange transactions - consumer debtors (non-current)	-	-	3 136 415	356 717	-	-	3 493 132
Total segment assets	**13 719 218**	**2 173 867**	**2 879 936 605**	**197 093 016**	**70 832 204**	**354 385 835**	**3 518 140 745**
Liabilities							
Current portion of borrowings	-	-	-	-	-	6 285 648	6 285 648
Payables from exchange transactions	-	-	-	-	-	210 504 916	210 504 916
Consumer deposits	-	-	-	-	-	10 991 054	10 991 054
Current portion of employee benefit obligations	-	-	-	-	-	2 232 000	2 232 000
Trade and other payables from non-exchange transactions	-	-	-	-	-	4 805 144	4 805 144
Current portion of provisions	-	-	-	-	-	2 927 919	2 927 919
Long-term portion of employee benefit obligations	-	-	-	-	-	36 951 000	36 951 000
Long-term portion of provisions	-	-	-	-	62 516 734	-	62 516 734
Total segment liabilities	**-**	**-**	**-**	**-**	**62 516 734**	**274 697 681**	**337 214 415**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

51. Segment information (continued)

Other information

	Community and public safety	Economic & environmental services	Trading service - water management	Trading service - waste water management	Trading service - waste management	Other - governance and administration (unallocated)	Total
Capital expenditure - 30 June 2024	504 819	59 327	394 557 190	12 753 518	19 441 429	4 089 726	431 406 009
Capital expenditure - 30 June 2023	399 940	982 900	343 149 421	26 674 198	28 010 246	4 360 906	403 577 611

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Information about geographical areas

The municipality's operations encompass the entire district of King Cetshwayo DC 28 and includes the water and sanitation functions within the following local municipalities.

uMlalazi local municipality (KZN 284);

uMthonjaneni local municipality (KZN 285;

uMfolozi local municipality (KZN 281), and

Nkandla local municipality (KZN 283).

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

51. Segment information (continued)

30 June 2024

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Administrative or head office	371 133 096	44 582 015	321 543 243	113 415 103
Whole of the district	824 028 573	45 357 300	684 997 425	115 969 115
KZN281 uMfolozi	6 619 648	8 943 122	11 706 979	354 187 077
KZN284 uMlalazi	1 075 000	41 247 824	29 545 184	1 666 446 208
KZN285 uMthonjaneni	-	9 108 245	12 550 581	480 202 594
KZN 286 Nkandla	-	11 191 864	5 103 478	728 886 404
Total	**1 202 856 317**	**160 430 370**	**1 065 446 890**	**3 459 106 501**

30 June 2023

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Administrative or head office	348 833 349	43 532 847	283 414 060	118 026 480
Whole of the district	791 570 516	42 159 896	652 023 774	72 175 888
KZN 281 uMfolozi	-	12 093 521	6 827 585	380 441 850
KZN 284 uMlalazi	-	36 925 114	38 995 497	1 548 378 446
KZN 285 uMthonjaneni	-	8 554 001	8 083 276	364 750 843
KZN 286 Nkandla	-	10 005 577	19 821 609	656 647 520
Total	**1 140 403 865**	**153 270 956**	**1 009 165 801**	**3 140 421 027**

*Excludes non-current receivables relating to service charges.

52. Prior-year adjustments

Presented below are those items contained in the statement of financial position and performance disclosure notes which have been affected by prior-year adjustments:

52.1 Cash and cash equivalents

Cash in transit amounting to R143 489 was reclassified from receivables from exchange transactions - other to cash and cash equivalents thereby increasing the prior year cash and cash equivalents balance from R153 376 211 to R153 519 700.

52.2 Receivables from exchange transactions - consumer debtors

Availability charges billed on undeveloped land amounting to R5 801 653 was reclassified from receivables from exchange transactions - consumer debtors to receivables from non-exchange transactions to align to mSCOA reporting.

Furthermore, the non-current portion debtor arrangements entered into with consumers amounting to R3 493 132 was reclassified from receivables from exchange transactions - consumer debtors to non-current receivables from exchange transactions - consumer debtors.

The impact of such adjustments was a net decrease in receivables from exchange transactions - consumer debtors from R80 240 856 to R70 946 072.

52.3 Receivables from non-exchange transactions - consumer debtors

Availability charges billed on undeveloped land amounting to R5 801 653 was reclassified from receivables from exchange transactions - consumer debtors to receivables from non-exchange transactions to align to mSCOA reporting.

52.4 Receivables from exchange transactions - other

Employee related cost payable balances amounting to R226 463 were reclassified from receivables from exchange transactions - other to payables from exchange transaction to align to mSCOA reporting.

Transfers and subsidies receivable amounting to R260 964 from a municipality has been accrued for due to conditions of the grant not being met.

Cash in transit amounting to R143 489 was reclassified from receivables from exchange transactions - other to cash and cash equivalents.

Furthermore, interest earned on Eskom deposits amounting to R3 083 834 was recognised.

The impact of such adjustments was a net increase in receivables from exchange transactions - other from R13 775 397 to R17 203 169.

52.5 Property, plant and equipment

Assets within the operational building category amounting to R1 087 623 was reclassified from AUC to depreciable assets. The impact was a reduction in the carrying value due to accumulated depreciation amounting to R229 961.

52.6 Receivables from exchange transactions - consumer debtors (non-current assets)

The non-current portion debtor arrangements entered into with consumers amounting to R3 493 132 was reclassified from receivables from exchange transactions - consumer debtors to non-current receivables from exchange transactions - consumer debtors.

52. Prior-year adjustments (continued)

52.7 Payables from exchange transactions

Employee related cost payable balances were reclassified from receivables from exchange transactions - other to payables from exchange transaction to align to mSCOA reporting. The reclassification adjustment amounted to R226 463 thereby increasing the prior year payable balance from R210 278 451 to R210 504 916.

52.8 Revenue from exchange transactions - service charges

Revenue attributable to availability charges on undeveloped stands amounting to R2 264 878 has been reclassified to revenue from non-exchange transactions service charges - availability charges.

52.9 Interest on receivables from exchange transactions

Interest attributable to availability charges on undeveloped stands amounting to R294 338 has been reclassified to revenue from non-exchange transactions service charges - availability charges.

Furthermore, interest earned on Eskom deposits amounting to R499 475 was recognised.

The impact of such adjustments resulted in an increase in interest on receivables from exchange transactions from R3 905 190 to R4 110 326.

52.10 Revenue from non-exchange transactions - service charges (availability charges)

Revenue and interest attributable to availability charges on undeveloped stands amounting to R2 264 878 and R294 338 respectively has been reclassified to revenue from non-exchange transactions service charges - availability charges and interest on receivables from non-exchange transactions.

52.11 Depreciation and amortisation

Assets within the operational building category amounting to R1 087 623 was reclassified from AUC to depreciable assets. Depreciation amounting to R82 049 was raised for the year.

52.12 Operating costs

Operating leases amounting to R17 510 703 have been separately disclosed on the statement of financial performance to align to mSCOA reporting guidelines.

52.13 Operating leases

Operating leases amounting to R17 510 703 have been separately disclosed on the statement of financial performance to align to mSCOA reporting guidelines.

52. Prior-year adjustments (continued)

Statement of financial position

30 June 2023

		As previously reported	Reclassification	Adjustment	Restated
Effect on cash and cash equivalents	2	153 376 211	143 489	-	153 519 700
Effect on receivables from exchange transactions - consumer debtors	3	80 240 856	(9 294 784)	-	70 946 072
Effect on receivables from non-exchange transactions - consumer debtors	4	-	5 801 653	-	5 801 653
Effect on receivables from exchange transactions - other	7	13 775 397	82 974	3 344 798	17 203 169
Effect on property, plant and equipment	8	3 135 533 714	-	(229 961)	3 135 303 753
Effect on receivables from exchange transactions - consumer debtors (non-current)	11	-	3 493 132	-	3 493 132
Effect on current liabilities - payables from exchange transactions	13	(210 278 451)	(226 465)	-	(210 504 916)

Statement of financial performance

30 June 2023

		As previously reported	Reclassification	Adjustment	Restated
Effect on service charges	18	111 653 312	(2 264 878)	-	109 388 434
Effect on interest on receivables from exchange transactions	23	3 905 190	(294 336)	499 472	4 110 326
Effect on service charges - availability charges	27	-	2 264 878	-	2 264 878
Effect on interest on receivables from non-exchange transactions	28	-	294 338	-	294 338
Effect on depreciation and amortisation	31	(109 202 694)	-	(82 049)	(109 284 743)
Effect on operating leases	36	-	(17 510 703)	-	(17 510 703)
Effect on operational costs	37	(106 519 728)	17 510 703	-	(89 009 025)

Statement of changes in net assets

30 June 2023

	As previously reported	Adjustment	Restated
Effect on accumulated surplus balance as at 1 July 2022	2 893 719 899	2 697 411	2 896 417 310
Effect on accumulated surplus balance as at 1 July 2023	3 177 811 494	3 114 836	3 180 926 330

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

53. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R3 478 766 128 and that the municipality's total assets exceed its liabilities by R3 478 766 128.

The annual financial statements for the year ended 30 June 2024 have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business, dependent on the receiving of equitable share allocations.

54. Events after the reporting date

At the date of submission of the annual financial statements there were no known adjusting events.

APPENDIX A

KING CETSHWAYO DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

	Redeemable Date	Balance at 1 July 2023 R	Received during the period R	Redeemed written off during the period R	Balance at 30 June 2024 R
ANNUITY LOAN					
ABSA @ 12.6%	2024/06/30	6 285 649	-	6 285 649	-
		6 285 649	**-**	**6 285 649**	**-**
TOTAL EXTERNAL LOANS					
ANNUITY LOAN		6 285 649	-	6 285 649	-
		6 285 649	**-**	**6 285 649**	**-**

King Cetshwayo District Municipality - Annual Financial Statements: APPENDIX B

ANALYSIS AS AT 30 June 2024

Asset Group	Opening Balance (Historical Cost)	Additions (Historical Cost)	Additions WIP (Historical Cost)	Capitalized WIP (Historical Cost)	Disposals (Historical Cost)	Adjustment in Fair Value (Historical Cost)	Adjustment to Provisions (Historical Cost)	Transfer Cost (Historical Cost)	Closing Balance (Historical Cost)	Opening Balance (Accumulated Depreciation, Impaired Losses and Transfers)	Additions (Accumulated Depreciation, Impaired Losses and Transfers)	Accumulated Impairment (Accumulated Depreciation, Impaired Losses and Transfers)	Disposals (Accumulated Depreciation, Impaired Losses and Transfers)	Closing Balance (Accumulated Depreciation, Impaired Losses and Transfers)	Carrying Value
Cemeteries / Crematoria	21 768 163.40	-	-	-	-	-	-	-	21 768 163.40	(8 327 298.04)	(1 357 182.90)	(673 555.82)	-	(10 358 036.76)	11 410 126.64
Halls / Centres	-	1 075 000.00	7 391 931.40	-	-	-	-	-	8 466 931.40	-	-	-	-	-	8 466 931.40
Markets / Stalls / Shops	5 000 999.40	-	-	-	-	-	-	-	5 000 999.40	(1 290 920.26)	(285 483.52)	(251 863.98)	-	(1 828 267.76)	3 172 731.64
Facilities	2 005 863.03	-	-	-	-	-	-	-	2 005 863.03	(580 969.21)	(101 600.82)	-	-	(682 570.03)	1 323 293.00
Subtotal	**28 775 025.83**	**1 075 000.00**	**7 391 931.40**	**-**	**-**	**-**	**-**	**-**	**37 241 957.23**	**(10 199 187.51)**	**(1 744 267.24)**	**(925 419.80)**	**-**	**(12 868 874.55)**	**24 373 082.68**
Heritage Asset	1 487 200.00	-	-	-	-	-	-	-	1 487 200.00	-	-	-	-	-	1 487 200.00
Subtotal	**1 487 200.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 487 200.00**	**-**	**-**	**-**	**-**	**-**	**1 487 200.00**
Servers	8 911.29	-	-	-	-	-	-	-	8 911.29	(7 997.31)	(304.66)	-	-	(8 301.97)	609.32
Software	6 857 550.81	-	576 400.00	-	-	-	-	-	7 433 950.81	(3 228 374.16)	(602 774.11)	-	-	(3 831 148.27)	3 602 802.54
Subtotal	**6 866 462.10**	**-**	**576 400.00**	**-**	**-**	**-**	**-**	**-**	**7 442 862.10**	**(3 236 371.47)**	**(603 078.77)**	**-**	**-**	**(3 839 450.24)**	**3 603 411.86**
Outfall Sewers	122 102 678.10	-	22 585 839.92	64 404 610.04	-	-	-	-	144 688 518.02	-	-	-	-	-	144 688 518.02
Pump stations	56 214 809.31	-	-	-	-	-	-	-	56 214 809.31	(44 678 896.44)	(1 216 152.06)	(1 447 649.13)	-	(47 342 697.63)	8 872 111.68
Reticulation	47 557 088.37	2 306 234.03	-	-	-	-	-	64 404 610.04	49 863 322.40	(11 883 796.64)	(1 691 315.76)	-	-	(13 575 112.40)	36 288 210.00
Toilet facilities	13 895.90	-	-	-	-	-	-	-	13 895.90	(11 892.20)	(667.91)	-	-	(12 560.11)	1 335.79
Waste-water treatment w	27 306 558.86	-	-	-	-	-	-	-	27 306 558.86	(10 746 644.69)	(958 384.84)	(463 350.41)	-	(12 168 379.94)	15 138 178.92
Subtotal	**253 195 030.54**	**2 306 234.03**	**22 585 839.92**	**64 404 610.04**	**-**	**-**	**-**	**64 404 610.04**	**278 087 104.49**	**(67 321 229.97)**	**(3 866 520.57)**	**(1 910 999.54)**	**-**	**(73 098 750.08)**	**204 988 354.41**
Servitudes	61 683.13	-	-	-	-	-	-	-	61 683.13	-	-	-	-	-	61 683.13
Subtotal	**61 683.13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**61 683.13**	**-**	**-**	**-**	**-**	**-**	**61 683.13**
Landfill sites	64 401 793.34	-	-	-	-	-	-	-	64 401 793.34	(56 136 770.23)	(151 825.35)	(398 414.60)	-	(56 687 010.18)	7 714 783.16
Waste Processing Facilities	16 681 366.52	-	-	-	-	-	-	-	16 681 366.52	-	-	-	-	-	16 681 366.52
Waste Transfer Stations	30 143 261.52	-	19 431 928.76	-	-	-	-	-	49 575 190.28	-	-	-	-	-	49 575 190.28
Subtotal	**111 226 421.38**	**-**	**19 431 928.76**	**-**	**-**	**-**	**-**	**-**	**130 658 350.14**	**(56 136 770.23)**	**(151 825.35)**	**(398 414.60)**	**-**	**(56 687 010.18)**	**73 971 339.96**
Borehole	131 443 104.14	7 215 266.13	-	-	-	-	-	541 693.53	138 658 370.27	(64 053 118.54)	(3 984 241.04)	(905 124.86)	-	(68 942 484.44)	69 715 885.83
Bulk mains	740 482 089.57	62 434.57	84 836 347.29	6 744 792.77	-	-	-	29 793 589.32	825 380 871.43	(60 371 613.25)	(9 330 046.67)	(16 336.07)	-	(69 717 995.99)	755 662 875.44
Dams and weirs	7 903 682.73	14 693 973.16	3 248 451.10	4 321 402.00	-	-	-	4 321 402.00	25 846 106.99	(2 587 269.00)	(34 000.69)	(15 233.46)	-	(2 636 503.15)	23 209 603.84
Distribution	1 598 310 322.31	22 681 755.85	197 382 076.73	35 296 963.00	-	-	-	37 113 854.17	1 818 374 154.89	(374 370 264.99)	(27 375 230.55)	(16 619.78)	-	(401 762 115.32)	1 416 612 039.57
Pump stations	285 458 230.10	36 135.02	-	-	-	-	-	2 728 503.55	285 494 365.12	(63 901 272.65)	(11 064 997.18)	(2 233 193.39)	-	(77 199 463.22)	208 294 901.90
Reservoirs	427 037 367.16	3 898 047.02	-	-	-	-	-	6 065 952.65	430 935 414.18	(131 540 785.31)	(14 569 897.61)	(8 739 450.75)	-	(154 850 133.67)	276 085 280.51
Tank	4 262 238.00	-	-	-	-	-	-	-	4 262 238.00	-	-	-	-	-	4 262 238.00
Water treatment works (W	332 684 307.21	-	33 275 399.69	34 201 837.45	-	-	-	-	365 959 706.90	(67 732 350.02)	(6 655 739.41)	(7 414 596.03)	-	(81 802 685.46)	284 157 021.44
Subtotal	**3 527 581 341.22**	**48 587 611.75**	**318 742 274.81**	**80 564 995.22**	**-**	**-**	**-**	**80 564 995.22**	**3 894 911 227.78**	**(764 556 673.76)**	**(73 014 153.15)**	**(19 340 554.34)**	**-**	**(856 911 381.25)**	**3 037 999 846.53**
Computer Equipment	18 148 463.94	1 541 761.43	-	-	(629 029.53)	-	-	-	19 061 195.84	(13 211 048.63)	(1 857 217.16)	-	569 346.49	(14 498 919.30)	4 562 276.54
Subtotal	**18 148 463.94**	**1 541 761.43**	**-**	**-**	**(629 029.53)**	**-**	**-**	**-**	**19 061 195.84**	**(13 211 048.63)**	**(1 857 217.16)**	**-**	**569 346.49**	**(14 498 919.30)**	**4 562 276.54**
Furniture	7 557 859.75	411 400.67	-	-	(49 692.71)	-	-	-	7 919 567.71	(5 845 577.75)	(375 555.04)	-	42 217.51	(6 178 915.28)	1 740 652.43
Subtotal	**7 557 859.75**	**411 400.67**	**-**	**-**	**(49 692.71)**	**-**	**-**	**-**	**7 919 567.71**	**(5 845 577.75)**	**(375 555.04)**	**-**	**42 217.51**	**(6 178 915.28)**	**1 740 652.43**
Staff Housing	931 584.05	-	-	-	-	-	-	-	931 584.05	(33 974.04)	(72 121.49)	(468 085.47)	-	(574 181.00)	357 403.05
Subtotal	**931 584.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**931 584.05**	**(33 974.04)**	**(72 121.49)**	**(468 085.47)**	**-**	**(574 181.00)**	**357 403.05**
Motor Vehicle	90 041 219.71	16 023 385.00	-	-	(3 835 620.00)	-	-	-	102 228 984.71	(36 029 262.61)	(14 764 411.66)	-	2 093 642.68	(48 700 031.59)	53 528 953.12
Subtotal	**90 041 219.71**	**16 023 385.00**	**-**	**-**	**(3 835 620.00)**	**-**	**-**	**-**	**102 228 984.71**	**(36 029 262.61)**	**(14 764 411.66)**	**-**	**2 093 642.68**	**(48 700 031.59)**	**53 528 953.12**
Office Equipment	9 153 560.24	330 424.62	-	-	(203 417.32)	-	-	-	9 280 567.54	(7 330 564.35)	(579 321.44)	-	196 800.33	(7 713 085.46)	1 567 482.08
Subtotal	**9 153 560.24**	**330 424.62**	**-**	**-**	**(203 417.32)**	**-**	**-**	**-**	**9 280 567.54**	**(7 330 564.35)**	**(579 321.44)**	**-**	**196 800.33**	**(7 713 085.46)**	**1 567 482.08**
Municipal Offices	70 042 514.73	876 216.60	-	-	-	-	-	-	70 918 731.33	(26 916 075.56)	(1 823 564.89)	-	-	(28 739 640.45)	42 179 090.88
Stores	6 296 822.29	-	-	-	-	-	-	-	6 296 822.29	(3 016 393.32)	(93 740.36)	-	-	(3 110 133.68)	3 186 688.61
Workshops / stores	353 563.57	-	-	-	-	-	-	-	353 563.57	(231 632.42)	(17 951.67)	-	-	(249 584.09)	103 979.48
Subtotal	**76 692 900.59**	**876 216.60**	**-**	**-**	**-**	**-**	**-**	**-**	**77 569 117.19**	**(30 164 101.30)**	**(1 935 256.92)**	**-**	**-**	**(32 099 358.22)**	**45 469 758.97**
Plant and Equipment	5 917 726.07	3 231 651.86	-	-	(65 450.00)	-	-	-	9 083 927.93	(3 150 675.71)	(602 808.16)	-	64 641.37	(3 688 842.50)	5 395 085.43
Subtotal	**5 917 726.07**	**3 231 651.86**	**-**	**-**	**(65 450.00)**	**-**	**-**	**-**	**9 083 927.93**	**(3 150 675.71)**	**(602 808.16)**	**-**	**64 641.37**	**(3 688 842.50)**	**5 395 085.43**
Intangibles	**6 866 462.10**	**-**	**576 400.00**	**-**	**-**	**-**	**-**	**-**	**7 442 862.10**	**(3 236 371.47)**	**(603 078.77)**	**-**	**-**	**(3 839 450.24)**	**3 603 411.86**
Heritage	**1 487 200.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 487 200.00**	**-**	**-**	**-**	**-**	**-**	**1 487 200.00**
PPE	**4 129 282 816.45**	**74 383 685.96**	**368 151 974.89**	**144 969 605.26**	**(4 783 209.56)**	**-**	**-**	**144 969 605.26**	**4 567 035 267.74**	**(993 979 065.86)**	**(98 963 458.18)**	**(23 043 473.75)**	**2 966 648.38**	**(1 113 019 349.41)**	**3 454 015 918.33**
Grandtotal	**4 137 636 478.55**	**74 383 685.96**	**368 728 374.89**	**144 969 605.26**	**(4 783 209.56)**	**-**	**-**	**144 969 605.26**	**4 575 965 329.84**	**(997 215 437.33)**	**(99 566 536.95)**	**(23 043 473.75)**	**2 966 648.38**	**(1 116 858 799.65)**	**3 459 106 530.19**

APPENDIX C

KING CETSHWAYO DISTRICT MUNICIPALITY : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 560 2003

Name of Grants & Vote	Name of organ of state or municipal entity		CURRENT YEAR RECEIPTS					CONDITIONS MET TRANSFERRED TO REVENUE			
			Sep-23	Dec-23	Mar-24	Jun-24		Sep-23	Dec-23	Mar-24	Jun-24
Rural Transport Services & Infrastructure	DOT		-	1 900 000	1 245 000.00	-		507 980	715 587	622 171	1 299 262
Subtotal - Department of Transport			**-**	**1 900 000.00**	**1 245 000.00**	**-**		**507 980**	**715 587**	**622 171**	**1 299 262**
Regional Bulk Infrastructure Grant	DWS		85 000 000	95 000 000	42 547 000	-		55 337 097	79 516 577	60 466 195	27 227 131
Water Services Infrastructure Grant	DWS		43 000 000	10 000 000	7 000 000	-		8 694 102	34 121 994	6 140 262	11 043 643
Subtotal - Department of Water and Sanitation			**128 000 000**	**105 000 000**	**49 547 000**	**-**		**64 031 198**	**113 638 571**	**66 606 458**	**38 270 773**
MIG	MIG		52 000 000	99 000 000	40 737 000	-		35 684 794	70 900 108	24 298 763	60 853 335
Municipal Disaster Grant	COGTA		-	-	-	-		-	1 001 106	502 934	545 828
Sub total - Department of Co-operative Governance			**52 000 000**	**99 000 000**	**40 737 000**	**-**		**35 684 794**	**71 901 214**	**24 801 697**	**61 399 163**
Local Government Finance Grant	NT		1 200 000	-	-	-		307 587	215 786	212 820	463 807
Equitable Share	NT		146 513 439	109 473 175	72 433 386	-		82 105 000	82 105 000	82 105 000	82 105 000
Levy Replacement	NT		141 438 561	120 887 658	100 337 614	-		90 665 958	90 665 958	90 665 958	90 665 958
LG - SETA	NT		-	28 315	-			-	-	-	28 315
Subtotal - National Treasury			**289 152 000**	**230 389 148**	**172 771 000**	**-**		**173 078 545**	**172 986 744**	**172 983 778**	**173 263 080**
EPWP Incentive Grant	PW		1 466 000	2 638 000	1 430 000	-		1 466 000	1 790 681	1 777 826	499 493
Sub total - Department of Public Works			**1 466 000**	**2 638 000**	**1 430 000**	**-**		**1 466 000**	**1 790 681**	**1 777 826**	**499 493**
TOTAL						**1 175 275 148**					**1 177 325 015**

Entity:	King Cetshwayo District Municipality
Year end:	2023/2024
Item:	APPENDIX D - Appropriation Statement - Statement of Performance

	Original budget	Adjustments	Final budget	Shifting of funds (i.t.o s31 of the MFMA)	Virement (i.t.o. council approved policy	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as a % of final budget	Actual outcome as a % of original budget
Financial Performance											
Service charges - Water	74 388 424	(1 495 529)	**72 892 895**	-	-	**72 892 895**	61 721 653	-	**(11 171 242)**	**-15%**	**-17%**
Service charges - Waste Water Management	10 006 523	-	**10 006 523**	-	-	**10 006 523**	8 769 402	-	**(1 237 121)**	**-12%**	**-12%**
Service charges - Waste Management	41 674 583	-	**41 674 583**	-	-	**41 674 583**	32 970 235	-	**(8 704 348)**	**-21%**	**-21%**
Sale of Goods and Rendering of Services	784 293	(379 008)	**405 285**	-	-	**405 285**	468 975	-	**63 690**	**16%**	**-40%**
Interest earned from Receivables	1 603 121	-	**1 603 121**	-	-	**1 603 121**	4 350 959	-	**2 747 838**	**171%**	**171%**
Interest earned from Current and Non Current Assets	20 678 672	7 744 465	**28 423 137**	-	-	**28 423 137**	29 269 268	-	**846 131**	**3%**	**42%**
Rental from Fixed Assets	229 272	-	**229 272**	-	-	**229 272**	357 491	-	**128 219**	**56%**	**56%**
Licence and permits	-	109 479	**109 479**	-	-	**109 479**	151 455	-	**41 976**	**38%**	**100%**
Operational Revenue	714 610	4 469 825	**5 184 435**	-	-	**5 184 435**	2 518 349	-	**(2 666 086)**	**-51%**	**252%**
Fines, penalties and forfeits	11 876	11 614 820	**11 626 696**	-	-	**11 626 696**	11 999 698	-	**373 002**	**3%**	**100942%**
Licences or permits	50 000	(50 000)	**-**	-	-	**-**	-	-	**-**	**100%**	**-100%**
Transfer and subsidies - Operational	725 015 175	3 045 531	**728 060 706**	-	-	**728 060 706**	728 046 612	-	**(14 094)**	**0%**	**0%**
Other Gains	-	-	**-**	-	-	**-**	19 852 583	-	**19 852 583**	**100%**	**100%**
Interest	-	-	**-**	-	-	**-**	466 846	-	**466 846**	**100%**	**100%**
Service charges - availability charges	-	-	**-**	-	-	**-**	2 277 889	-	**2 277 889**	**100%**	**100%**
Donations	-	-	**-**	-	-	**-**	10 786 868	-	**10 786 868**	**100%**	**100%**
Total revenue (excluding capital transfers and contributions)	**875 156 549**	**25 059 583**	**900 216 132**	**-**	**-**	**900 216 132**	**914 008 283**	**-**	**13 792 151**	**2%**	**4%**
Expenditure											
Employee related costs	360 603 844	(11 647 634)	**348 956 210**	-	(14 673 589)	**334 282 621**	330 089 520	-	**(4 193 101)**	**-1%**	**-8%**
Remuneration of councillors	17 096 647	-	**17 096 647**	-	-	**17 096 647**	14 986 734	-	**(2 109 913)**	**-12%**	**-12%**
Inventory consumed	218 845 048	28 537 151	**247 382 199**	-	(562 494)	**246 819 705**	219 394 982	-	**(27 424 723)**	**-11%**	**0%**
Debt impairment	9 310 146	(4 686 140)	**4 624 006**	-	992 096	**5 616 102**	5 253 782	-	**(362 320)**	**-8%**	**-44%**
Depreciation, amortisation and impairment	145 688 481	-	**145 688 481**	-	(3 036 849)	**142 651 632**	122 258 431	-	**(20 393 201)**	**-14%**	**-16%**
Interest	2 214 488	6 321 359	**8 535 847**	-	-	**8 535 847**	8 535 847	-	**-**	**0%**	**285%**
Contracted services	148 846 807	26 374 686	**175 221 493**	-	18 264 005	**193 485 498**	186 348 862	-	**(7 136 636)**	**-4%**	**25%**
Transfers and subsidies	5 000 000	700 000	**5 700 000**	-	-	**5 700 000**	3 700 000	-	**(2 000 000)**	**-35%**	**-26%**
Irrecoverable debts written off	-	4 686 140	**4 686 140**	-	228 189	**4 914 329**	4 914 328	-	**(1)**	**0%**	**100%**
Operational costs	124 036 156	1 040 999	**125 077 155**	-	(3 027 922)	**122 049 233**	118 699 273	-	**(3 349 960)**	**-3%**	**-4%**
Losses on disposal of Assets	-	-	**-**	-	1 816 564	**1 816 564**	-	-	**(1 816 564)**	**100%**	**100%**
Other Losses	-	65 226 918	**65 226 918**	-	-	**65 226 918**	51 265 131	-	**(13 961 787)**	**-21%**	**100%**
Total expenditure	**1 031 641 617**	**116 553 479**	**1 148 195 096**	**-**	**-**	**1 148 195 096**	**1 065 446 890**	**-**	**(82 748 206)**	**-7%**	**3%**
Deficit	**(156 485 068)**	**(91 493 896)**	**(247 978 964)**	**-**	**-**	**(247 978 964)**	**(151 438 607)**	**-**	**96 540 357**	**-39%**	**-3%**
Transfers and subsidies - capital (monetary allocation)(Nat/Prov department)	481 636 825	(32 269 614)	**449 367 211**	-	-	**449 367 211**	449 278 404		**(88 807)**	**0%**	**-7%**
Surplus for the year	**325 151 757**	**(123 763 510)**	**201 388 247**	**-**	**-**	**201 388 247**	**297 839 797**	**-**	**96 451 550**	**48%**	**100%**
Capital expenditure and funds sources											
Total capital expenditure	452 537 631	(16 105 386)	**436 432 245**	-	-	**436 432 245**	431 406 008	-	**(5 026 237)**	**-1%**	**-5%**
Sources of capital funds											
Transfers recognised - capital	418 814 631	(28 050 614)	**390 764 017**	-	-	**390 764 017**	390 676 872	-	**(87 145)**	**0%**	**-7%**
Borrowing	-	-	**-**	-	-	**-**	-	-	**-**	**100%**	**100%**
Internally generated funds	33 723 000	11 945 228	**45 668 228**	-	-	**45 668 228**	40 729 136	-	**(4 939 092)**	**-11%**	**21%**
Total sources of capital funds	**452 537 631**	**(16 105 386)**	**436 432 245**	**-**	**-**	**436 432 245**	**431 406 008**	**-**	**(5 026 237)**	**-1%**	**-5%**
Financial position											
Total current assets	580 294 724	(201 050 546)	**379 244 178**	-	-	**379 244 178**	322 891 040	-	**(56 353 138)**	**-15%**	**-44%**
Total non-current assets	3 385 973 912	(16 105 386)	**3 369 868 526**	-	-	**3 369 868 526**	3 464 621 277	-	**94 752 751**	**3%**	**2%**
Total current liabilities	312 556 268	(67 456 752)	**245 099 516**	-	-	**245 099 516**	214 164 726	-	**(30 934 790)**	**-13%**	**-31%**
Total non-current liabilities	70 455 703	54 357 744	**124 813 447**	-	-	**124 813 447**	94 581 463	-	**(30 231 984)**	**-24%**	**34%**
Community wealth/equity (net assets)	**3 583 256 665**	**(204 056 924)**	**3 379 199 741**	**-**	**-**	**3 379 199 741**	**3 478 766 128**	**-**	**99 566 387**	**3%**	**-3%**
Cash flows											
Net cash movement in operating activities	531 569 822	(93 546 552)	**438 023 270**	-	-	**438 023 270**	423 630 587	-	**(14 392 683)**	**-3%**	**-20%**
Net cash movement in investing activities	(452 537 631)	16 105 386	**(436 432 245)**	-	-	**(436 432 245)**	(435 452 308)	-	**979 937**	**0%**	**-4%**
Net cash movement in financing activities	(6 303 452)	-	**(6 303 452)**	-	-	**(6 303 452)**	(5 537 199)	-	**766 253**	**-12%**	**-12%**
Net increase / (decrease) in cash	**72 728 739**	**(77 441 166)**	**(4 712 427)**	**-**	**-**	**(4 712 427)**	**(17 358 920)**	**-**	**(12 646 493)**	**268%**	**-124%**
Cash and cash equivalents at the beginning of year	374 114 918	(220 738 707)	**153 376 211**	-	-	**153 376 211**	153 519 700	-	**143 489**	**0%**	**-59%**
Cash and cash equivalents at year end	**446 843 657**	**(298 179 873)**	**148 663 784**	**-**	**-**	**148 663 784**	**136 160 780**	**-**	**(12 503 004)**	**-8%**	**-70%**