GARDEN ROUTE DISTRICT
MUNICIPALITY

DISTRICT MUNICIPALITY | UMASIPALA WESITHILI | DISTRIKSMUNISIPALITEIT

AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

AUDITOR-GENERAL
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30 November 2023

GARDEN ROUTE DISTRICT MUNICIPALITY

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GARDEN ROUTE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

GENERAL INFORMATION

NATURE OF BUSINESS

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The demarcation code is DC04.

JURISDICTION

The Garden Route District Municipality includes the following municipalities:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

EXECUTIVE MAYOR

Alderman M Booysen

DEPUTY EXECUTIVE MAYOR

Alderman G van Niekerk

SPEAKER

Alderman GR Wolmarans

WHIP OF COUNCIL

Cllr B van Noordwyk

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*Alderman M Booysen*
Deputy Executive Mayor	*Alderman G van Niekerk*
Whip of Council	*Cllr B van Noordwyk*
Executive Councillor	*Alderlady RH Ruiters*
Executive Councillor	*Alderlady IC Kritzinger*
Executive Councillor	*Alderman JC Lambaatjeen*
Executive Councillor	*Alderlady NS Ndyai*
Executive Councillor	*Cllr J Hoogbaard*
Executive Councillor	*Alderman P Terblanche*

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr. M.G Stratu

CHIEF FINANCIAL OFFICER

Mr. T. Loliwe (Acting)

REGISTERED OFFICE

54 York Street
GEORGE
6529

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, George

ATTORNEYS

Raubenheimers Attorneys
Millers Attorneys
Schroter Attorneys
Mfinci Bahlman Inc
Khumalo Masondo Attorneys
SM Vakalisa
Le Roux Lamprecht
Brand & vd Bergh Attorneys
Oosthuizen Marais Pretorius
Stadler & Swart
Bans Attorneys
Mutsetsho Attorneys
DM5
Coetzee & van der Bergh Attorneys
Nandi Bulabula Attorneys

RELEVANT LEGISLATION

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

GENERAL INFORMATION

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY

WARD		**COUNCILLOR**
Proportional		*Cllr C Swart*
Proportional		*Ald GR Wolmarans*
Proportional		*Cllr JG Meiring*
Proportional		*Cllr J Hoogbaard*
Proportional		*Ald M Booysen*
Proportional		*Cllr K Malooi*
Proportional		*Ald P Terblanche*
Proportional		*Ald CN Lichaba*
Proportional		*Cllr CN Gungubele*
Proportional		*Ald S de Vries*
Proportional		*Cll JJ Cornelius*
Proportional		*Cllr D Saptoe*
Proportional		*Cllr D Acker*
Proportional		*Cllr JP Buys*
Representative:	George Municipality	*Cllr R Louw*
Representative:	George Municipality	*Ald IC Kritzinger*
Representative:	George Municipality	*Cllr DL Cronje*
Representative:	George Municipality	*Cllr SM Toto*
Representative:	George Municipality	*Cllr GJ van Niekerk*
Representative:	George Municipality	*Ald V Gericke*
Representative:	Mossel Bay Municipality	*Cllr MA Mkonto*
Representative:	Mossel Bay Municipality	*Cllr M Kannemeyer*
Representative:	Mossel Bay Municipality	*Cllr J Bavuma*
Representative:	Mossel Bay Municipality	*Ald R Ruiters*
Representative:	Oudtshoorn Municipality	*Ald JC Lambaatjeen*
Representative:	Oudtshoorn Municipality	*Cllr R April*
Representative:	Oudtshoorn Municipality	*Cllr LSS van Rooyen*
Representative:	Knysna Municipality	*Cllr HT Stroebel*
Representative:	Knysna Municipality	*Cllr R Arends*
Representative:	Knysna Municipality	*Cllr PE Petros*
Representative:	Hessequa Municipality	*Cllr B van Noordwyk*
Representative:	Hessequa Municipality	*Cllr CP Taute*
Representative:	Bitou Municipality	*Cllr NT Seti*
Representative:	Bitou Municipality	*Ald N Ndayi*
Representative:	Kannaland Municipality	*Cllr H Ruiters*

GARDEN ROUTE DISTRICT MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2023 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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

Mr. M.G Stratu
Accounting Officer

30/11/2023
Date

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R	Restated 2022 R
ASSETS			
Non-Current Assets		**314 695 030**	**295 494 019**
Property, Plant and Equipment	**2**	187 791 012	166 630 852
Investment Property	**3**	65 948 200	64 186 828
Intangible Assets	**4**	1 613 902	2 005 523
Investments	**5**	28 416	28 416
Employee Benefits	**11**	59 313 500	62 642 400
Current Assets		**165 471 656**	**188 197 994**
Inventory	**7**	3 483 076	3 126 005
Receivables from Exchange Transactions	**8**	17 160 346	36 794 932
Operating Lease Asset	**6**	56 367	63 191
Taxes	**15**	3 300 816	1 732 593
Current Portion of Non-Current Employee Benefits	**11**	5 067 600	4 414 800
Cash and Cash Equivalents	**9**	136 403 451	142 066 473
Total Assets		**480 166 686**	**483 692 013**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**142 494 289**	**145 546 424**
Long-term Borrowings	**10**	582 771	5 429
Non-current Employee Benefits	**11**	141 911 518	145 540 995
Current Liabilities		**82 598 391**	**72 424 475**
Current Employee Benefits	**12**	41 194 109	43 592 468
Trade and Other Payables from Exchange Transactions	**13**	38 092 377	22 671 194
Unspent Transfers and Subsidies	**14**	2 649 255	6 060 842
Current Portion of Long-term Borrowings	**10**	662 650	99 970
Total Liabilities		**225 092 680**	**217 970 899**
Net Assets	**17**	**255 074 006**	**265 721 114**
Capital Replacement Reserve	**17**	4 133 051	18 765 298
Employee Benefits Reserve	**17**	38 762 712	34 169 029
Accumulated Surplus/(Deficit)	**17**	212 178 244	212 786 787
Total Net Assets and Liabilities		**480 166 686**	**483 692 013**

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GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	Restated 2022 R
REVENUE			
Revenue from Non-exchange Transactions		**203 862 408**	**187 706 081**
Transfer Revenue		**196 741 201**	**184 297 921**
Government Grants and Subsidies	18	193 457 192	184 241 230
Contributed Property, Plant and Equipment	19	3 284 009	56 691
Other Revenue		**7 121 207**	**3 408 160**
Actuarial Gains	11	7 121 207	3 408 160
Revenue from Exchange Transactions		**222 071 585**	**209 083 195**
Department of Transport - Roads Service Charges	21	188 139 547	183 028 161
Sales of Goods and Rendering of Services	22	15 282 631	12 151 778
Rent on Land	23	573 309	482 975
Rental of Facilities and Equipment	24	1 343 540	969 917
Interest Earned - External Investments	25	10 253 221	8 415 319
Interest Earned - Exchange Transactions	26	4 189 182	2 748 031
Licences and Permits	20	77 961	80 239
Operational Revenue	27	2 212 196	1 206 775
Total Revenue		**425 933 994**	**396 789 276**
EXPENDITURE			
Employee related costs	28	(284 859 379)	(276 455 215)
Remuneration of Councillors	29	(12 306 165)	(11 819 817)
Bad Debts Written Off	30	(2 160 413)	(541 542)
Contracted Services	31	(28 797 999)	(21 120 907)
Depreciation and Amortisation	32	(5 766 102)	(4 632 729)
Finance Costs	33	(147 854)	(27 716)
Inventory Consumed	7.1	(51 622 611)	(44 078 626)
Operating Leases		(881 150)	(1 004 470)
Transfers and Subsidies	34	(5 601 569)	(7 566 937)
Operational Costs	35	(37 667 914)	(45 441 782)
Total Expenditure		**(429 811 158)**	**(412 689 742)**
Operating Surplus/(Deficit) for the Year		**(3 877 164)**	**(15 900 466)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	7.2	(57 016)	(1 796)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	36	(6 576 754)	(5 434 728)
Gains/(Loss) on Sale of Fixed Assets	37	(136 175)	(127 173)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(10 647 108)**	**(21 464 163)**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Capital Replacement Reserve	Employee Benefits Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2021	**26 388 593**	**34 124 774**	**226 086 400**	**286 599 766**
Correction of Error - note 38	-	-	585 510	585 510
Restated balance	26 388 593	34 124 774	226 671 910	287 185 276
Net Surplus/(Deficit) for the year	-	-	(21 464 163)	(21 464 163)
Net Surplus/(Deficit) previously reported	-	-	(19 126 178)	(19 126 178)
Effects of Correction of Errors - note 38	-	-	(2 337 985)	(2 337 985)
Transfer to/from CRR	4 605 251	-	(4 605 251)	-
Transfer to/from Employee Benefits Reserve	-	44 255	(44 255)	-
Property, Plant and Equipment purchased	(12 228 546)	-	12 228 546	-
Balance at 30 June 2022	**18 765 298**	**34 169 029**	**212 786 787**	**265 721 114**
Restated balance	**18 765 298**	**34 169 029**	**212 786 787**	**265 721 114**
Net Surplus/(Deficit) for the year	-	-	(10 647 108)	(10 647 108)
Transfer to/from CRR	5 766 102		(5 766 102)	-
Transfer to/from Employee Benefits Reserve	-	4 593 683	(4 593 683)	-
Property, Plant and Equipment purchased	(20 398 350)	-	20 398 350	-
Balance at 30 June 2023	**4 133 051**	**38 762 712**	**212 178 244**	**255 074 006**

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	Restated 2022 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		421 230 248	388 160 066
Other Revenue		217 722 022	193 770 837
Government - Operating		189 633 459	185 701 969
Government - Capital		3 621 545	273 033
Interest		10 253 221	8 414 226
Cash payments		(402 885 109)	(407 995 021)
Suppliers of goods and services		(105 530 801)	(121 238 371)
Employee related cost		(288 395 487)	(278 169 997)
Finance Charges	33	(147 854)	(27 716)
Government grants repaid		(3 209 397)	(992 000)
Transfers and Grants	34	(5 601 569)	(7 566 937)
Net Cash from Operating Activities	**40**	**18 345 139**	**(19 834 955)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(23 463 400)	(6 581 810)
Purchase of Intangible Assets	4	(84 121)	(712 041)
Net Cash from Investing Activities		**(23 547 520)**	**(7 293 850)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Finance leases		(460 641)	(556 441)
Net Cash from Financing Activities		**(460 641)**	**(556 441)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5 663 023)**	**(27 685 246)**
Cash and Cash Equivalents at the beginning of the year		142 066 473	169 751 719
Cash and Cash Equivalents at the end of the year	**41**	**136 403 451**	**142 066 473**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(5 663 022)**	**(27 685 246)**

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2023 R	Variance as a % of Final Budget %
ASSETS								
Current Assets								
Cash			224 259 919	(108 263 026)	115 996 893	115 996 893	136 403 451	17,59%
	Cash and Cash Equivalents **Less:** Call Investment Deposits							
Call Investment Deposits			5 000 000	276 417	5 276 417	5 276 417	-	100,00%
	Short-term Investments **Add:** Cash and Cash Equivalents: Call Investment Deposits							
Consumer Debtors			4 368 048	6 222 312	10 590 360	10 590 360	-	-100,00%
	Receivables from Exchange Transactions - Services							
Other Debtors			42 789 103	(18 069 658)	24 719 445	24 719 445	20 517 529	-17,00%
	Receivables from Non-exchange Transactions **Add:** Unpaid Transfers and Subsidies Operating Lease Asset Taxes							
Current Portion of Employee Benefits	Current Portion of Employee Benefits		4 245 600	47 576	4 293 176	4 293 176	5 067 600	18,04%
Inventory	Inventory		3 116 943	(63 678)	3 053 265	3 053 265	3 483 076	14,08%
Total Current Assets		**43.2.1**	283 779 613	(119 850 057)	163 929 556	163 929 556	165 471 656	0,94%
Non-Current Assets								
Employee Benefits	Employee Benefits		61 387 500	1 376 524	62 764 024	62 764 024	59 313 500	-5,50%
Investments	Investments		27 323	1 093	28 416	28 416	28 416	0,00%
Investment Property	Investment Property		57 399 916	6 786 913	64 186 829	64 186 829	65 948 200	2,74%
Property, Plant and Equipment	Property, Plant and Equipment		313 382 721	(112 322 252)	201 060 469	201 060 469	187 791 012	-6,60%
Intangible Assets	Intangible Assets		(228 139)	1 140 927	912 788	912 788	1 613 902	76,81%
Total Non-Current Assets		**43.2.2**	431 969 321	(103 016 795)	328 952 526	328 952 526	314 695 030	-4,33%
TOTAL ASSETS			715 748 934	(222 866 852)	492 882 082	492 882 082	480 166 686	-2,58%
LIABILITIES								
Current Liabilities								
Borrowing			535 918	(435 949)	99 969	99 969	662 650	562,86%
	Current Portion of Long-term Borrowings Short-term Borrowings							
Consumer Deposits	Consumer Deposits		374 185	93 470	467 655	467 655	-	-100,00%
Trade and Other Payables			947 702	33 774 582	34 722 284	34 722 284	40 741 632	17,34%
	Trade and Other Payables from Exchange Transactions Unspent Transfers and Subsidies Transfers and Subsidies Payable Taxes Construction contracts - liability Operating Lease Liability							
Provisions			31 602 268	(4 758 943)	26 843 325	26 843 325	41 194 109	53,46%
	Provisions Current Employee Benefits							
Total Current Liabilities		**43.2.3**	33 460 073	28 673 160	62 133 233	62 133 233	82 598 391	32,94%
Non-Current Liabilities								
Borrowing	Long-term Borrowings		236 165 878	(209 583 266)	26 582 612	26 582 612	582 771	-97,81%
Provisions	Non-current Employee Benefits		140 392 700	4 764 780	145 157 480	145 157 480	141 911 518	-2,24%
Total Non-Current Liabilities		**43.2.4**	376 558 578	(204 818 486)	171 740 092	171 740 092	142 494 289	-17,03%
TOTAL LIABILITIES			410 018 651	(176 145 326)	233 873 325	233 873 325	225 092 680	-3,75%
NET ASSETS								
Accumulated Surplus/(Deficit)			245 216 917	(38 838 006)	206 378 911	206 378 911	212 178 244	2,81%
Reserves			60 513 366	(7 583 520)	52 929 846	52 929 846	42 895 763	-18,96%
	Capital Replacement Reserve Employee Benefits Reserve							
TOTAL NET ASSETS		**43.2.5**	305 730 283	(46 421 526)	259 308 757	259 308 757	255 074 006	-1,63%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2023	Variance as a % of Final Budget
			R	R	R	R	R	%
REVENUE								
Service Charges - Refuse Revenue	Service Charges		11 167 790	(11 167 790)	-	-	-	0,00%
Rental of Facilities and Equipment			2 468 745	-	2 468 745	2 468 745	1 916 849	-22,36%
	Rent on Land							
	Rental of Facilities and Equipment							
Interest Earned - External Investments	Interest Earned - External Investments		9 010 000	550 000	9 560 000	9 560 000	10 253 221	7,25%
Interest Earned - Outstanding Debtors	Interest Earned - Exchange Transactions		3 180 000	-	3 180 000	3 180 000	4 189 182	31,74%
Licences and Permits	Licences and Permits		125 057	-	125 057	125 057	77 961	-37,66%
Agency Services	Department of Transport - Roads Service Charges		189 287 453	20 040 115	209 327 568	209 327 568	188 139 547	-10,12%
Transfers Recognised - Operational	Government Grants and Subsidies (Operational only)		228 660 000	3 369 729	232 029 729	232 029 729	190 308 023	-17,98%
Other Revenue			22 711 073	2 918 887	25 629 960	25 629 960	17 494 827	-31,74%
	Sales of Goods and Rendering of Services							
	Operational Revenue							
Gains			2 540 000	(2 540 000)	-	-	7 121 207	100,00%
	Actuarial Gains							
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							
	Gains/(Loss) on Sale of Fixed Assets							
	Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							
Total Revenue (excluding capital transfers and contributions)		**43.2.6**	469 150 118	13 170 941	482 321 059	482 321 059	419 500 815	-13,02%
EXPENDITURE								
Employee Related Costs	Employee related costs		288 669 413	(4 159 011)	284 510 402	284 510 402	284 859 379	0,12%
Remuneration of Councillors	Remuneration of Councillors		12 542 344	743 629	13 285 973	13 285 973	12 306 165	-7,37%
Debt Impairment			1 560 000	-	1 560 000	1 560 000	8 737 166	460,07%
	Reversal of Impairment Loss/(Impairment Loss) on Receivables							
	Bad Debts Written Off							
Depreciation and Asset Impairment			4 986 328	(4 424)	4 981 904	4 981 904	5 766 102	15,74%
	Depreciation and Amortisation							
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							
Finance Charges	Finance Costs		73 360	-	73 360	73 360	147 854	101,55%
Other Materials	Inventory Consumed		51 010 886	2 062 157	53 073 043	53 073 043	51 622 611	-2,73%
Contracted Services	Contracted Services		79 176 717	(11 151 469)	68 025 248	68 025 248	28 797 999	-57,67%
Transfers and Grants	Transfers and Subsidies		1 835 200	1 868 188	3 703 388	3 703 388	5 601 569	51,26%
Other Expenditure			47 370 303	19 425 077	66 795 380	66 795 380	38 549 064	-42,29%
	Operational Costs							
	Operating Leases							
Losses			72 740	-	72 740	72 740	193 190	165,59%
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value							
	Gains/(Loss) on Sale of Fixed Assets							
Total Expenditure		**43.2.7**	487 297 291	8 784 147	496 081 438	496 081 438	436 581 101	-11,99%
Surplus/(Deficit)			(18 147 173)	4 386 794	(13 760 379)	(13 760 379)	(17 080 286)	24,13%
Transfers Recognised - Capital	Government Grants and Subsidies (Capital only)		4 000 000	1 600 000	5 600 000	5 600 000	3 149 170	-43,76%
Contributions Recognised - Capital			-	-	-	-	-	0,00%
Contributed Assets	Contributed Property, Plant and Equipment		-	-	-	-	3 284 009	100,00%
Transfers and subsidies - capital (in-kind - all)			7 200 000	(7 200 000)	-	-	-	0,00%
Surplus/(Deficit) after Capital Transfers & Contributions			(6 947 173)	(1 213 206)	(8 160 379)	(8 160 379)	(10 647 108)	30,47%
Surplus/(Deficit) for the year			(6 947 173)	(1 213 206)	(8 160 379)	(8 160 379)	(10 647 108)	30,47%

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GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2023	Variance as a % of Final Budget
			R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Service Charges	Service Charges		11 167 790	(11 167 790)	-	-	-	0,00%
Other Revenue	Other Revenue		81 249 280	(1 640 998)	79 608 282	79 608 282	217 722 022	173,49%
Government - Operating	Government - Operating		359 315 000	27 869 729	387 184 729	387 184 729	189 633 459	-51,02%
Government - Capital	Government - Capital		4 000 000	1 700 000	5 700 000	5 700 000	3 621 545	-36,46%
Interest	Interest		9 010 000	550 000	9 560 000	9 560 000	10 253 221	7,25%
Payments								
Suppliers and Employees			(477 593 663)	(6 920 383)	(484 514 046)	(484 514 046)	(393 926 288)	-18,70%
	Suppliers of goods and services Employee related cost							
Finance costs	Finance Charges		(73 360)	-	(73 360)	(73 360)	(147 854)	101,55%
Government grants repaid	Government grants repaid		-	-	-	-	(3 209 397)	100,00%
Transfers and Grants	Transfers and Grants		(1 112 000)	(1 507 348)	(2 619 348)	(2 619 348)	(5 601 569)	113,85%
Net Cash from/(used) Operating Activities		**43.2.8**	(14 036 953)	8 883 210	(5 153 743)	(5 153 743)	18 345 139	-455,96%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Debtors			-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Investments			27 323	1 093	28 416	28 416	-	-100,00%
Payments								
Capital Assets			(126 642 299)	88 201 485	(38 440 814)	(38 440 814)	(23 547 520)	-38,74%
	Purchase of Property, Plant and Equipment Purchase of Investment Properties Purchase of Intangible Assets							
Net Cash from/(used) Investing Activities		**43.2.9**	(126 614 976)	88 202 578	(38 412 398)	(38 412 398)	(23 547 520)	-38,70%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing			107 232 299	(80 655 116)	26 577 183	26 577 183	-	-100,00%
Payments								
Repayment of Borrowing			-	-	-	-	(460 638)	-100,00%
	Repayment of Borrowing Repayment of Finance leases							
Net Cash from/(used) Financing Activities		**43.2.10**	107 232 299	(80 655 116)	26 577 183	26 577 183	(460 638)	-101,73%
NET INCREASE/(DECREASE) IN CASH HELD			(33 419 630)	16 430 672	(16 988 958)	(16 988 958)	(5 663 022)	-66,67%
Cash and Cash Equivalents at the year begin:			263 042 072	(120 984 000)	142 058 072	142 058 072	142 066 473	0,01%
Cash and Cash Equivalents at the year end:			229 622 442	(104 553 328)	125 069 114	125 069 114	136 403 451	9,06%

AUDITOR-GENERAL SOUTH AFRICA
Auditing to build public confidence
AA
30 November 2023

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. For the financial year, no new standards became effective.

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

The information is presented for budgets that are made publicly available.

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

The comparable information includes the following:

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

Explanations for material differences between the final budget amounts and actual amounts are included the Note 43 to the Financial Statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R500,000.

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

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

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 25	**<u>Employee benefits</u>** The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The municipality might need to revise the recognition and measurement of employee benefits.	1 April 2023
GRAP 103	**<u>Heritage assets</u>** There are proposed amendments to the classification of mixed-use assets and the fair value accounting. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 104	**<u>Financial Instruments</u>** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	1 April 2025
GRAP 1: Materiality	**<u>Presentation of Financial statements: Materiality</u>** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality. The Municipality might need to revise financial statements based on materiality framework. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	1 April 2023
GRAP 1: Going concern	**<u>Presentation of Financial statements: Going concern</u>** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality. The Municipality might need to revise financial statements based on materiality framework.	Unknown
Improvement to the Standards of GRAP	**<u>Improvement to the Standards of GRAP</u>** The improvements are to address concerns by prepares and updated wording of selected standards. The changes will improve the application of accounting policies and therefore not major changes expected.	1 April 2023

REFERENCE	TOPIC	EFFECTIVE DATE
iGRAP 7	**The limit on a defined benefit asset, minimum funding requirement and their interaction** This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. No significant impact is expected as the Municipality does not hold any plan assets.	1 April 2023
iGRAP 21	**The Effect of Past Decisions on Materiality** This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality. No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.	1 April 2023
Guideline	**Accounting for Landfill sites** No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2023
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced, and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

1.9.2. Employee Benefits Reserve

The reserve aims to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short-term portion of employee benefits, plus 10% of the prior year closing balance of long-term employee benefits is contributed to the reserve from accumulated surplus/(deficit) (Roads Department is excluded from this calculation).

1.10. LEASES

1.10.1. Municipality as Lessee

Initial Recognition and Measurement

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs) The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent Measurement

Subsequent recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

De-Recognition

The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

1.10.2. Municipality as Lessor

Operating Leases

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

1.11. BORROWING COST

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

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered a financial instrument.

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

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

1.13. PROVISIONS

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

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

When expenditure incurred on the provision will be reimbursed, the reimbursement is recognised as a separate asset, when it is virtually certain the reimbursement will be received when the obligation is settled. The reimbursement will not exceed the provision. The expenditure is recognised in the Statement of Financial Performance, net of the reimbursement.

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and

- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The restructuring provision only include direct expenditure arising from the restructuring.

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

1.14. EMPLOYEE BENEFITS

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

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

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

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

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

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

1.14.1. Post-Retirement Medical Obligations

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

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

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

1.14.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically, and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

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

1.14.3. Ex gratia Gratuities

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

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

1.14.4. Provision for Staff Leave

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

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.5. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

1.14.6. Performance Bonuses

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

1.14.7. Exit Gratuity

Employees whose employment contracts are linked to political office bearers do not always enjoy the same benefits enjoyed by permanent employees. The Council considered the above risk associated with these positions – the fact that the contract will terminate when the political office bearer leaves.

In an effort to show appreciation to these employees for having served Council well, these employees are automatically eligible to an exit gratuity equal to 10% of their annual remuneration package for each completed year of service payable when their contracts terminate.

1.14.8. Other Short-term Employee Benefits

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition and Measurement

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

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

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

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

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

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

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

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

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

1.15.2. Subsequent Measurement – Cost Model

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

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

1.15.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

	Years		*Years*
Infrastructure		**Other**	
Roads Infrastructure	17 – 37	Computer equipment	4 – 26
		Furniture and Office Equipment	1 - 39
		Machinery and Equipment	4 - 37
		Transport Assets	7 - 42
		Municipal Buildings	5 - 102

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

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in the accounting estimate.

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

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

1.15.4. De-recognition

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

1.15.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15.6. Decommissioning and Restoration Asset

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

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

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

The Municipality does not internally generate intangible assets.

Intangible assets are initially recognised at cost.

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

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite.

1.16.3. Amortisation and Impairment

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

Intangible Assets	Years
Computer Software	4 - 20

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

Changes to the useful life and residual values of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

1.16.4. De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and

- the cost or fair value of the investment property can be measured reliably.

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

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

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

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

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. Depreciation and Impairment – Cost Model

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

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Investment Property	**Years**
Buildings	27 – 102

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP prospectively as a change in estimate

1.17.4. De-recognition

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

1.18. HERITAGE ASSETS

1.18.1. Initial Recognition

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

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

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

1.18.2. Subsequent Measurement – Cost Model

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

1.18.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.18.4. De-recognition

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. Cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These

changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;

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

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

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

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

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

1.19.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

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

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

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

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

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

An impairment loss is recognised immediately in surplus or deficit unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. INVENTORIES

1.20.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

1.20.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

1.21. FINANCIAL INSTRUMENTS

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

1.21.1. Initial Recognition

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

1.21.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, loans and receivables at cost and loans and receivables at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. *Receivables*

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

1.21.2.2. *Payables and Annuity Loans*

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

1.21.2.3. *Cash and Cash Equivalents*

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

1.21.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

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

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

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

1.21.3. De-recognition of Financial Instruments

1.21.3.1. *Financial Assets*

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

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

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

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

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

1.21.3.2. *Financial Liabilities*

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

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

1.21.4. Impairment of Financial Assets

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Municipality, after the appropriate legislative processes have been followed. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.5. Offsetting of Financial Instruments

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

1.22. STATUTORY RECEIVABLES

1.22.1. Identification

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

1.22.2. Initial Recognition and Measurement

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

The Municipality initially measures the statutory receivables at their transaction amount.

1.22.3. Subsequent Measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

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

1.22.4. Impairment

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

The municipality considers the following as indicators:

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

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

1.22.5. De-recognition

The Municipality derecognises a statutory receivable when:

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

(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

  (i) derecognise the receivable; and
  (ii) recognise separately any rights and obligations created or retained in the transfer.

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

1.22.6. Transitional Provisions

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

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

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

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

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

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

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

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

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

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

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

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

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

Revenue arising from legislation is recognised in accordance with the approved tariff.

1.23.2. Revenue from Exchange Transactions

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

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.

- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the services rendered is recognised when:

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

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

Interest revenue is recognised using the effective interest rate method.

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

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the Municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

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

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

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

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

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

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

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

1.24. ACCOUNTING BY AGENTS AND PRINCIPALS

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

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

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

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

1.24.1. Identification

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

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

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

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

1.25. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

1.25.1. Identification

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

1.25.2. Initial Recognition

The service concession asset are recognised by grantor when:

- The Grantor controls the services provided by the operator, to who and the price of services
- The Grantor controls any significant residual interest in the asset at the end of the arrangement term.

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

The service concession liability is recognised and initially measured at:

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

1.25.3. Subsequent Measurement

The Municipality initially measures the service concession asset at fair value if it Is not an existing asset of the Municipality.

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

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

The municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator. The finance charge and charges for services are recognised as expenses in the Statement of Financial Performance.

1.25.4. Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

1.25.5. Dividing the arrangement

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

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

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

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

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

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

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

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

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

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

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

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

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.27. UNAUTHORISED EXPENDITURE

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

1.28. IRREGULAR EXPENDITURE

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

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Management judgement is required when recognising and measuring contingent liabilities and assets.

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

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The following are the critical judgements, apart from those involving estimations, that Management has made in the process of applying the Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

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

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

1.31.2. Impairment of Receivables

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

1.31.3. Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

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

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

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

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

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

1.31.4. Intangible Assets

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

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

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

1.31.5. Investment Property

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

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

1.31.6. Provisions ,Contingent Liabilities and Assets

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

1.31.7. Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

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

1.31.8. Provision for Staff leave

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

1.31.9. Provision for Performance bonuses

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

1.31.10. Componentisation of Infrastructure assets

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

1.32. TAXES – VALUE ADDED TAX

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

1.33. CAPITAL COMMITMENTS

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

Commitments are disclosed in the notes inclusive of VAT.

1.34. EVENTS AFTER REPORTING DATE

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

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

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

1.35. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2023

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	
Infrastructure															
Work in Progress	3 617 030	-	14 793 756	-	-	-	18 410 786	-	-	-	-	-	-	-	18 410 786
Roads	104 489	-	-	-	-	-	104 489	64 191		3 749	-	-	-	67 940	36 549
	3 721 519	-	14 793 756	-	-	-	18 515 275	64 191	-	3 749	-	-	-	67 940	18 447 335
Other Assets															
Other Land	182 660 817	(1 208 000)	3 191 682	-	-	-	184 644 499	84 843 610	-	-	-	-	-	84 843 610	99 800 889
Municipal Buildings	59 738 744	(1 103 367)	1 463 830	1 349 500	-	-	61 448 707	20 400 281	(360 817)	1 328 123	-	(80 040)	-	21 287 547	40 161 160
Municipal Buildings - Work-in-Progress	2 059 568	-	2 359 379	-	(1 349 500)	-	3 069 448	-	-	-	-	-	-	-	3 069 448
Computer Equipment	23 173 216	-	1 454 459	-	-	(24 355)	24 603 321	14 579 523	-	1 708 196	-	-	(10 950)	16 276 770	8 326 551
Furniture and Office Equipment	9 975 859	-	3 215 623	-	-	-	13 191 483	7 265 841	-	563 763	-	-	-	7 829 605	5 361 878
Machinery and Equipment	8 529 296	12 573	157 268	-	-	-	8 699 138	4 129 293	12 145	509 949	-	-	-	4 651 388	4 047 750
Transport Assets	16 083 733	-	-	-	-	-	16 083 733	8 692 384	-	650 531	-	-	-	9 342 915	6 740 818
	302 221 233	(2 298 794)	11 842 243	1 349 500	(1 349 500)	(24 355)	311 740 327	139 910 933	(348 672)	4 760 563	-	(80 040)	(10 950)	144 231 833	167 508 494
Leases															
Computer Equipment	1 160 950	-	1 712 068	-	-	(66 542)	2 806 476	497 727		497 227	-	-	(23 662)	971 293	1 835 184
	1 160 950	-	1 712 068	-	-	(66 542)	2 806 476	497 727	-	497 227	-	-	(23 662)	971 293	1 835 184
Total	307 103 703	(2 298 794)	28 348 066	1 349 500	(1 349 500)	(90 897)	333 062 078	140 472 850	(348 672)	5 261 539	-	(80 040)	(34 611)	145 271 066	187 791 012

2.2 30 JUNE 2022

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	
Infrastructure															
Work in Progress	-	-	3 617 030	-	-	-	3 617 030	-	-	-	-	-	-	-	3 617 030
Roads	104 489	-	-	-	-	-	104 489	60 442	-	3 749	-	-	-	64 191	40 298
	104 489	-	3 617 030	-	-	-	3 721 519	60 442	-	3 749	-	-	-	64 191	3 657 328

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30 November 2023

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2022 *(Continued)*

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying Value
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	
Other Assets															
Other Land	181 905 817	755 000	-	-	-	-	182 660 817	84 843 610	-	-	-	-	-	84 843 610	97 817 207
Municipal Buildings	56 995 333	32 000	1 219 591	1 491 819	-	-	59 738 744	19 341 865	14 312	1 044 104	-	-	-	20 400 281	39 338 463
Municipal Buildings - Work-in-Progress	1 491 819	-	2 059 569	-	(1 491 819)	-	2 059 568	-	-	-	-	-	-	-	2 059 568
Computer Equipment	19 328 480	-	3 902 300	-	-	(57 563)	23 173 216	13 314 293	-	1 301 731	-	-	(36 501)	14 579 523	8 593 693
Balance previously reported	19 304 814	-	3 902 300	-	-	(62 657)	23 144 457	13 314 293	-	1 298 545	-	-	(40 048)	14 572 790	8 571 667
Correction of First Time Recognition - refer to Note 38	23 666	-	-	-	-	-	23 666	-	-	3 149	-	-	-	3 149	20 517
Correction of Previously disposed now found - refer to Note 38	-	-	-	-	-	5 094	5 094		-	38	-	-	3 547	3 585	1 509
Furniture and Office Equipment	9 361 384	-	680 382	-	-	(65 907)	9 975 859	6 847 664	-	472 396	-	-	(54 219)	7 265 841	2 710 018
Balance previously reported	9 304 313	-	680 382	-	-	(89 244)	9 895 451	6 837 812	-	466 241	-	-	(72 837)	7 231 217	2 664 234
Correction of First Time Recognition - refer to Note 38	42 094	-	-	-	-	-	42 094	-	-	5 488	-	-	-	5 488	36 606
Correction of Previously disposed now found - refer to Note 38	14 978	-	-	-	-	23 337	38 314	9 852	-	667	-	-	18 618	29 136	9 178
Machinery and Equipment	8 295 716	-	331 744	-	-	(98 163)	8 529 296	3 683 019	-	532 133	-	-	(85 859)	4 129 293	4 400 003
Balance previously reported	8 155 418	-	331 744	-	-	(129 369)	8 357 793	3 670 233	-	514 064	-	-	(108 768)	4 075 528	4 282 264
Correction of First Time Recognition - refer to Note 38	84 758	-	-	-	-	-	84 758	-	-	12 000	-	-	-	12 000	72 758
Correction of Previously disposed now found - refer to Note 38	55 540	-	-	-	-	31 205	86 745	12 786	-	6 068	-	-	22 910	41 764	44 981
Transport Assets	16 092 371	-	-	-	-	(8 639)	16 083 733	8 024 951	-	675 703	-	-	(8 270)	8 692 384	7 391 349
Balance previously reported	16 090 953	-	-	-	-	(10 494)	16 080 458	8 024 005	-	675 635	-	-	(10 034)	8 689 606	7 390 852
Note 38	1 419	-	-	-	-	1 856	3 274	946	-	68	-	-	1 764	2 778	497
	293 470 920	787 000	8 193 585	1 491 819	(1 491 819)	(230 272)	302 221 233	136 055 402	14 312	4 026 067	-	-	(184 849)	139 910 933	162 310 300
Leases															
Computer Equipment	1 250 621	-	53 022	-	-	(142 692)	1 160 950	331 332	-	249 436	-	-	(83 041)	497 727	663 224
	1 250 621	-	53 022	-	-	(142 692)	1 160 950	331 332	-	249 436	-	-	(83 041)	497 727	663 224
Total	294 826 030	787 000	11 863 637	1 491 819	(1 491 819)	(372 965)	307 103 703	136 447 176	14 312	4 279 252	-	-	(267 890)	140 472 850	166 630 852

2. PROPERTY, PLANT AND EQUIPMENT

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

	2023 R	2022 R
Other materials	3 867 062	2 055 222
Contracted Services	2 562 731	2 913 133
Other Expenditure	40 375	143 896
Total Repairs and Maintenance	**6 470 168**	**5 112 251**

2.4 Assets pledged as security:

Leased Property, Plant and Equipment of R 1,835,184 is secured for leases as set out in Note 10.

2.5 Third party payments received for losses incurred:

	2023 R	2022 R
Payments received (Excluding VAT)	8 370	6 037
Carrying value of assets written off/lost	(5 751)	(5 794)
Surplus/(Deficit)	**2 620**	**243**

2.6 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods.

	2023 R	2024 R	2025 R
Effect on Property, plant and equipment	86 072	111 513	247 208

2.7 Contractual commitments for acquisition of Property, Plant and Equipment:

	2023 R	2022 R
Approved and contracted for:	322 709 154	5 960 116
Other	322 709 154	5 960 116
Total	**322 709 154**	**5 960 116**
This expenditure will be financed from:		
Capital Replacement Reserve	7 070 673	2 269 592
Government Grants	3 000 000	-
External Loans	312 638 481	3 690 524
Total	**322 709 154**	**5 960 116**

The commitments presented above are inclusive of VAT.

3. INVESTMENT PROPERTY

	2023 R	2022 R
3.1 Net Carrying amount at 1 July	**64 186 828**	**65 059 399**
Cost - Balance previously reported	237 912 415	238 699 415
Accumulated Depreciation - Balance previously reported	(2 714 100)	(2 628 529)
Accumulated Impairment Loss - Balance previously reported	(171 011 487)	(171 011 487)
Transfer in / (out)	1 870 083	(772 688)
Cost	2 298 794	(787 000)
Accumulated Impairment Loss	(80 039)	-
Accumulated Depreciation	(348 672)	14 312
Depreciation for the year	(108 711)	(99 883)
Net Carrying amount at 30 June	**65 948 200**	**64 186 828**
Cost	240 211 209	237 912 415
Accumulated Depreciation	(3 171 483)	(2 714 100)
Accumulated Impairment Loss	(171 091 526)	(171 011 487)

3.2 Revenue from Investment Property

	2023 R	2022 R
Revenue derived from the rental of Investment Property	1 106 720	582 274

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

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

4. INTANGIBLE ASSETS

	2023 R	2022 R
Net Carrying amount at 1 July	**2 005 523**	**1 569 174**
Cost	5 682 384	5 263 179
Accumulated Amortisation	(3 676 862)	(3 694 005)
Accumulated Impairment Loss	-	-
Additions	84 121	712 041
Amortisation	(395 853)	(253 594)
Disposals	(79 889)	(22 098)
Cost	(313 318)	(292 836)
Accumulated Impairment Loss	-	-
Accumulated Amortisation	233 429	270 737
Net Carrying amount at 30 June	**1 613 902**	**2 005 523**
Cost	5 453 187	5 682 384
Accumulated Amortisation	(3 839 286)	(3 676 862)
Accumulated Impairment Loss	-	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

5. INVESTMENTS

	2023 R	2022 R
Unlisted	28 416	28 416
KKLK shares and Loan Account	28 416	28 416
Total Investments	**28 416**	**28 416**

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

	2023 R	2022 R
KKLK shares	28 416	28 416
	28 416	28 416

6. OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

	2023 R	2022 R
Operating Lease Asset	56 367	63 191

Reconciliation

	2023 R	2022 R
Balance at the beginning of the year	63 191	83 839
Movement during the year	(6 824)	(20 648)
Balance at the end of the year	**56 367**	**63 191**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2023 R	2022 R
Up to 1 Year	492 122	528 272
1 to 5 Years	186 223	557 996
Total Operating Lease Arrangements	**678 345**	**1 086 268**

This lease income was determined from contracts that have a specific conditional contractual income. The leases are in respect of land and buildings being leased.

The municipality does not engage in any sub-lease arrangements. The municipality did not receive any contingent rent during the year.

		2023 R	2022 R
7.	**INVENTORY**		
	Consumables	3 483 076	3 126 005
	Total Inventory	**3 483 076**	**3 126 005**

7.1 Inventories recognised as an expense during the year:

	2023	2022
Consumables	46 054 001	44 018 848
Balance previously reported	-	43 938 026
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	80 823
Materials and Supplies	5 568 610	59 778
Total	**51 622 611**	**44 078 626**

Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaining the provincial roads on behalf of the Department of Transport. The roads are not the asset of the Garden Route District Municipality.

7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:

	2023	2022
Consumables	(57 016)	(1 796)
Total	**(57 016)**	**(1 796)**

No inventories were pledged as security for liabilities.

		2023 R	2022 R
8.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Property Rentals	3 222 567	2 599 033
	Fire Fighting Fees	42 446 740	35 086 938
	Balance previously reported	-	37 086 938
	Correction of JDMA Receivable created at 30 June 2022 - refer to Note 38.2 & 38.9	-	(2 000 000)
	Other Arrears	3 375 648	7 736 366
	Balance previously reported	-	7 361 118
	Correction of Isivuno Debtor - refer to Note 38.2 & 38.9	-	233 575
	Correction of Provision for interest on current account at 30 June 2022 - refer to Note 38.2 & 38.9	-	141 673
	Department of Transport - Roads	14 933 195	31 087 974
	Total: Receivables from exchange transactions (before provision)	**63 978 151**	**76 510 311**
	<u>Less:</u> Provision for Debt Impairment	(46 817 805)	(39 715 379)
	Total: Receivables from exchange transactions (after provision)	**17 160 346**	**36 794 932**

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

The fair value of receivables approximate their carrying value.

Ageing of Receivables from exchange transactions that is past due as at 30 June:

	2023	2022
Property Rentals: Ageing		
31 - 60 Days	160 425	171 929
61 - 90 Days	116 289	101 178
+ 90 Days	2 956 503	2 341 051
Total	**3 233 217**	**2 614 157**
Fire Fighting Fees: Ageing		
31 - 60 Days	503 588	480 222
61 - 90 Days	1 018 612	237 344
+ 90 Days	40 908 863	36 180 498
Total	**42 431 064**	**36 898 064**
Other Arrears: Ageing		
31 - 60 Days	508 227	3 228 112
61 - 90 Days	184 757	202 978
+ 90 Days	1 931 578	2 418 901
Total	**2 624 562**	**5 849 991**
(Total): Ageing		
31 - 60 Days	1 172 241	3 880 263
61 - 90 Days	1 319 658	541 500
+ 90 Days	45 796 945	40 940 450
Total Receivables from exchange transactions that is past due as at 30 June	**48 288 843**	**45 362 213**

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8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Provision for Debt Impairment

Garden Route District Municipality

	2023 R	2022 R
Balance at beginning of year	39 715 379	34 239 057
Contribution to provision	6 576 754	5 434 728
VAT on provision	525 672	41 594
Total Balance at end of year	**46 817 805**	**39 715 379**

Ageing of amounts past due but not impaired:

	2023 R	2022 R
1 month past due	13 789 259	3 322 725
2+ months past due	701 632	961 394
	14 490 891	**4 284 119**

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

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

Collection Rate of Receivables from exchange transactions

	2023	2022
Property Rentals	77%	123%
Fire Fighting Fees	11%	13%
Other Arrears	168%	51%
Department of Transport - Roads	110%	104%

9. BANK ACCOUNTS

9.1 Cash and Cash Equivalents

	2023 R	2022 R
Current Accounts	136 373 657	131 716 366
Call Deposits and Investments	-	10 276 417
Cash On-hand	29 794	73 690
Total Cash and Cash Equivalents - Assets	**136 403 451**	**142 066 473**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Included in other deposits and bank balances are an amount of 2023: R 2 649 253 (2022: R 6 060 842) which is attributable to unspent grants and subsidies; and 2023: R 4 133 051 (2022: R 18 765 298) which is attributable to the Capital Replacement Reserve and 2023: R 38 762 712 (2022: R 34 169 029) which is attributable to the Employee Benefit Reserve.

The municipality has the following bank accounts:

Current Accounts and Call Deposits and Investments Accounts

	2023 R	2022 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):	120 142 285	102 587 905
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)	16 231 372	29 128 460
ABSA Bank Limited - Account Number 9369980950 (Investment Account)	-	10 276 417
	136 373 657	**141 992 783**

Details of current accounts and call deposits and investments accounts are as follow:

	2023 R	2022 R
Nedbank Limited - Account Number 1186616261 (Primary Current Account):		
Cash book balance at beginning of year	102 587 905	146 853 833
Cash book balance at end of year	120 142 285	102 587 905
Bank statement balance at beginning of year	102 543 520	146 853 223
Bank statement balance at end of year	120 139 702	102 543 520
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)		
Cash book balance at beginning of year	29 128 460	22 861 986
Cash book balance at end of year	16 231 372	29 128 460
Bank statement balance at beginning of year	29 128 460	22 861 986
Bank statement balance at end of year	16 231 372	29 128 460
ABSA Bank Limited - Account Number 9369980950 (Investment Account)		
Cash book balance at beginning of year	10 276 417	-
Cash book balance at end of year	-	10 276 417
Bank statement balance at beginning of year	10 232 516	-
Bank statement balance at end of year	-	10 232 516

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10. LONG-TERM BORROWINGS

	2023 R	2022 R
Capitalised Lease Liability - At amortised cost	1 245 421	105 399
	1 245 421	**105 399**
Less: Current Portion transferred to Current Liabilities	**662 650**	**99 970**
Capitalised Lease Liability - At amortised cost	662 650	99 970
Non-current portion of Long-term Borrowings	**582 771**	**5 429**

The obligations under finance leases are scheduled below:

	Minimum payments 2023 R	2022 R
Amounts payable under finance leases:		
Payable within one year	762 009	102 459
Payable within two to five years	622 191	5 487
	1 384 200	107 946
Less: Future finance obligations	(138 779)	(2 547)
Capitalised Lease Liability	**1 245 421**	**105 399**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom	Mobile Communication Devices	Prima rate	None	24 Months	Various

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

11 NON-CURRENT EMPLOYEE BENEFITS

		2023 R	2022 R
Provision for Post Retirement Health Care Benefits	Note 11.1	136 667 000	139 658 000
Provision for Ex-Gratia Pension Benefits	Note 11.2	274 500	267 800
Provision for Long Service Awards	Note 11.3	15 197 000	15 136 000
Provision for Exit Gratuity		504 318	125 195
Total Non-current Employee Benefits		**152 642 818**	**155 186 995**
Less: Transfer of Current Portion to Current Provisions - Note 12		(10 731 300)	(9 646 000)
		141 911 518	**145 540 995**

Employee Benefits - Receivables (Note 11.5)

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:

	2023 R	2022 R
Roads - Provision for Post Employment Health Care Benefits (Note 11.5)	58 087 000	60 924 000
Roads - Provision for Ex-Gratia Pension Benefits (Note 11.5)	164 100	159 200
Roads - Provision for Long Service Leave Awards (Note 11.5)	6 130 000	5 974 000
	64 381 100	67 057 200
Less: Short Term Portion Transferred to Current Employee Benefits Receivable (Note 11.5)	(5 067 600)	(4 414 800)
	59 313 500	**62 642 400**

Post Retirement Health Care Benefits

	2023 R	2022 R
Balance 1 July	139 658 001	136 885 000
Contribution for the year	19 753 000	16 732 000
Expenditure for the year	(8 087 927)	(7 480 951)
Actuarial Loss/(Gain)	(14 656 073)	(6 478 048)
Total provision 30 June	**136 667 001**	**139 658 001**
Less: Transfer of Current Portion to Current Provisions - Note 12	(8 500 000)	(7 539 000)
Balance 30 June	**128 167 001**	**132 119 001**

Ex-Gratia Pensions

	2023 R	2022 R
Balance 1 July	267 800	511 500
Contribution for the year	23 000	32 500
Expenditure for the year	(57 275)	(83 634)
Actuarial Loss/(Gain)	40 975	(192 566)
Total provision 30 June	**274 500**	**267 800**
Less: Transfer of Current Portion to Current Provisions - Note 12	(51 300)	(46 000)
Balance 30 June	**223 200**	**221 800**

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11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R
Long Service Awards		
Balance 1 July	15 136 000	14 450 000
Contribution for the year	2 789 000	2 450 000
Expenditure for the year	(2 545 205)	(1 355 274)
Actuarial Loss/(Gain)	(182 795)	(408 726)
Total provision 30 June	**15 197 000**	**15 136 000**
Less: Transfer of Current Portion to Current Provisions - Note 12	(2 180 000)	(2 061 000)
Balance 30 June	**13 017 000**	**13 075 000**
Exit Gratuity		
Balance 1 July	125 195	1 654 922
Contribution for the year	379 123	284 617
Expenditure for the year	-	(1 814 344)
Total provision 30 June	**504 318**	**125 195**
Less: Transfer of Current Portion to Current Provisions - Note 12	-	-
Balance 30 June	**504 318**	**125 195**

11.1 Provision for Post Retirement Health Care Benefits

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

	2023	2022
In-service (employee) members	317	326
In-service (employee) non-members	250	240
Continuation (retiree & widow) members	148	141
Total Members	**715**	**707**

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

	2023 R	2022 R
In-service (employee) members	45 846 000	54 300 000
In-service (employee) non-members	1 375 000	673 000
Continuation (retiree & widow) members	89 446 000	84 685 000
Total Liability	**136 667 000**	**139 658 000**

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

	2021 R	2020 R	2019 R
In-service members	52 849 000	39 535 000	48 756 730
Continuation members	84 036 000	80 747 000	89 806 171
Total Liability	**136 885 000**	**120 282 000**	**138 562 901**

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

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R3 016 000, whereas the Interest Cost for the next year is estimated to be R16 170 000.

Key actuarial assumptions used:

	2023 %	2022 %
i) Rate of interest		
Discount rate	12,20%	11,70%
Health Care Cost Inflation Rate	7,82%	8,34%
Net Effective Discount Rate	4,06%	3,10%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age with a 1% mortality improvement p.a. from 2010 was used by the actuaries. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from [1 - (1 - 1%)2], and so on.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of ill-health, early and late retirement.

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	136 667 000	139 658 000
Net liability/(asset)	**136 667 000**	**139 658 000**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	139 658 001	136 885 000
Total expenses	11 665 073	9 251 049
Current service cost	3 842 000	3 560 000
Interest Cost	15 911 000	13 172 000
Benefits Paid	(8 087 927)	(7 480 951)
Past Service Cost	-	-
Actuarial (gains)/losses	(14 656 073)	(6 478 048)
Present value of fund obligation at the end of the year	136 667 001	139 658 001

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	**Eligible employees liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**
Central Assumptions	47,221	89,446	136,667

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**Eligible employees liability (Rm)**	**Continuation members liability (Rm)**	**Total liability (Rm)**	**% change**
Health care inflation	1%	56,343	97,777	154,120	13%
Health care inflation	-1%	39,925	82,237	122,162	-11%
Discount rate	1%	40,236	82,558	122,794	-10%
Discount rate	-1%	56,035	97,505	153,540	12%
Post-retirement mortality	+1 year	46,161	86,617	132,778	-3%
Post-retirement mortality	-1 year	48,262	92,281	140,543	3%
Average retirement age	-1 year	51,491	89,446	140,937	3%
Continuation of membership at retirement	-10%	41,546	89,446	130,992	-4%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023

Assumption	**Current Service Cost (R)**	**Interest Cost (R)**	**Total (R)**
Central Assumptions	3 842 000	15 911 000	19 753 000

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**Current Service Cost (R)**	**Interest Cost (R)**	**Total (R)**	**% change**
Health care inflation	1%	4 732 000	18 173 000	22 905 000	16%
Health care inflation	-1%	3 148 000	14 052 000	17 200 000	-13%
Discount rate	1%	3 199 000	15 323 000	18 522 000	-6%
Discount rate	-1%	4 669 000	16 572 000	21 241 000	8%
Post-retirement mortality	+1 year	3 746 000	15 406 000	19 152 000	-3%
Post-retirement mortality	-1 year	3 936 000	16 417 000	20 353 000	3%
Average retirement age	-1 year	3 848 000	16 459 000	20 307 000	3%
Continuation of membership at retirement	-10%	3 386 000	15 140 000	18 526 000	-6%

	2023 Rm	2022 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	2,097	(4,949)

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

	2021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	(4,961)	(4,223)	0,074
Assets: Gain / (loss)			

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11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R

11.2 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 6 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 24 700.

Key actuarial assumptions used:	2023 %	2022 %
i) Rate of interest		
Discount rate	9,91%	9,38%
General Salary Inflation (long-term)	2,45%	3,00%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	7,29%	6,20%

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2023.

ii) Actuarial Valuation Method

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

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	274 500	267 800
Net liability/(asset)	**274 500**	**267 800**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	267 800	511 500
Total expenses	(34 275)	(51 134)
Interest Cost	23 000	32 500
Benefits Paid	(57 275)	(83 634)
Actuarial (gains)/losses	40 975	(192 566)
Present value of fund obligation at the end of the year	**274 500**	**267 800**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (R)**	**% change**
Central assumptions		274 500	
Inflation rate	+1%	287 300	5%
Inflation rate	-1%	262 400	-4%
Discount Rate	+1%	263 400	-4%
Discount Rate	-1%	286 600	4%
Post-employment mortality	+1 yr	262 400	-4%
Post-employment mortality	-1 yr	286 800	4%

	2023 R	2022 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	54 575	(177 566)

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

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	71 928	61 963	60 431

	2023 R	2022 R

11.3 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 562 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R1 191 000 whereas the Interest Cost for the next year is estimated to be R1 619 000.

Key actuarial assumptions used:	2023 %	2022 %
i) Rate of interest		
Discount rate	11,45%	11,16%
General Salary Inflation (long-term)	6,68%	7,33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4,47%	3,57%

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11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	15 197 000	15 136 000
Net liability/(asset)	**15 197 000**	**15 136 000**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	15 136 000	14 450 000
Total expenses	243 795	1 094 726
Current service cost	1 212 000	1 161 000
Interest Cost	1 577 000	1 289 000
Benefits Paid	(2 545 205)	(1 355 274)
Actuarial (gains)/losses	(182 795)	(408 726)
Present value of fund obligation at the end of the year	**15 197 000**	**15 136 000**

		2023 R	2022 R
Sensitivity Analysis on the Accrued Liability on 30 June 2023			
	Change	**Liability (Rm)**	**% change**
Assumption			
Central assumptions		15,197	
General earnings inflation	1%	16,116	6%
General earnings inflation	-1%	14,364	-5%
Discount rate	1%	14,349	-6%
Discount rate	-1%	16,146	6%
Average retirement age	2 yrs	17,007	12%
Average retirement age	-2 yrs	13,332	-12%
Withdrawal rates	x2	12,587	-17%
Withdrawal rates	x0,5	16,998	12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	1 212 000	1 577 000	2 789 000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General Earnings inflation	1%	1 319 000	1 685 000	3 004 000	8%
General Earnings inflation	-1%	1 118 000	1 480 000	2 598 000	-7%
Discount rate	1%	1 127 000	1 612 000	2 739 000	-2%
Discount rate	-1%	1 309 000	1 537 000	2 846 000	2%
Average retirement age	+2 yrs	1 338 000	1 797 000	3 135 000	12%
Average retirement age	-2 yrs	1 084 000	1 356 000	2 440 000	-13%
Withdrawal Rate	x2	879 000	1 275 000	2 154 000	-23%
Withdrawal Rate	x0,5	1 466 000	1 789 000	3 255 000	17%

	2023 R	2022 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	685,205	(215,727)

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

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	15,027	21,781	82,502
Assets: Gain / (loss)			

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11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R

11.4 Retirement funds

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

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

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

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 104.5% (30 June 2022 - 102%).

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100,5%).

Contributions paid recognised in the Statement of Financial Performance.

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

11.5 Employee Benefits Receivable

	2023 R	2022 R
Department of Transport: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	58 087 000	60 924 000
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	164 100	159 200
Department of Transport: Roads - Long Service Awards (Note 11.3) - At amortised cost	6 130 000	5 974 000
	64 381 100	67 057 200
Less: Current portion transferred to current employee benefits receivable	5 067 600	4 414 800
Department of Transport: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	3 826 000	3 618 000
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	24 600	21 800
Department of Transport: Roads - Long Service Awards (Note 11.3) - At amortised cost	1 217 000	775 000
Total	**59 313 500**	**62 642 400**

DEPARTMENT OF TRANSPORT: ROADS

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

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

	2023 R	2022 R
Net actuarial gains/(losses) on employee benefit assets and liabilities	7 121 207	3 408 160

12. CURRENT EMPLOYEE BENEFITS

	2023 R	2022 R
Performance Bonuses	1 299 804	1 409 384
Staff Bonuses	7 490 011	9 169 886
Balance previously reported	-	8 685 239
Correction of backpay Long Service Bonus - refer to Note 28 & 38.5	-	484 647
Staff Leave	21 672 994	23 367 198
Current Portion of Non-Current Provisions	10 731 300	9 646 000
Current Portion of Post Retirement Benefits - Note 11	8 500 000	7 539 000
Current Portion of Ex-Gratia Pension Provisions - Note 11	51 300	46 000
Current Portion of Long-Service Provisions - Note 11	2 180 000	2 061 000
Total Provisions	**41 194 109**	**43 592 468**

12. CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current provisions are reconciled as follows:

12.1 *Performance Bonuses*

	2023 R	2022 R
Balance at beginning of year	1 409 384	1 436 041
Contribution to current portion	1 305 870	1 409 384
Expenditure incurred	(1 415 450)	(1 436 041)
Balance at end of year	**1 299 804**	**1 409 384**

Performance bonuses are being paid to the Municipal Manager and five Section 57 Executive Managers after an evaluation of performance by the council.

12.2 *Staff Bonuses*

	2023 R	2022 R
Balance at beginning of year	9 169 886	7 889 070
Contribution to current portion	6 370 545	13 231 024
Expenditure incurred	(8 050 420)	(11 950 208)
Balance at end of year	**7 490 011**	**9 169 886**

Bonuses are being paid to all municipal staff, excluding Section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

12.3 *Staff Leave*

	2023 R	2022 R
Balance at beginning of year	23 367 198	23 281 236
Contribution to current portion	386 796	2 243 283
Expenditure incurred	(2 081 000)	(2 157 320)
Balance at end of year	**21 672 994**	**23 367 198**

Staff leave accrued to employees according to collective agreement, capped at a maximum of 48 days. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade Payables	33 413 536	19 261 983
Balance previously reported	-	18 605 722
Correction of over provision of Trade Payables - refer tot Note 38.3	-	(211 061)
Correction of under provision of Trade Payables - refer tot Note 38.3	-	867 322
Consumer Advance Payments	780 725	611 250
Control, Clearing and Interface Accounts	197 550	440 434
Other Payables	2 067 384	2 357 526
Retentions	1 633 182	-
Total Trade Payables	**38 092 377**	**22 671 194**

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

14. UNSPENT TRANSFERS AND SUBSIDIES

	2023 R	2022 R
Unspent Transfers and Subsidies	2 649 255	6 060 842
National Government Grants	235 316	-
Provincial Government Grants	2 413 939	6 060 842
Balance previously reported	-	7 460 842
Correction of JDMA Receivable created at 30 June 2022 - refer to Note 38.1	-	(2 000 000)
Correction of incorrect recognition of income WOSA - refer to Note 38.1	-	600 000
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Balance previously reported	-	(553 921)
Correction of incorrect recognition of income RRAMS - refer to Note 38.1	-	553 921
Provincial Government Grants	-	-
Total Unspent Transfers and Subsidies	**2 649 255**	**6 060 842**

See Appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits or shown as receivables where amounts have already been paid out to local municipalities. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were delayed or withheld.

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

		2023 R	2022 R
15.	**TAXES**		
15.1	VAT Payable	-	-
	VAT Output in Suspense	(612 633)	(1 126 917)
	Balance previously reported	-	(1 096 451)
	Correction of Isivuno Debtor - refer tot Note 38.4	-	(30 466)
	Total VAT Payable	**(612 633)**	**(1 126 917)**
15.2	VAT Receivable	2 479 025	1 098 235
	VAT Input in Suspense	1 434 425	1 761 275
	Balance previously reported	-	1 749 748
	Correction of over provision of Trade Payables - refer tot Note 38.4	-	(27 530)
	Correction of under provision of Trade Payables - refer tot Note 38.4	-	39 056
	Total VAT Receivable	**3 913 449**	**2 859 510**
15.3	**Net VAT (Payable)/Receivable**	**3 300 816**	**1 732 593**

VAT is accounted for on the payment basis.

16 SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

17 NET ASSET RESERVES

	2023 R	2022 R
RESERVES	42 895 763	52 934 327
Capital Replacement Reserve	4 133 051	18 765 298
Employee Benefit Reserve	38 762 712	34 169 029
Total Net Asset Reserve and Liabilities	**42 895 763**	**52 934 327**

17.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

17.2 The Employee Benefits Reserve is used to finance future payment of post retirement as well as current employee benefits, excluding those relating to staff in the Roads Department, as this is payable by the Western Cape Provincial Department of Transport and Public Works.

18 GOVERNMENT GRANTS AND SUBSIDIES	**2023 R**	**2022 R**
Government Grants and Subsidies - Operating	190 308 023	183 999 628
Equitable Share	172 721 000	167 653 000
Human Settlements	4 708 490	3 264 823
Expanded Public Works Programme Integrated Grant	2 440 000	2 071 000
EEDSM (Energy Efficiency and Demand-side Manag	1 794 818	-
Rural Road Asset Management Systems Grant	2 594 000	2 369 339
Balance previously reported	-	2 923 260
Correction of grant income incorrectly recognised - refer to Note 38.1	-	(553 921)
Local Government Financial Management Grant	1 000 000	1 000 000
Local Government Public Employment Support Grant	101 445	98 555
Local Government Internship Grant(Disaster Management)	-	27 200
Municipal Service Delivery and Capacity Building	350 000	-
Joint District and Metro Approach Grant	1 000 000	2 000 000
Balance previously reported	-	-
Correction of JDMA Receivable created at 30 June 2022 - refer to Note 38.1	-	2 000 000
Integrated Transport Planning	900 000	-
Contribution Towards Acceleration of Housing Delivery	513 295	-
Safety Plan Implementation - (WOSA)	2 070 708	4 473 000
Balance previously reported	-	5 073 000
Correction of grant income incorrectly recognised - refer to Note 38.1	-	(600 000)
Financial Management Support	-	1 042 710
Western Cape Financial Management Capability Grant (Bursary Programme)	114 267	-
Government Grants and Subsidies - Capital	3 149 170	241 602
Human Settlements	179 303	33 176
EEDSM (Energy Efficiency and Demand-side Manag	2 969 867	-
Municipal Drought Relief Grant	-	100 000
Rural Road Asset Management Systems Grant	-	108 426
Total Government Grants and Subsidies	**193 457 192**	**184 241 230**

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18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Included in above are the following grants and subsidies received during the year:

	2023 R	2022 R
Unconditional	172 721 000	167 653 000
Equitable Share	172 721 000	167 653 000
Conditional	20 534 000	18 322 000
Local Government Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Integrated Grant	2 440 000	2 071 000
Rural Road Asset Management Systems Grant	2 594 000	2 478 000
Local Government Public Employment Support Grant	-	200 000
Human Settlements	5 000 000	5 000 000
Integrated Transport Planning	-	900 000
Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern	100 000	-
Emergency Municipal Load-Shedding Relief Grant	1 600 000	-
Joint District and Metro Approach Grant	1 000 000	2 000 000
Financial Management Support	-	250 000
EEDSM (Energy Efficiency and Demand-side Management)	5 000 000	-
Western Cape Financial Management Capability Grant (Bursary Programme)	300 000	-
Safety Plan Implementation - (WOSA)	1 500 000	2 323 000
Contribution Towards Acceleration of Housing Delivery	-	900 000
WCFMSG: Risk Management	-	750 000
Municipal Service Delivery and Capacity Building	-	350 000
Municipal Drought Relief Grant	-	100 000
Total Government Grants and Subsidies	**193 255 000**	**185 975 000**

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

	2023 R	2022 R
Office of the Municipal Manager	193 457 192	184 241 230
Total Government Grants and Subsidies	**193 457 192**	**184 241 230**

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

18.1 Equitable Share

	2023	2022
Opening balance	-	-
Grants received	172 721 000	167 653 000
Conditions met - Operating	(172 721 000)	(167 653 000)
Conditions still to be met	-	-

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

18.2 Local Government Financial Management Grant

	2023	2022
Opening balance	-	-
Grants received	1 000 000	1 000 000
VAT on Grants	-	(846)
Conditions met - Operating	(1 000 000)	(999 154)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

18.3 Safety Plan Implementation - (WOSA)

	2023	2022
Opening balance	-	2 750 000
Correction of Error	600 000	-
Grants received	1 500 000	2 323 000
VAT on Grants	(46 392)	(101 911)
Conditions met - Operating	(2 024 315)	(4 371 089)
Balance previously reported	-	(4 971 089)
Correction of incorrect recognition of grant income - refer to Note 38.1	-	600 000
Conditions still to be met	**29 293**	**600 000**

Grant utilised for the operationalisation of a Safety Plan.

18.4 Expanded Public Works Programme Integrated Grant

	2023	2022
Opening balance	-	-
Grants received	2 440 000	2 071 000
Conditions met - Operating	(2 440 000)	(2 071 000)
Conditions still to be met	-	-

The grant is utilised for job creation.

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18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

18.5 Financial Management Support

	2023 R	2022 R
Opening balance	-	42 710
Grants received	-	250 000
Conditions met - Operating	-	(292 710)
Conditions still to be met	**-**	**-**

Grant utilised to fund various projects that promote capacity building and financial sustainability.

18.6 Municipal Drought Relief Grant

	2023 R	2022 R
Opening balance	-	-
Grants received	-	100 000
VAT on Grants	-	(4 182)
Conditions met - Capital	-	(95 818)
Conditions still to be met	**-**	**-**

Grant utilised to provide disaster relief.

18.7 Local Government Internship Grant

	2023 R	2022 R
Opening balance	-	27 200
Conditions met - Operating	-	(27 200)
Conditions still to be met	**-**	**-**

Grant utilised to provide young unemployed graduates with opportunities to gain practical experience.

18.8 Integrated Transport Planning

	2023 R	2022 R
Opening balance	1 778 309	878 309
Grants received	-	900 000
VAT on Grants	(111 385)	-
Repaid to National Revenue Fund	(878 309)	-
Conditions met - Operating	(788 615)	-
Conditions still to be met	**-**	**1 778 309**

Grant utilised to review and update integrated transport plans to improve public transport services.

18.9 Joint District and Metro Approach Grant

	2023 R	2022 R
Opening balance	2 000 000	-
Correction of Error	(2 000 000)	-
Grants received	1 000 000	2 000 000
Conditions met - Operating	(1 000 000)	(2 000 000)
Balance previously reported	-	-
Correction of JDMA Receivable created at 30 June 2022 - refer to Note 38.1	-	(2 000 000)
Conditions still to be met	**-**	**-**

Grant utilised to fund LED/SMME projects of George Municipality and Knysna Municipality.

18.10 Local Government Public Employment Support Grant

	2023 R	2022 R
Opening balance	101 445	-
Grants received	-	200 000
VAT on Grants	(3 534)	(9 716)
Conditions met - Operating	(97 911)	(88 839)
Conditions still to be met	**-**	**101 445**

Grant utilised to improve fire services capacity.

18.11 Rural Road Asset Management Systems Grant

	2023 R	2022 R
Opening balance	(553 921)	991 765
Correction of Error	553 921	-
Grants received	2 594 000	2 478 000
VAT on Grants	-	(284 172)
Repaid to National Revenue Fund	-	(992 000)
Conditions met - Operating	(2 594 000)	(2 085 167)
Balance previously reported	-	(2 639 088)
Correction of incorrect recognition of grant income - refer to Note 38.1	-	553 921
Conditions met - Capital	-	(108 426)
Conditions still to be met	**-**	**-**

18.12 Municipal Service Delivery and Capacity Building

	2023 R	2022 R
Opening balance	350 000	-
Grants received	-	350 000
VAT on Grants	(2 090)	-
Conditions met - Operating	(347 910)	-
Conditions still to be met	**-**	**350 000**

18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

		2023 R	2022 R
18.13	**Human Settlements**		
	Opening balance	2 331 088	629 088
	Grants received	5 000 000	5 000 000
	VAT on Grants	(108 408)	(12 307)
	Repaid to National Revenue Fund	(2 331 088)	-
	Conditions met - Operating	(4 600 081)	(3 252 516)
	Conditions met - Capital	(179 303)	(33 176)
	Conditions still to be met	**112 208**	**2 331 088**
18.14	**Contribution Towards Acceleration of Housing Delivery**		
	Opening balance	900 000	-
	Grants received	-	900 000
	VAT on Grants	(66 951)	-
	Conditions met - Operating	(446 343)	-
	Conditions still to be met	**386 705**	**900 000**
18.15	**Western Cape Financial Management Capability Grant (Bursary Programme)**		
	Opening balance	-	-
	Grants received	300 000	-
	Conditions met - Operating	(114 267)	-
	Conditions still to be met	**185 733**	**-**
18.16	**EEDSM (Energy Efficiency and Demand-side Management)**		
	Opening balance	-	-
	Grants received	5 000 000	-
	VAT on Grants	(624 465)	-
	Conditions met - Operating	(1 170 353)	-
	Conditions met - Capital	(2 969 867)	-
	Conditions still to be met	**235 316**	**-**
18.17	**Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern**		
	Opening balance	-	-
	Grants received	100 000	-
	Conditions still to be met	**100 000**	**-**
18.18	**Emergency Municipal Load-Shedding Relief Grant**		
	Opening balance	-	-
	Grants received	1 600 000	-
	Conditions still to be met	**1 600 000**	**-**
18.19	**WCFMSG: Risk Management**		
	Opening balance	-	-
	Grants received	-	750 000
	VAT on Grants	-	(97 826)
	Conditions met - Operating	-	(652 174)
	Conditions still to be met	**-**	**-**
18.20	**Total Grants**		
	Opening balance	6 906 921	5 319 072
	Correction of Error	(846 079)	-
	Grants received	193 255 000	185 975 000
	VAT on Grants	(963 225)	(510 960)
	Repaid to National Revenue Fund	(3 209 397)	(992 000)
	Conditions met - Operating	(189 344 795)	(183 492 851)
	Conditions met - Capital	(3 149 170)	(237 420)
	Conditions still to be met/(Grant expenditure to be recovered)	**2 649 255**	**6 060 842**

19 CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT

	2023 R	2022 R
Contributed Property, Plant and Equipment	3 284 009	56 691
Total Contributed Property, Plant and Equipment	**3 284 009**	**56 691**

Contributed Property relates to land dontated by George Municipality and cell phones received from Telkom.

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		2023 R	2022 R
20	**LICENCES AND PERMITS**		
	Health Certificates	77 961	80 239
	Total Licences and Permits	**77 961**	**80 239**
21	**DEPARTMENT OF TRANSPORT - ROADS SERVICE CHARGES**		
	Department of Transport - Roads Service Charges	165 923 628	160 244 019
	Income for admin services	17 215 332	18 649 861
	Income from increase/(decrease) in Employee Benefit Asset with the Department of Transport	5 000 586	4 134 281
	Total Service Charges	**188 139 547**	**183 028 161**
22	**SALES OF GOODS AND RENDERING OF SERVICES**		
	Camping Fees	8 662 116	7 254 316
	Development Charges	107 500	134 375
	Entrance Fees	200 148	221 360
	Fire Services	5 556 915	4 067 914
	Health Services	380 015	305 981
	Sale of Goods	375 936	167 832
	Total Sales of Goods and Rendering of Services	**15 282 631**	**12 151 778**
23	**RENT ON LAND**		
	Land	573 309	482 975
	Investment Property	245 764	230 266
	Undeveloped Land	327 545	252 709
	Total Rent on Land	**573 309**	**482 975**
24	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Investment Property	860 956	352 008
	Property, Plant and Equipment	482 584	617 910
	Total Rental from Fixed Assets	**1 343 540**	**969 917**
25	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	2 618 394	1 009 202
	Balance previously reported	-	867 528
	Correction of Provision for interest on current account at 30 June 2022 - refer to Note 38.2	-	141 673
	Financial assets	7 634 827	7 406 118
	Total Interest Earned - External Investments	**10 253 221**	**8 415 319**
26	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Other Receivables	4 189 182	2 748 031
	Total Interest Earned - Outstanding Receivables	**4 189 182**	**2 748 031**
27	**OPERATIONAL REVENUE**		
	Administrative Handling Fees	378 797	363 192
	Commission	-	84 923
	Incidental Cash Surplus	1 028	-
	Insurance Refund	8 370	98 819
	Merchandising, Jobbing and Contracts	-	-
	Staff Recoveries	439 183	156 315
	Skills Development Levy Refund	1 384 818	503 526
	Total Operational Revenue	**2 212 196**	**1 206 775**
28	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	174 549 128	168 369 079
	Pension and UIF Contributions	29 462 995	28 141 564
	Medical Aid Contributions	32 491 676	29 288 681
	Overtime	4 673 567	4 808 702
	Bonuses	17 839 157	17 338 759
	Balance previously reported	-	16 854 113
	Correction of backpay for Long Service Bonus - refer to Note 12 & 38.5	-	484 647
	Motor Vehicle Allowance	11 895 451	11 295 501
	Cell Phone Allowance	301 138	209 306
	Housing Allowances	2 768 330	2 691 087
	Other benefits and allowances	8 390 515	10 724 427
	Payments in lieu of leave	386 796	2 243 283
	Workmen's Compensation Fund	2 100 626	1 344 825
	Total Employee Related Costs	**284 859 379**	**276 455 215**

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28 EMPLOYEE RELATED COSTS (CONTINUED)

	2023 R	2022 R

KEY MANAGEMENT PERSONNEL

Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are no post-employment or termination benefits payable at the end of his/her term.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr MG Stratu	**12 Months**	**11 Months**
Basic Salary	1 222 044	1 625 522
Pension and UIF Contributions	151 240	127 981
Medical Aid Contributions	56 233	57 277
Performance Bonus	294 356	330 283
Motor Vehicle Allowance	300 000	284 719
Cell Phone Allowance	114 381	80 566
Exit Gratuity	-	1 073 389
Other benefits and allowances	84 083	26 251
Payments in lieu of leave	-	227 743
Total	**2 222 337**	**3 833 731**

Remuneration of Executive Manager Finance - Mr JVH de Jager	**7 Months**	**12 Months**
Basic Salary	635 582	1 041 298
Pension and UIF Contributions	110 502	189 559
Medical Aid Contributions	33 893	57 277
Annual Bonus	-	38 000
Performance Bonus	236 603	221 640
Motor Vehicle Allowance	108 629	180 000
Housing Allowances	70 000	120 000
Other benefits and allowances	17 010	39 595
Payments in lieu of leave	188 685	-
Total	**1 400 905**	**1 887 369**

Remuneration of Acting Executive Manager Finance - Mr T Loliwe	**5 Months**	**0 Months**
Basic Salary	451 717	-
Pension and UIF Contributions	78 995	-
Medical Aid Contributions	23 157	-
Motor Vehicle Allowance	79 701	-
Housing Allowances	5 059	-
Other benefits and allowances	9 142	-
Cell Phone Allowance	5 000	-
Total	**652 771**	**-**

Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen	**12 Months**	**12 Months**
Basic Salary	1 307 409	1 273 960
Pension and UIF Contributions	231 437	231 438
Annual Bonus	-	33 000
Performance Bonus	234 037	225 004
Motor Vehicle Allowance	115 118	112 423
Other benefits and allowances	23 247	20 694
Total	**1 911 249**	**1 896 519**

Remuneration of the Executive Manager Community Services - Mr C Africa	**12 Months**	**12 Months**
Basic Salary	1 005 658	1 043 166
Pension and UIF Contributions	182 967	189 718
Medical Aid Contributions	44 260	52 504
Performance Bonus	185 880	212 469
Motor Vehicle Allowance	136 538	66 550
Housing Allowances	74 541	77 000
Other benefits and allowances	24 839	17 905
Total	**1 654 683**	**1 659 313**

Remuneration of the Executive Manager Roads - Mr JG Daniels	**12 Months**	**12 Months**
Basic Salary	588 648	961 755
Pension and UIF Contributions	108 062	163 219
Medical Aid Contributions	31 019	31 890
Performance Bonus	234 037	225 004
Motor Vehicle Allowance	807 676	480 000
Housing Allowances	197 000	-
Other benefits and allowances	33 578	34 651
Total	**2 000 019**	**1 896 519**

28 EMPLOYEE RELATED COSTS (CONTINUED)

KEY MANAGEMENT PERSONNEL

	2023 R	2022 R
Remuneration of Executive Manager: Planning and Economic Development – Mr L Menze	**12 Months**	**12 Months**
Basic Salary	1 053 694	1 054 576
Pension and UIF Contributions	191 635	191 949
Medical Aid Contributions	57 665	55 609
Performance Bonus	230 537	221 640
Motor Vehicle Allowance	144 000	144 000
Payments in lieu of leave	-	32 656
Housing Allowances	180 000	180 000
Other benefits and allowances	28 665	98 011
Total	**1 886 196**	**1 978 442**

	2023 R	2022 R
Remuneration of Key Management Personnel - TOTAL		
Basic Salary	6 264 753	7 000 278
Pension and UIF Contributions	1 054 838	1 093 865
Medical Aid Contributions	246 227	254 558
Performance Bonus	1 415 450	1 436 041
Annual Bonus	-	71 000
Exit Gratuity	-	1 073 389
Motor Vehicle Allowance	1 691 662	1 267 691
Cell Phone Allowance	119 381	80 566
Housing Allowances	526 599	377 000
Payments in lieu of leave	188 685	260 398
Other benefits and allowances	220 564	237 107
Total Remuneration of Key Management Personnel	**11 728 159**	**13 151 894**

	2023 R	2022 R
29 REMUNERATION OF COUNCILLORS		
Councillor - NF Kamte	3 534	137 129
Councillor - RJ April	59 932	-
Councillor - RW Arends	36 395	-
Councillor - JJ Bavuma	76 931	-
Councillor - RM Louw	4 493	-
Councillor - PE Petros	28 954	-
Councillor - DC Saptoe	329 690	-
Councillor - JP Buys	386 746	-
Alderlady - CN Lichaba	428 276	477 631
Councillor - D Acker	458 364	248 546
Councillor - RE Spies	8 376	303 361
Alderlady -T Teyisi	517	25 002
Councillor - KS Lose	8 376	303 361
Councillor - BN van Wyk	8 376	303 361
Councillor - AJ Rossouw	3 534	137 129
Councillor - K Adams	-	21 918
Councillor - EH Stroebel	517	25 002
Councillor - JR Canary	21 367	50 445
Alderman - V Gericke	104 474	148 168
Alderman - BHJ Groenewald	25 325	214 229
Councillor - E Meyer	5 470	195 058
Alderlady - RH Ruiters	563 450	530 178
Alderman - JJC Lambaatjeen	562 370	509 431
Councillor - RR Wildschut	628	28 826
Councillor - L Tyokolo	628	28 826
Councillor - IT Mangaliso	334	15 314
Councillor - J Cornelius	391 233	215 646
Alderman - M Booysen	1 153 263	1 090 046
Councillor - SF May	3 534	137 129
Councillor - SS Mbandezi	628	28 826
Alderman - PJ van der Hoven	517	25 002
Councillor - DL Cronje	71 204	42 777
Alderman - SF de Vries	428 368	466 064
Councillor - ASM Windvogel	628	28 826
Alderlady - JL Hartnick	-	93 934
Councillor - N Tsengwa	45 534	49 319
Councillor - NV Gungubele	395 615	385 675
Alderlady - GR Wolmarans	923 269	590 241
Alderlady - M Draghoender	5 881	228 191
Councillor - WT Harris	3 534	137 129
Councillor - J Fry	517	25 002
Councillor - G Boezak	628	28 826
Alderlady - IC Kritzinger	551 778	497 940
Councillor - X Matyila	628	28 826
Councillor - MG Matiwane	628	28 826
Councillor - HD Ruiters	63 195	63 363
Councillor - FN Mdumiso	3 534	137 129
Councillor - A Barker	12 355	453 078
Councillor - N Magopeni	628	28 826
Councillor - RJ Hector	57 335	42 777
Councillor - J Hoogbaard	868 319	552 147
Councillor - M Kannemeyer	82 206	52 021
Councillor - K Malooi	458 364	248 546
Councillor - TC Matika	47 336	49 319
Councillor - JG Meiring	392 081	248 546
Councillor - MA Mkonto	82 206	52 021
Alderlady - N Ndayi	557 383	314 147
Councillor - L Pieterse	182	8 340
Councillor - C Scheepers	62 391	248 546
Councillor - NT Seti	82 167	50 220
Councillor - AW Steenkamp	33 690	30 849
Councillor - HRT Stroebel	82 147	49 319
Councillor - CA Swart	418 166	248 546
Councillor - CP Taute	82 201	51 796
Alderman - P Terblanche	867 420	510 779
Councillor - SM Toto	71 204	42 777
Councillor - GJ van Niekerk	601 763	364 084
Councillor - B van Noordwyk	193 277	91 058
Councillor - LSS van Rooyen	82 171	50 445
Total Councillors' Remuneration	**12 306 165**	**11 819 817**

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		2023 R	2022 R
29	**REMUNERATION OF COUNCILLORS (CONTINUED)**		

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	253 782	269 602	518 899	110 980	1 153 263
Deputy-Mayor	386 928	133 700	20 400	66 763	607 791
Speaker	755 805	148 388	44 400	-	948 593
Executive Committee Members	2 356 729	440 349	441 567	183 718	3 422 362
Councillors	3 912 615	1 186 341	781 236	293 964	6 174 156
Total Councillors' Remuneration	**7 665 858**	**2 178 380**	**1 806 502**	**655 425**	**12 306 165**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

		2023 R	2022 R
30	**BAD DEBTS WRITTEN OFF**		
	Bad Debts Written Off	2 160 413	541 542
		2 160 413	**541 542**

The write-off mostly relates to fire fighting fees written off.

		2023 R	2022 R
31	**CONTRACTED SERVICES**		
	Outsourced Services	2 563 870	1 222 425
	Balance previously reported	-	1 165 553
	Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	56 872
	Consultants and Professional Services	9 726 020	8 380 248
	Balance previously reported	-	8 359 839
	Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	20 410
	Contractors	16 508 109	11 518 234
	Balance previously reported	-	11 444 739
	Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	73 495
	Total Contracted Services	**28 797 999**	**21 120 907**
32	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	5 261 539	4 279 252
	Balance previously reported	-	4 251 774
	Correction of First Time Recognition - refer to Note 38.7	-	20 637
	Correction of Asset Classes - refer to Note 38.7	-	6 841
	Intangible Assets	395 853	253 594
	Investment Property carried at cost	108 711	99 883
	Total Depreciation and Amortisation	**5 766 102**	**4 632 729**
33	**FINANCE COSTS**		
	Long-term Borrowings	90 448	27 716
	Payables	57 406	-
	Total Finance Costs	**147 854**	**27 716**
34	**TRANSFERS AND SUBSIDIES**		
	Operational	5 601 569	7 566 937
	Monetary Allocations	5 601 569	7 566 937
	Households	849 199	961 373
	Balance previously reported	-	951 507
	Correction of under provision of Provision for Trade Payables - refer to Note 38.2	-	9 866
	Local Government	2 718 178	2 120 000
	Balance previously reported	-	120 000
	Correction of JDMA Receivable created at 30 June 2022- refer to Note 38.2	-	2 000 000
	Non-profit Institutions	2 034 192	4 485 564
	Balance previously reported	-	4 224 204
	Correction of under provision of Provision for Trade Payables - refer to Note 38.2	-	261 360
	Total Transfers and Subsidies	**5 601 569**	**7 566 937**

35 OPERATIONAL COSTS

	2023 R	2022 R
Advertising, Publicity and Marketing	1 637 048	1 419 815
Balance previously reported	-	1 412 737
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	7 078
Audit Fees	4 027 561	3 580 761
Bank Charges, Facility and Card Fees	112 305	109 711
Bursaries (Employees)	876 957	524 526
Cleaning Services	109 328	28 039
Balance previously reported	-	25 486
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	2 553
Courier and Delivery Services	6 671	1 048
Communication	3 271 957	4 190 934
Balance previously reported	-	4 154 934
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	36 000
Deeds	3 488	3 000
Balance previously reported	-	2 937
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	63
Drivers Licences and Permits	-	290
Entertainment	626 587	1 087 793
Balance previously reported	-	1 085 417
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	2 376
External Computer Service	4 621 894	5 075 807
Balance previously reported	-	5 061 767
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	14 040
Full Time Union Representative	60 159	90 851
Hire Charges	347 804	5 554 968
Balance previously reported	-	5 501 641
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	53 327
Insurance Underwriting	1 054 364	965 022
Learnerships and Internships	65 028	283 409
Licences	114 768	135 895
Municipal Services	6 001 723	5 434 411
Printing, Publications and Books	147 754	321 742
Balance previously reported	-	319 900
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	1 842
Professional Bodies, Membership and Subscription	3 401 831	3 064 638
Balance previously reported	-	3 063 005
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	1 633
Registration Fees	469 945	646 005
Rewards Incentives	-	3 800
Balance previously reported	-	-
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	3 800
Road Worthy Test	29 117	62 801
Balance previously reported	-	32 056
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	30 745
Samples and Specimens	499 811	1 167 452
Balance previously reported	-	1 147 756
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	19 696
Skills Development Fund Levy	1 414 458	1 383 630
Travel and Subsistence	6 800 913	9 076 448
Balance previously reported	-	8 956 575
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	119 873
Uniform and Protective Clothing	1 966 442	1 228 987
Balance previously reported	-	1 202 629
Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	26 357
Total Operational Costs	**37 667 914**	**45 441 782**

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		2023 R	2022 R
36	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 8	(6 576 754)	(5 434 728)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**(6 576 754)**	**(5 434 728)**
37	**GAINS/ (LOSS) ON SALE OF FIXED ASSETS**		
	Property, Plant and Equipment and Intangible Assets	(136 175)	(127 173)
	Balance previously reported	-	(141 826)
	Correction assets previously disposed now found - refer to Note 38.6 & 38.7	-	14 653
	Investment Property	-	-
	Total Gains/ (Loss) on Sale of Fixed Assets	**(136 175)**	**(127 173)**

		2022 R	2021 R
38	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

		2022	2021
38.1	**Unspent Transfers and Subsidies**		
	Balance previously reported	6 906 921	5 319 072
	Correction of incorrect recognition of grant income RRAMS - Note 18	553 921	-
	Correction of JDMA Receivable created 30 June 2022 - Note 18	(2 000 000)	-
	Correction of incorrect recognition of grant income WOSA - Note 18	600 000	-
	Restated Balance	**6 060 842**	**5 319 072**

		2022 R	2021 R
38.2	**Receivables from Exchange Transactions**		
	Balance previously reported	38 419 684	39 754 222
	Correction of JDMA Receivable created 30 June 2022 - Note 8	(2 000 000)	-
	Correction of Isivuno Debtor - Note 8	233 575	233 575
	Correction of Provision for Interest on Current Account at 30 June 2022 - Note 8	141 673	-
	Restated Balance	**36 794 932**	**39 987 797**

		2022 R	2021 R
38.3	**Trade and Other Payables from Exchange Transactions**		
	Balance previously reported	22 014 933	27 520 096
	Correction of over provision for trade payables - Note 13	(211 061)	(211 061)
	Correction of under provision for trade payables - Note 13	867 322	-
	Restated Balance	**22 671 194**	**27 309 035**

		2022 R	2021 R
38.4	**Taxes**		
	Balance previously reported	1 751 533	1 876 671
	Correction of Isivuno Debtor - Note 8	(30 466)	(30 466)
	Correction of over provision for trade payables - Note 13	(27 530)	(27 530)
	Correction under provision of trade payables - Note 13	39 056	-
	Restated Balance	**1 732 593**	**1 818 675**

		2022 R	2021 R
38.5	**Current Employee Benefits**		
	Balance previously reported	43 107 821	43 551 068
	Correction of Backpay Long Service - Note 12	484 647	-
	Restated Balance	**43 592 468**	**43 551 068**

		2022 R	2021 R
38.6	**Property Plant and Equipment: Cost**		
	Balance previously reported	306 819 758	294 603 577
	Correction of First Time Recognition - Note 2	150 518	150 518
	Correction of Previously disposed now found - Note 2	133 427	71 936
	Restated Balance	**307 103 704**	**294 826 032**

		2022 R	2021 R
38.7	**Property Plant and Equipment: Accumulated Depreciation and Impairment**		
	Balance previously reported	140 374 950	136 423 592
	Correction of First Time Recognition - Note 2	20 637	-
	Correction of Previously disposed now found - Note 2	77 263	23 584
	Restated Balance	**140 472 851**	**136 447 177**

38 CORRECTION OF ERROR IN TERMS OF GRAP 3

	2022 R	2021 R

38.8 Accumulated Surplus/(Deficit) - 1 July 2021

	2021
Correction of Backpay Long Service - Note 12	
Correction of First Time Recognition - Note 2	150 518
Correction of Previously disposed now found - Note 2	48 352
Correction of Isivuno Debtor - Note 8	203 109
Correction of over provision of Trade Payables - Note 13	183 531
Total	**585 510**

38.9 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented, or not implemented correctly, in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		183 395 151	846 079	184 241 230
Contributed Property, Plant and Equipment		56 691	-	56 691
Actuarial Gains		3 408 160	-	3 408 160
Department of Transport - Roads Service Charges		183 028 161	-	183 028 161
Sales of Goods and Rendering of Services		12 151 778	-	12 151 778
Rent on Land		482 975	-	482 975
Rental of Facilities and Equipment		969 917	-	969 917
Interest Earned - External Investments		8 273 646	141 673	8 415 319
Interest Earned - Exchange Transactions		2 748 031	-	2 748 031
Licences and Permits from Exchange Transactions		80 239	-	80 239
Operational Revenue		1 206 775	-	1 206 775
Total		**395 801 523**	**987 752**	**396 789 276**
Expenditure				
Employee related costs		(275 970 568)	(484 647)	(276 455 215)
Remuneration of Councillors		(11 819 817)	-	(11 819 817)
Bad Debts Written Off		(541 542)	-	(541 542)
Contracted Services		(20 970 131)	(150 776)	(21 120 907)
Depreciation and Amortisation		(4 605 251)	(27 478)	(4 632 729)
Finance Costs		(27 716)	-	(27 716)
Inventory Consumed		(43 997 804)	(80 823)	(44 078 626)
Operating Leases		(998 411)	(6 058)	(1 004 470)
Transfers and Subsidies		(5 295 711)	(2 271 226)	(7 566 937)
Operational Costs		(45 122 399)	(319 383)	(45 441 782)
Total		**(409 349 351)**	**(3 340 391)**	**(412 689 742)**
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(1 796)	-	(1 796)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(5 434 728)	-	(5 434 728)
Gains/(Loss) on Sale of Fixed Assets		(141 826)	14 653	(127 173)
Total		**(5 578 350)**	**14 653**	**(5 563 697)**
Net Surplus/(Deficit) for the year		**(19 126 178)**	**(2 337 985)**	**(21 464 163)**

39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2023 R	2022 R
Surplus/(Deficit) for the year	(10 647 108)	(21 464 163)
Adjustments for:		
Depreciation and Amortisation	5 766 102	4 632 729
Loss/(Gain) on Sale of Fixed Assets	136 175	127 173
Contributed Property, Plant and Equipment	(3 284 009)	(56 691)
Government Grants and Subsidies received	193 255 000	185 975 000
Government Grants and Subsidies repaid to National Revenue Fund	(3 209 397)	(992 000)
Government Grants and Subsidies recognised as revenue	(193 457 190)	(184 241 230)
Contribution from/to provisions - Non-Current Receivables	(5 000 586)	(4 134 281)
Contribution from/to provisions - Non-Current Receivables - Actuarial losses	7 676 686	3 671 181
Contribution from/to provisions - Non-Current Employee Benefits	12 253 716	8 764 914
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(14 797 893)	(7 079 341)
Contribution from/to - Current Employee Benefits	(3 483 658)	1 340 120
Decrease/(Increase) in Non-Current Investments	-	(1 093)
Contribution to provisions – Bad Debt	7 102 426	5 476 322
Operating Surplus/(Deficit) before changes in working capital	(7 689 737)	(7 981 360)
Changes in working capital	26 034 873	(11 853 598)
Increase/(Decrease) in Trade and Other Payables	15 421 183	(9 809 957)
Increase/(Decrease) in Taxes	(1 568 223)	86 082
(Increase)/Decrease in Inventory	(357 071)	133 086
(Increase)/Decrease in Trade Receivables from Exchange Transactions	12 532 160	(2 283 457)
(Increase)/Decrease in Operating Lease Asset	6 824	20 648
Cash generated/(absorbed) by operations	18 345 137	(19 834 957)

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40 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2023 R	2022 R
Current Accounts - Note 9	136 373 657	131 716 366
Call Deposits and Investments - Note 9	-	10 276 417
Cash Floats - Note 9	29 794	73 690
Total cash and cash equivalents	**136 403 451**	**142 066 473**

41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2023 R	2022 R
Cash and Cash Equivalents - Note 40	136 403 451	142 066 473
Less:	(649 255)	(4 060 842)
Unspent Transfers and Subsidies - Note 14	(2 649 255)	(6 060 842)
Unspent Transfers and Subsidies - Paid out to local municipalities and included under receivables	2 000 000	2 000 000
Net cash resources available for internal distribution	135 754 196	138 005 631
Allocated to:		
Capital Replacement Reserve	(4 133 051)	(18 765 298)
Employee Benefit Reserve	(38 762 712)	(34 169 029)
Resources available for working capital requirements	**92 858 433**	**85 071 304**

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2023 R	2022 R
Long-term Liabilities - Note 10	1 245 421	105 399
Used to finance property, plant and equipment - at cost	(1 245 421)	(105 399)
Cash invested for repayment of long-term liabilities	**-**	**-**

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

43 BUDGET INFORMATION

The Annual Budget of the Municipality is prepared for a 2022/23 MTREF period and is applicable from 1 July 2022 until 30 June 2023.

A reconciliation is provided on the face of the Statement of comparison of budget and actual amounts for the classification disclosure differences resulting between the Budget and the Annual financial statements.

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to lower expenditure (and its related revenue) on Roads Services, that is duly explained in applicable variance explanations below.

Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts

43.2 Statement of Financial Position

43.2.1 Current Assets — **Variance**

Cash — 17,59%

Previous year at year-end there was call deposits on which the budget was based and split between cash and call investments at 30 June 2022, for this financial year at year end 30 June 2023 all monies were in the bank account and not on investment deposit.

Call Investment Deposits — 100,00%

Refer to above (cash)

Consumer Debtors — -100,00%

Budget incorrectly classified R11m under Consumer Debtors. GRDM does not provide water or electricity services and therefore does not have any Consumer Debtors - debtors are reported under "Other Debtors" - refer paragraph on "Other Debtors" below.

Other Debtors — -17,00%

Refer explanation under "Consumer Debtors" above. Comparing the actual amount against the budgeted amounts of "Other Debtors" and "Consumer Debtors", the variance is just 2%

Inventory — 14,08%

Inventory levels higher than budgeted for due to operational requirements of the roads agency services

Intangible Assets — 76,81%

ICT budget was re-prioritised from PPE to address urgent need for intangible assets, causing the closing balance of this asset class closing higher than the budgeted balance.

	2023 R	2022 R

43 BUDGET INFORMATION (CONTINUED)

43.2.3 Current Liabilities

Borrowing 562,86%

The renewal of cell phone contracts (i.e. new finance leases) during 2022/23 financial year.

Consumer Deposits -100,00%

This should be included under other payables.

Trade payables and other payables 17,34%

The construction tender for the regional landfill site was awarded and the successful service provider was Tefla who submitted the first invoice end of June 2023 (R12m)

43.2.4 Non-Current Liabilities

Borrowing -97,81%

The first installment of the external loan to finance the regional waste management facility was only received post year-end.

43.2.5 Net Assets

Reserves -18,96%

The nett decrease in the Capital Replacement Reserve as a result of utilisation for 2022/23 capital additions (R20m) and addition to CRR from the year's depreciation charge (R5,7m) was erroneously not included at the time of the budget.

Statement of Financial Performance

43.2.6 Revenue (excluding capital transfers and contributions)

Rental of Facilities and Equipment -22,36%

Renewal of rental contracts, that were due to expire in 2022/23, did not realise as expected during the time of the budget.

Interest earned - Outstanding debtors 31,74%

Debtor balances during year on which interest could be raised higher than anticipated.

Licenses and Permits -37,66%

Renewal of rental contracts, that were due to expire in 2022/23, did not realise as expected during the time of the budget.

Agency Services -10,12%

Budget estimates based on prior year and anticipated additional allocations from Department of Public Transport which did not realize fully in 22/23 financial year

Transfers recognized - Operational -17,98%

MSIG grant allocation gazetted but was allocation in kind, no benefit was received in kind and could not be recognized, R1.6m Load shedding grant was allocated in February 2023, but roll-over has been applied, expediture will be in 23/24

Other Revenue -31,74%

Revenue from fire fighting services lower than anticipated, decrease in fires from previous year and decrease in income from resorts

Gains 100,00%

Actuarial gain not separately budget for, but included in the total budget for Employee-related Costs.

43.2.7 Expenditure

Debt Impairment 460,07%

Increase in fire fighting debtors and poor collection on these debtors resulted in a higher impairment than what was expected at the time of the budget approval.

Depreciation and Asset Impairment 15,74%

First time recogniztion of assets and new finance lease assets caused increase in actual vs budget

Finance Charges

New cellphone contracts (finance lease liability) entered into during 2022/2023 caused increase in finance charges higher than anticipated during budget.

Contracted Services -57,67%

Main reason for variance is due to Roads actual expenditure for in April - March 2023 being lower than expected as per the budget. There is no loss to Council - expenditure will be incurred in the next financial year. Budget expenditure on conditional grants (R7.5m) did not realise in the 2022/23 financial year. These will be included in the adjustment budget for the 2023/24 financial year and spent if the applicable application for grant roll-overs are approved by the Western Cape Government Provincial Treasury. Reclassification of actual expenditure between contracted services and operational expenditure.

Transfers and Grants 51,26%

GRDM received R2m Joint District Metro Approach (JDMA) Grant that was transferred to two local municipalities as per the grant's conditions 21/22 and accounted for as receivable and unspent grant at 30 June 2021, was restated in

	2023 R	2022 R

43 BUDGET INFORMATION (CONTINUED)

Other Expenditure -42,29%

Reclassification between contracted services and other expenditure.

Other Expenditure is aggregated on the Statement of Budget Comparison and is the sum of the following items on the Statement of Financial Performance: Operating Leases, Operational Costs, Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value and a portion of Inventory Consumed, being "Materials and Supplies|" as per note 7.1. This is done in accordance with National Treasury validations for budget and reporting regulations.

Losses 165,59%

Losses on inventory at year-end budget based on prior year actual, current actual higher than anticipated

Transfers recognized - Capital -43,76%

R1.6 m load shedding relief grant was unspent at 30 June 2023 and roll-ver was applied for this grant, actual lower than budget

Contributed Assets 100,00%

George Municipality donated two ervens for the construction of the regional landfill facility, at year-end this erven was recognized as an asset at the municipal valuation roll of 1 July 2023 of George Municipality

43.2.8 Net Cash from/(used) Operating Activities

Other Revenue 173,49%

Roads allocation included in budget under grants as this is where agency services links to, actual is included under other revenue

Government - Operating -51,02%

Roads allocation included in budget under grants as this is where agency services links to, actual is included under other revenue

Government - Capital -36,46%

Allocation of conditional grant receipts between operational and capital was different based on actual expenditure transactions incurred than what was envisaged at the time of the budget approval.

Suppliers and Employees -18,70%

Slightly lower than anticipated.

Government grants repaid 100,00%

Government grants repaid were included in Government - Operating receipts in the budget.

Transfers and Grants 113,85%

GGRDM received R2m Joint District Metro Approach (JDMA) Grant that was transferred to two local municipalities as per the grant's conditions 21/22 and accounted for as receivable and unspent grant at 30 June 2021, was restated in 22/23.

43.2.9 Net Cash from/(used) Investing Activities

Capital Assets -38,74%

Due to the delay in construction of regional landfil site, capital purchases were less than anticipated.

43.2.10 Net Cash from/(used) Financing Activities

Borrowing long term/refinancing -100,00%

First installment from Standard bank for the external loan was only received in 23/24 financial year

Repayment of Borrowing -100,00%

New cellphone contracts (finance leases) entered into during 2022/2023 was not anticipated

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2023 R	2022 R
Opening balance	-	1 367 435
Unauthorised expenditure current year - operational	4 042 040	-
Unauthorised expenditure current year - capital	2 901 362	-
Approved by Council or condoned	-	(1 367 435)
Unauthorised expenditure awaiting authorisation	**6 943 402**	**-**

Council resolved on 24 August 2022 to write off R1 367 435 as irrecoverable.

			2023 R	2022 R
	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 and 2 - Office of the Municipal Manager	69 402 647	65 360 607	(4 042 040)	(4 042 040)
Vote 3 and 4 - Financial Services	24 880 116	27 322 339	2 442 223	-
Vote 5 and 6 - Corporate Services	42 951 301	75 327 011	32 375 710	-
Vote 7 and 8 - Community Services	78 709 769	86 156 887	7 447 118	-
Vote 9, 10 and 11 - Planning and Economic Development	44 535 576	44 779 085	243 509	-
Vote 12 and 13 - Roads	176 074 738	197 135 509	21 060 771	-
	436 554 147	**496 081 438**	**59 527 291**	**(4 042 040)**

	2023 R	2022 R

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

Unauthorised expenditure current year - capital	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
Vote 1 and 2 - Office of the Municipal Manager	190 911	30 000	(160 911)	(160 911)
Vote 3 and 4 - Financial Services	122 625	30 000	(92 625)	(92 625)
Vote 5 and 6 - Corporate Services	607 555	510 000	(97 555)	(97 555)
Vote 7 and 8 - Community Services	19 290 710	32 200 699	12 909 989	-
Vote 9, 10 and 11 - Planning and Economic Development	8 010 311	5 670 115	(2 340 196)	(2 340 196)
Vote 12 and 13 - Roads	210 074	-	(210 074)	(210 074)
	28 432 187	**38 440 814**	**10 008 627**	**(2 901 362)**

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2023 R	2022 R
Opening balance	-	-
Interest: Creditors	57 406	-
Fruitless and wasteful expenditure prior year	-	399 800
Recovered, condoned or written off by Council	-	(399 800)
Fruitless and wasteful expenditure awaiting condonement	**57 406**	**-**

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2023 R	2022 R
Opening balance	27 420 232	32 721 262
Irregular expenditure current year	16 286 596	16 401 746
Irregular expenditure - prior year	280 000	3 350 032
Irregular expenditure recovered	-	(6 000)
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(7 566 985)	(25 046 808)
Irregular expenditure awaiting further action	**36 419 842**	**27 420 232**

Majority of the irregular:
Non-compliance with SCM regulations: Contract Management R2 983 738.19 (2022: R2 554 140)
Non-compliance with SCM regulations: Preferential Procurement Policy Framework Act (2022: R3 640 303)
Non-compliance with CIDB regulations: R2 619 013.43
BAC composition (on going, no new incorrect awards since audit finding in October 2019): R4 785 202.37 (2022: R12 005 410)
Non-compliance with section 2(1)(a) of PPPFA however this is an unresolved matter, subject to further engagements with National Treasury R4,895,226.56

Composition of the Bid Adjudication Committee

For the 2018/19 statutory audit, the Office of the Auditor General's technical department issued a clarification regarding the interpretation and application of SCM Reg 29(2) regarding the composition of the bid adjudication committee (BAC). Membership to the committee requires, amongst others, the CFO, as well as a Senior SCM Practitioner. In the past, due to capacity constraints, the CFO was regarded to also fulfil the requirement of the Senior SCM Practitioner. However, the clarification stated that these must be two different officials. It was therefore concluded that the BAC was not constituted as per reg 29(2) and this non-compliance results in all formal tenders to be considered to be irregular expenditure.

It should be noted that this non-compliance did not result in any loss to Council as the award would not have been granted to a different bidder. The Manager: SCM did attend the BAC meetings in an advisory capacity, therefore the inputs from the "Senior SCM Practitioner" was given at the BAC meeting. The irregular expenditure is purely based on the fact that the Manager: SCM should have been a member of the BAC, not only an advisor.

Council resolved on 14 December 2022 to write off R7 566 985 as irrecoverable.

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

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

	2023 R	2022 R
Opening balance	-	-
Council subscriptions	3 099 327	2 736 330
Amount paid - current year	(3 092 122)	(2 736 330)
Balance unpaid (included in creditors)	**7 205**	**-**

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

	2023 R	2022 R
Opening balance	-	48 678
Current year audit fee	4 027 561	3 580 761
Amount paid - current year	(4 027 561)	(3 629 439)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**-**	**-**

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

	2023 R	2022 R
Amount paid - current year	20 312	337 758

VAT input receivables and VAT outputs payable are shown in note 15.
All VAT returns have been submitted by the due date throughout the year.

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

45.4 PAYE, UIF and SDL - [MFMA 125 (1)(c)]

	2023 R	2022 R
Opening balance	-	-
Current year payroll deductions	43 182 392	43 140 490
Amount paid - current year	(43 182 392)	(43 140 490)
Balance unpaid (included in creditors)	**-**	**-**

45.5 Pension and Medical Aid Contributions - [MFMA 125 (1)(c)]

	2023 R	2022 R
Opening balance	-	6 059 681
Current year pension and medical aid contributions	50 263 960	47 336 511
Amount paid - current year	(50 263 960)	(53 396 191)
Balance unpaid (included in creditors)	**-**	**-**

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

The following Councillor had a arrear account outstanding for more than 90 days during the year.

	Total	90+ Days
30 June 2023		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	95 708	95 708
30 June 2022		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	107 208	107 208

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

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. Deviations for the amount of R3 886 405 has been condoned by council.

Deviations per deviation type can be summarised as follows:

	2023 R	2022 R
Emergency	1 454 105	2 486 830
Impractical	1 627 463	1 228 694
Single Supplier	804 837	365 491
	3 886 405	**4 081 015**

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2023	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	109 222	117 750	1 984 627	-
Corporate/Strategic Services	51 884	197 269	-	-
Financial Services	112 667	-	-	-
Office of the Municipal Manager	62 647	181 505	-	-
Planning and Economic Development Services	31 047	-	-	-
Roads Services	225 180	812 607	-	-
	592 646	**1 309 132**	**1 984 627**	**-**

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Working on fire	Single Supplier	669 927
Working on fire	Emergency	556 629
Working on fire	Emergency	276 182
Working on fire	Emergency	260 884
Kishugu Aviation	Emergency	221 006
AMBAX (Pty) Ltd.	Impractical Procurement Process	184 891
AMBAX (Pty) Ltd.	Impractical Procurement Process	184 891
Kempston Motors	Impractical Procurement Process	138 505
Total		**2 492 915**

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

30 June 2022	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	195 662	198 668	2 184 200	-
Corporate/Strategic Services	96 657	45 635	-	-
Financial Services	51 552	-	-	-
Office of the Municipal Manager	84 161	37 832	-	-
Planning and Economic Development Services	30 007	-	-	-
Roads Services	398 623	532 267	225 750	-
	856 663	**814 402**	**2 409 950**	**-**

	2023	2022
	R	R

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

The major deviations were as follows:

Awarded to	Reason/Explanation	
Working on fire	Emergency	975 364
Working on fire	Emergency	652 623
Working on fire	Emergency	556 213
Ideal Ways 188	Impractical Procurement Process	225 750
Sandobel 165	Impractical Procurement Process	131 048
Working on fire	Emergency	110 582
Total		**2 651 580**

45.8 Awards to close family members of persons in the service of the state

The following purchases were made from close family members of persons in the service of the state :

2022/2023 Financial Year

Supplier	Name of Relation in Employment of Organ of State	Organ of State	Actual Expenditure R	Awarded Amount R
Shabby to Chick - Zingfontein Estates	J Stander	Garden Route District Municipality - Manager: Income, Expenditure, Remuneration and Bank Reconciliations	47 278	47 278
The Institute of Internal Auditors	Mamadimo Mogano	Internal Auditor At Limpopo Economic Development Agency	73 302	73 302
Bundu Dakke & Cool Makers (JV)	Elsie Johanna De Kock	State Security Agency - Investigator	1 638 405	3 190 330
Southern Ambitions 1085 T/A Moos Enterprise	Dora Victoria Moos	Municipal Councillor At Oudtshoorn Municipality	3 278	3 278
Duokorp 109 T/A IRRIKOR	Celste Immink	Accountant South Cape College	2 432	2 432
Llewilln & Son Transport	Nadine Melembo	Eastern Cape Dept Of Education - Admin Clerk	1 811	1 811
Playtime Production	Myrtle Sacuenda	Chairperson - Indigo Community Development NPO	64 872	64 872
C EN M RAADGEWENDE INGENIEURS	LZ Ngele	SA Weather Services	56 063	56 063
Piston Power Chemical CC	Nadira Aweshee	Teacher at KZN Department of Education	420 358	rates based
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	387 729	rates based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	102 806	102 806
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Eden Community Hope Outreach / GR Food Pantry	A van Blerk	Western Cape Department of Education	539 741	539 741
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	334 458	334 458
Zutari (Pty) Ltd	HC Ahischlager	Special Investigating Unit - Legal representative	900 139	rates based
	S Seegers	City of Cape Town - Head of Security Architecture		
	K Nadasen	National Department of Public Works - Director		
	M Marques	National Department of Internal Affairs - Director		
	Mr Mzimkulu Msiwa	Part-time Commissioner of KZN Provincial Planning		
	Nadiema Allie	SARS - Operations Manager		
	Mariam Gasant	SARS - Debt Collection		
	TJ Ndala	Gauteng Department of Education - School Principal		
Genela Security Training and Projects	Alderman V. Gericke	Garden Route District Municipality - Councillor	111 930	111 930
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	GRDM Chief: Municipal Heath	2 155 043	rate per learner
Mubesko Africa (Pty) Ltd	L Saaiman	Northen Cape Department of Health	610 712	rates based
SCLI Environmental	Spouse of MC Kirstein	South African National Defence Force	169 420	169 420
Nedbank	Venisha Subramoney - Wife of Mr Subramoney Non-Executive Director	Department of Education	113 141	rates based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	4 853	4 853
			7 737 770	

2023
R

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

45.8 Awards to close family members of persons in the service of the state (continued)

2021/2022 Financial Year

The following purchases were made from close family members of persons in the service of the state :

Supplier	Name of Relation in Employment of Organ of State	Organ of State	Actual Expenditure R	
Shabby to Chick - Zingfontein Estates	J Stander	Garden Route District Municipality - Manager: Income, Expenditure, Remuneration and Bank Reconciliations	32 920	32 920
Piston Power Chemicals CC	Nadira Aweshee	Teacher at KZN Department of Education	522 462	Rate Based
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	1 423 799	Rate Based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	15 600	15 600
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Eden Community Hope Outreach / GR Food Pantry	A van Blerk	Western Cape Department of Education	638 971	638 971
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	352 823	352 823
GIBB (Pty) Ltd	Diane Alderman	Eastern Cape Department of Education	172 500	172 500
	Alan Moon	City of Cape Town		
	Thando Gqobo	Ethekweni Municipality		
	Sonnika Cilliers	Department of Education		
	Nokuthula Mkhize	National Department of Water Affairs &		
	Jacqueline Gooch	Department of Transport & Public Works		
	Douglas Kiewiet	Department of Water Affairs & Forestry		
	Rajiv Beharie	Eskom		
	Unati Lekonyana	Department of National Treasury		
	K Naidoo	Gauteng Department of Education		
Zutari (Pty) Ltd	HC Ahischlager	Special Investigating Unit - Legal representative	4 132 364	8 873 813
	S Seegers	City of Cape Town - Head of Security Architecture		
	K Nadasen	National Department of Public Works - Director		
	M Marques	National Department of Internal Affairs - Director		
Genela Security Training and Projects	Alderman V. Gericke	Garden Route District Municipality - Councillor	14 530	14 530
GH Towing	I Malgas	Oudtshoorn Municipality	2 600	2 600
	N Barnard	Oudtshoorn Municipality		
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	GRDM Chief: Municipal Heath	1 852 706	Rate Based
Mubesko Africa (Pty) Ltd	L Saaiman	Northen Cape Department of Health	986 529	Rate Based
Falcon Safety Academy	A van Greunen	Nelson Mandela Bay Metropolitan Municipality	18 975	14 530
Louw 4 UR Projects	D Louw	Administrative Clerk at South African Police Service	14 827	14 530
Mustek	L Boonzaaier	SITA	2 530	14 530
One Call Plant Solutions	Spouse of P Colling	Department of Health	13 219	13 219
Poongavanum General Cleaning	R Pillay	PetroSA	155 250	155 250
SCLI Environmental	Spouse of MC Kirstein	South African National Defence Force	100 000	100 000
Nedbank	D Krohn	GRDM Workshop Superintendent	109 711	Rate Based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	4 531	4 531
			10 566 847	

	2023	2022
	R	R

46 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

	2023	2022
	R	R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2022: 1%) Increase in interest rates	1 358 193	1 358 193
1% (2022: 1%) Decrease in interest rates	(1 358 193)	(1 358 193)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

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

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

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

	2023	2023	2022	2022
	%	R	%	R
The provision for bad debts could be allocated between the different classes of debtors as follows:				
Rental Agreements	6,09%	2 851 170	5,53%	2 198 098
Fire Fighting Fees	90,19%	42 225 250	90,63%	35 993 792
Other Arrears	3,72%	1 741 384	3,84%	1 523 488
Total	**100,00%**	**46 817 804**	**100,00%**	**39 715 378**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 2% where applicable.

<u>**Ageing of amounts past due but not impaired are as follow:**</u>	Exchange Receivables	Non-exchange Receivables
2023		
1 month past due	13 789 259	-
2+ months past due	701 632	-
	14 490 891	-
2022		
1 month past due	3 322 725	-
2+ months past due	961 394	-
	4 284 119	-

	2023 R	2022 R

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

Financial assets exposed to credit risk at year end are as follows:	2023 R	2022 R
Receivables from exchange transactions	63 978 151	76 510 311
Cash and Cash Equivalents	136 373 657	141 992 783
	200 351 808	218 503 094

(e) Liquidity Risk

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

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

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

2023	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	762 009	622 191	-	-
Trade and Other Payables	38 092 377	-	-	-
Unspent conditional grants and subsidies	2 649 255	-	-	-
	41 503 640	622 191	-	-

2022	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	102 459	5 487	-	-
Trade and Other Payables	22 671 194	-	-	-
Unspent conditional grants and subsidies	6 060 842	-	-	-
	28 834 495	5 487	-	-

FINANCIAL INSTRUMENTS

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

<u>Financial Assets</u>	<u>Classification</u>	2023 R	2022 R
Investments			
Unlisted Shares		28 416	28 416
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	3 222 567	2 599 033
Fire Fighting Fees	Financial Instruments at amortised cost	42 446 740	35 086 938
Other Arrears	Financial Instruments at amortised cost	18 308 843	38 824 340
		2023 **R**	**2022** **R**
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	136 373 657	131 716 366
Investment Accounts	Financial Instruments at amortised cost	-	10 276 417
Cash on hand	Financial Instruments at amortised cost	29 794	73 690
Total Financial Assets		**200 410 018**	**218 605 200**

		2023 R	2022 R

46 FINANCIAL INSTRUMENTS (CONTINUED)

SUMMARY OF FINANCIAL ASSETS

		2023 R	2022 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	3 222 567	2 599 033
Receivables from Exchange Transactions	Fire Fighting Fees	42 446 740	35 086 938
Receivables from Exchange Transactions	Other Arrears	18 308 843	38 824 340
Cash and Cash Equivalents	Cash on Hand	29 794	73 690
Cash and Cash Equivalents	Bank Balances	136 373 657	131 716 366
Cash and Cash Equivalents	Call Deposits and Investments	-	10 276 417
		200 381 602	**218 576 784**
Financial Instruments at fair value:			
Investments	Listed Investments	28 416	28 416
		28 416	**28 416**
Total Financial Assets		**200 410 018**	**218 605 200**

Financial Liabilities	**Classification**	2023 R	2022 R
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	1 245 421	105 399
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	33 413 536	19 261 983
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	197 550	440 434
Other Payables	Financial Instruments at amortised cost	2 067 384	2 357 526
Retentions	Financial Instruments at amortised cost	1 633 182	-
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		38 557 073	22 165 343

SUMMARY OF FINANCIAL LIABILITIES

		2023 R	2022 R
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	1 245 421	105 399
Trade and Other Payables	Trade Payables	33 413 536	19 261 983
Trade and Other Payables	Control, Clearing and Interface Accounts	197 550	440 434
Trade and Other Payables	Other Payables	2 067 384	2 357 526
Trade and Other Payables	Retentions	1 633 182	-
		38 557 073	**22 165 343**

47 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2023 R	2022 R
Taxes		
Nett VAT Receivable	3 300 816	1 732 593
Total Statutory Receivables (before provision)	**3 300 816**	**1 732 593**
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	**3 300 816**	**1 732 593**

48 CONTINGENT LIABILITY

48.1 Barry Louis Rae Trust / Farm Uitvlugt 269 Fire / Rogers

Claim for damages as a result of the fire that spread (29 August until 1 September 2016).

	2023 R	2022 R
Claim for damages	4 500 000	4 500 000

The attorneys has delivered a Rule 35(3) notice, calling on the Rae Family Trust to discover the applications for control burning permits which were allegedly made to GRDM.

It if further apparent from the reply to the request for trial particulars that the Plaintiff will be amending its particulars of claim and that it no longer alleges that the fire would not have happened but for GRDM's alleged negligence. It also no longer alleges that the fire would have been brought under control and extinguished by 28 August 2016, but for GRDM's alleged negligence. It is now alleged that the fire would have been brought under control and extinguished on the western side of the Keerboomsriver by 30 August 2016, but for GRDM's negligence. Amendments will need to be made to the particulars of claim in due course.

48.2 Possible Property Dispute: Calitzdorp Spa - Prins Family

This Municipality became aware of a land claim submitted by the Prins Family more than 20 years ago. This dispute is still with the Land Claims Commissioner and not resolved. Preliminary research conducted could not show any ownership rights for the family on the claimed properties. A site visit was conducted and subsequent thereto, the office (RLLC:WC) roped in the services of the NGI to assist in plotting the identified properties on a map. The map indicated the exact properties under claim. However, the nature of rights lost by the Prins family could not be ascertain from this process. Currently the land claim remains at research stage.

	2023 R	2022 R
Calitzdorp Spa - Prins Family	7 729 522	6 600 282

48.3 Mossel Bay Transfer Agreement

Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.

Portion of Erf 271, Reebok

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.

Northern Portion of Erf 3803, Mossel Bay

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process.

	2023 R	2022 R
Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)	32 115	32 115
Portion of Erf 271, Reebok	47 714	47 714
Northern Portion of Erf 3803, Mossel Bay	1 479 473	1 475 885

48.4 R van Rooi

Mr van Rooi applied for a position at the Municipality. He was unsuccessful, felt that he was the best candidate and that there was discriminated against him. His attorney gave proposals for settlement, which were not accepted by the Municipality. Mr Van Rooi passed on and his executor is proceeding with the case. To date, we are still awaiting a trial date and according to our attorneys, it will probably only be next year (2024). The status quo remains the same.

	2023 R	2022 R
R van Rooi	-	-

48.5 Combined Summons: Geelhoutvlei CC

On 09 January 2018, a veldfire originated and spread to the Plaintiffs plantation. It is alleged that the Defendants failed to extinguish this fire whilst it was still small and containable and the fire therefore spread, causing damage.

	2023 R	2022 R
Geelhoutvlei CC	13 488 244	13 488 244

The Second and Third Defendants filed their amended plea's after the Plaintiff amended theirs. The First Defendant did not provide their plea by 15 October 2021. There has been no movement from the Plaintiff after the Defendants filed their plea. The Plaintiff is *dominus litis* (owner of the case/trial) and will determine the procession of this litigation. The matter is kept in abeyance until further notice. The status quo remains the same. Raubenheimers Attorneys was appointed to defend this matter.

48.6 Knysna Municipality Property Dispute

Ongoing challenge from Knysna Municipality claiming ownership of land registered in the name of Garden Route District Municipality. The parties are in discussion to find a resolution. Knysna municipality communicated their Council resolution to GRDM stating that the following properties are under dispute:

	2023 R	2022 R
Knysna Municipality Property Dispute	54 732 429	54 810 451

Erf 20, 21 & 22 Belvedere
Farm 185, Portion 0-2 George Road
Farm 215, Portion 1-3 Knysna Rd (Buffalo Bay)
Erf 2790, Knysna
Farm 191, Portion 22, Knysna RD Westford

48.7 Notice of Motion: Envitech Solutions (Pty) Ltd (Applicant) vs GRDM and Zutari

Mfinci Bahlman Inc was appointed to represent GRDM in this matter. A trial date was set for 6 March 2023. The judge, however, informed the Parties that the matter won't proceed this aquarter and will probably only be heard in November 2023. In view of the fact that 70% of the work has already been done, it might only be a matter of costs that will be determined in November 2023. This matter is still in process.

The Applicant is seeking the following order:

1. The decision by the First Respondent to award the tender (awarded to Zutari) to be reviewed and set aside.
2. That GRDM should have disqualified the tender submitted by Zutari.
3. If the agreement has been concluded between the Parties, an order that it be declared null and void, alternatively, the contract be set aside.
4. That the matter be referred back to GRDM to reconsider the tenders founded compliant.
5. That GRDM pays the costs of this application.
6. Granting the Applicant further and/or alternative relief.

48.8 Combined Summons: K Dippenaar

On or about 13 September 2019 at night K Dippenaar was driving a motor vehicle and collided with an unattended horse on the road surface.

	2023 R	2022 R
K Dippenaar	2 680 000	-

This matter was referred to our Insurance Company who appointed Everinghams to defend this matter. On 9 November 2022, our Plea was filed. We are the 2nd Defendant (8 defendants in total). In our Plea, we have denied any responsibility and the attorney has requested that the claim against us be withdrawn and each party to pay its own legal costs. This matter is in progress.

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	2023 R	2022 R
48 CONTINGENT LIABILITY (CONTINUED)		
48.9 Combined Summons: S Pretorius		
On or about 23 October 2020 the Plaintiff, Shanelle Pretorius was driving a motor vehicle which drove through a pothole on Bibby's Hoek Road in Rheenendal. Summons was received by the Municipality on the 17th of January 2023. This matter was referred to the Insurance Company to defend.	120 613	-
According to the Roads Department, only a portion of the road belongs to GRDM. In progress.		
48.10 Labour disputes		
The Labour Relations Section has the following disputes lodged for the financial year ended 30 June 2021. All disputes have		
B Ntozini	-	66 000
Y Isaacs	-	24 000
	84 810 109	**81 044 691**

49 CONTINGENT ASSETS

49.1 Portion of Portion of Erf 12406, Mossel Bay

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of legal processes.	910 000	910 000
	910 000	**910 000**

50 RELATED PARTIES

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

50.1 Related Party Transactions

The following purchases were made during the year where Councillors or staff have an interest:

Year ended 30 June 2023	Transaction(s) value	Outstanding Balance
Shabby to Chick – Zingfontein Estates		
J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	47 278	29 750
Genela Security Training and Projects Alderman Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	111 930	-
	159 208	**29 750**

	2023 R Other	2023 R Outstanding Balance
Municipal Manager and Section 57 Employees		
Mr C Africa - Overpayment of Salary	127 799	109 017
	127 799	**109 017**

Year ended 30 June 2022	Transaction(s) value	Outstanding Balance
Shabby to Chick – Zingfontein Estates		
J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	32 920	29 750
R & S Communications NW Jacobs's (Disaster Management Coordinator - Community Service - Garden Route District Municipality) and JG Otto's (Manager Disaster Management Community Service - Garden Route District Municipality), both their spouses works for R & S Communications.	430 391	-
Genela Security Training and Projects Alderman Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	14 530	-
	477 841	**29 750**

	R Other	R Outstanding Balance
Municipal Manager and Section 57 Employees		
Mr C Africa - Overpayment of Salary	127 799	109 017
	127 799	**109 017**

Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.

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50 RELATED PARTIES

50.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

50.3 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2023:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations	
Mr MG Stratu	Municipal Manager	214 175	151 942	244 400	
Mr JVH de Jager	Chief Financial Officer	-	-	135 796	
Mrs B Holtzhausen	Head: Corporate Services	-	181 524	234 037	
Mr C Africa	Head: Community Services	-	55 972	220 998	
Mr JG Daniels	Head: Technical Services	-	299 438	234 037	
Mr L Menze	Head: Planning and Economic Development	-	330 111	230 537	
Mr T Loliwe	Acting Executive Manager Financial Services	-	120 014	38 115	5 Months
		214 175	**1 139 001**	**1 337 919**	

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2022:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations
Mr MG Stratu	Municipal Manager	41 770	55 799	294 356
Mr JVH de Jager	Chief Financial Officer	-	211 839	230 537
Mrs B Holtzhausen	Head: Corporate Services	-	199 266	234 037
Mr C Africa	Head: Community Services	-	13 135	185 880
Mr JG Daniels	Head: Technical Services	-	295 175	234 037
Mr L Menze	Head: Planning and Economic Development	-	328 857	230 537
		41 770	**1 104 071**	**1 409 384**

	2023 R	2022 R

51. PRINCIPAL - AGENT ARRANGEMENTS

Principal in Principal-Agent Arrangement (Material)

Garden Route District Municipality's binding arrangements for services delivered on behalf of the municipality and for which commissions were paid, have been evaluated and it was found that the conditions don't meet the applicable GRAP 109 criteria to be regarded as a principal arrangements.

52. EVENTS AFTER REPORTING PERIOD

No events after reporting period to disclose.

53. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

As with most municipalities, the municipality is dependent on transfers and subsidies from National and Provincial Government.

53.1 Financial Indicators

The following ratios are considered to be key financial indicators to determine financial health and going concern:

i) Current ratio

This ratio has deteriorated from the prior to the current year. It stands at 2 times and is still within the norm set for municipalities.

Current Ratio: (Current Assets / Current Liabilities)
Norm: 1.5 - 2.1

	30 June 2023	30 June 2022	
Current Assets	165 471 656	188 197 994	
Current Liabilities	82 598 391	72 424 475	
Current ratio	**2,00**	**2,60**	*times*

ii) Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):

This ratio has regressed from the prior to the current year. It stands at 3.7 times and is better than the norm set for municipalities of 1 to 3 times.

Cash (Excl. Unspent Conditional Grants) / Monthly Fixed Cash Operating Expenditure

	30 June 2023	30 June 2022	
Cost cover	**3,7**	**4,0**	*times*

ii) Reconciliation of Available Cash and Investment Resources

Refer to note 41 that shows cash available after deduction of cash-backed items from the bank balances as at 30 June 2023.

54. DISCLOSURES IN TERMS OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the Broad Based Black Economic Empowerment Act is included in the annual report under the section titled B-BBBEE Compliance Performance Information.

55 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Office of the Municipal Manager	1.1 - Municipal Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.2 - Office: of the Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.3 - Office: of the Deputy Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.4 - Office : of the speaker	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.5 - Mayor and Council	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.6 - Strategic Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.7 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.9 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Performance Management	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 2 - Office of the Municipal Manager (cont)	2.1 - Risk Management unit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.2 - Internal audit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.3 - Marketing publicity& media cor	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 3 - Financial Services	3.2 - Manager: Finance (CFO)	Aggregated	Financial Services	Supporting service departments
	3.3 - Expenditure	Aggregated	Financial Services	Supporting service departments
	3.4 - BTO & AFS	Aggregated	Financial Services	Supporting service departments
	3.5 - FMG Interns	Aggregated	Financial Services	Supporting service departments
	3.7 - Income	Aggregated	Financial Services	Supporting service departments
	3.8 - Assets	Aggregated	Financial Services	Supporting service departments
	3.9 - Data	Aggregated	Financial Services	Supporting service departments
	3.10 - Assets Management	Aggregated	Financial Services	Supporting service departments
Vote 4 - Financial Services (cont)	4.1 - SCM	Aggregated	Financial Services	Supporting service departments
Vote 5 - Corporate Services	5.1 - Executive Manager: Corporate Services	Aggregated	Corporate Services	Supporting service departments
	5.2 - Support Services: committee	Aggregated	Corporate Services	Supporting service departments
	5.3 - Support services: registry	Aggregated	Corporate Services	Supporting service departments
	5.4 - Task unit	Aggregated	Corporate Services	Supporting service departments
	5.5 - Training & Development	Aggregated	Corporate Services	Supporting service departments
	5.6 - Labour Relations	Aggregated	Corporate Services	Supporting service departments
	5.7 - Recruitment & Selection	Aggregated	Corporate Services	Supporting service departments
	5.8 - Basic Conditions of Service	Aggregated	Corporate Services	Supporting service departments
	5.9 - OHS	Aggregated	Corporate Services	Supporting service departments
	5.10 - EAP	Aggregated	Corporate Services	Supporting service departments
Vote 6 - Corporate Services (cont)	6.1 - Section 79/80 committees	Aggregated	Corporate Services	Supporting service departments
	6.2 - IT Section	Aggregated	Corporate Services	Supporting service departments
	6.3 - HR Manager	Aggregated	Corporate Services	Supporting service departments
	6.4 - It section	Aggregated	Corporate Services	Supporting service departments
Vote 7 - Community Services	7.1 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.2 - Executive Manager: Community Services	Aggregated	Community Services	Health Services
	7.3 - Municipal Health Services: Administration	Aggregated	Community Services	Health Services
	7.4 - Municipal Health Services: George	Aggregated	Community Services	Health Services
	7.5 - Municipal Health Services: Klein Karoo	Aggregated	Community Services	Health Services
	7.6 - Municipal Health Services: Langeberg	Aggregated	Community Services	Health Services
	7.7 - Municipal Health Services: Lakes Areas	Aggregated	Community Services	Health Services
	7.8 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.9 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.10 - Environmental Management	Aggregated	Community Services	Environmental Protection

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 8 - Community Services (cont)	8.1 - Fire fighting	Aggregated	Community Services	Fire Fighting Services
	8.2 - Fire services: Riversdal	Aggregated	Community Services	Fire Fighting Services
	8.3 - Fire services: Kannaland	Aggregated	Community Services	Fire Fighting Services
	8.4 - Fire Fighting	Aggregated	Community Services	Fire Fighting Services
	8.5 - Bulk infrastructure:(m hubbe)	Aggregated	Community Services	Waste Management Services
	8.6 - Refuse	Aggregated	Community Services	Waste Management Services
	8.7 - Bulk infr.: water	Aggregated	Community Services	Waste Management Services
	8.8 - Air quality control	Aggregated	Community Services	Environmental Protection
	8.9 - Landfill Sites	Aggregated	Community Services	Waste Management Services
	8.10 - Solid Waste Removal	Aggregated	Community Services	Waste Management Services
Vote 9 - Planning and Economic Development	9.1 - Property Development	Aggregated	Planning and Development	Supporting service departments
	9.2 - Executive Manager: Planning and Economic Developm	Aggregated	Planning and Development	Supporting service departments
	9.3 - Regional planning	Aggregated	Planning and Development	Supporting service departments
	9.4 - Tourism	Aggregated	Planning and Development	Supporting service departments
	9.5 - Human Settlement	Aggregated	Planning and Development	Supporting service departments
	9.6 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	9.7 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	9.8 - Population Development	Aggregated	Planning and Development	Supporting service departments
	9.9 - Pollution Control	Aggregated	Planning and Development	Supporting service departments
	9.10 - Tourism	Aggregated	Planning and Development	Supporting service departments
Vote 10 - Planning and Economic Development (cor	10.1 - PMU	Aggregated	Planning and Development	Supporting service departments
	10.2 - Led	Aggregated	Planning and Development	Local Economic Development Services
	10.3 - Idp	Aggregated	Planning and Development	Supporting service departments
	10.4 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	10.5 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	10.6 - Resorts: Calitzdorp Spa Kiosk	Aggregated	Planning and Development	Resorts
	10.7 - Resorts: Calitzdorp Spa Resort	Aggregated	Planning and Development	Resorts
	10.8 - Resorts: De Hoek Mountain Resort	Aggregated	Planning and Development	Resorts
	10.9 - Resorts: De Hoek Mountain Shop	Aggregated	Planning and Development	Resorts
	10.10 - Led	Aggregated	Planning and Development	Local Economic Development Services
Vote 11 - Planning and Economic Development(con	11.1 - Resorts: Swartvlei	Aggregated	Planning and Development	Resorts
	11.2 - Resorts: Victoriabaai	Aggregated	Planning and Development	Resorts
	11.3 - Resorts: Kleinkrantz	Aggregated	Planning and Development	Resorts
Vote 12 - Roads	12.1 - Public transport	Aggregated	Roads Services	Roads Services
	12.2 - Road Transport - Roads General	Aggregated	Roads Services	Roads Services
	12.3 - ROADS OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.4 - ROADS WORKSHOP OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.5 - ROADS - MAINTENANCE OUDTSHOORN - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.6 - ROADS - GRADER OUDTSHOORN - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.9 - ROADS - GRADER GEORGE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.10 - ROADS - REGRAVEL - PROJECT 2 - SHORT SECTION	Aggregated	Roads Services	Roads Services
Vote 13 - Roads (cont)	13.1 - Roads	Aggregated	Roads Services	Roads Services
	13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1 - PREVENTATIVE CONDITION	Aggregated	Roads Services	Roads Services
	13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENANCE ROA	Aggregated	Roads Services	Roads Services
	13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE ROADS	Aggregated	Roads Services	Roads Services
	13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CORRECTIVE MAINT - SLANGRIVIER	Aggregated	Roads Services	Roads Services
	13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SMALL IN/OUTLET STRUCTURES	Aggregated	Roads Services	Roads Services

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Resorts and community services
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Community and public safety	Fire services
	Health services	Aggregated	Community and public safety	Health Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Road services
	Environmental protection	Aggregated	Economic and environmental services	Environmental Protection
• Trading services	Water management	Individually Reported	Water management	Water management
	Waste management	Individually Reported	Waste management	Waste management service
• Other	Tourism	Individually Reported	Other	Tourism

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

Garden Route District Municipality consists of the following municipalities situated in different geographical areas:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	39 511 384	-	1 763 615	9 385 796	457 975	170 952 816	222 071 585
Roads Service Charge	17 215 332	-	-	-	-	170 924 214	188 139 547
Rental of Facilities and Equipment	1 434 264	-	-	482 584	-	-	1 916 849
Interest Earned - External Investments	10 253 221	-	-	-	-	-	10 253 221
Interest Earned - Exchange Transactions	4 189 182	-	-	-	-	-	4 189 182
Licences and Permits	-	-	-	-	77 961	-	77 961
Other Revenue	6 419 384	-	1 763 615	8 903 211	380 015	28 601	17 494 827
External revenue from non-exchange transactions	205 105 916	-	-	-	-	(7 676 686)	197 429 230
Transfers And Subsidies - Operating	190 308 023	-	-	-	-	-	190 308 023
Agency Services	-	-	-	-	-	-	-
Gains	14 797 893	-	-	-	-	(7 676 686)	7 121 207
Total Segment Revenue (excluding capital transfers and contributions)	**244 617 300**	**-**	**1 763 615**	**9 385 796**	**457 975**	**163 276 130**	**419 500 815**
SEGMENT EXPENDITURE							
Employee Related Costs	(37 497 224)	(18 904 304)	(30 033 895)	(30 394 218)	(67 920 869)	(100 108 869)	(284 859 379)
Remuneration of Councillors	(12 306 165)	-	-	-	-	-	(12 306 165)
Debt Impairment	(2 160 413)	-	-	-	-	(6 576 754)	(8 737 166)
Depreciation and Amortisation	(573 572)	(273 525)	(1 422 701)	(1 903 830)	(1 592 475)	-	(5 766 102)
Finance Charges	(147 854)	-	-	-	-	-	(147 854)
Other Materials	(697 518)	(160 384)	(688 271)	(2 336 934)	(1 533 825)	(46 205 679)	(51 622 611)
Contracted Services	(3 283 793)	(1 825 225)	(2 949 067)	(4 310 161)	(4 315 681)	(12 114 073)	(28 797 999)
Transfers and Subsidies	(1 948 896)	(1 281 797)	(639 975)	(1 817 609)	86 707	-	(5 601 569)
Other Expenditure	(10 765 570)	(2 365 051)	(7 136 914)	(3 760 082)	(3 426 042)	(11 095 406)	(38 549 064)
Losses	(22 553)	(69 831)	(80 480)	(12 742)	(7 584)	-	(193 190)
Total Segment Expenditure	(69 403 558)	(24 880 116)	(42 951 301)	(44 535 576)	(78 709 769)	(176 100 781)	(436 581 101)
Surplus/(Deficit)	175 213 742	(24 880 116)	(41 187 686)	(35 149 781)	(78 251 794)	(12 824 652)	(17 080 286)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	3 149 170	-	-	-	-	-	3 149 170
Contributions Recognised - Capital	3 284 009	-	-	-	-	-	3 284 009
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	181 646 920	(24 880 116)	(41 187 686)	(35 149 781)	(78 251 794)	(12 824 652)	(10 647 108)
Surplus/(Deficit) for the year	**181 646 920**	**(24 880 116)**	**(41 187 686)**	**(35 149 781)**	**(78 251 794)**	**(12 824 652)**	**(10 647 108)**
CAPITAL EXPENDITURE FOR THE YEAR	**190 911**	**122 625**	**607 555**	**8 010 311**	**19 290 710**	**210 074**	**28 432 187**

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GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Community and public safety	Economic and environmental services	Trading services			Governance and Administration	Other	Total
			Water Management	Waste water management	Waste management			
	R	R	R				R	R
SEGMENT REVENUE								
External revenue from exchange transactions	9 762 252	171 004 733	-	-	-	41 304 601	-	222 071 585
Roads Service Charge	-	170 924 214	-	-	-	17 215 332	-	188 139 547
Rental of Facilities and Equipment	482 584	-	-	-	-	1 434 264	-	1 916 849
Interest Earned - External Investments	-	-	-	-	-	10 253 221	-	10 253 221
Interest Earned - Exchange Transactions	-	-	-	-	-	4 189 182	-	4 189 182
Licences and Permits	-	77 961	-	-	-	-	-	77 961
Other Revenue	9 279 668	2 558	-	-	-	8 212 601	-	17 494 827
External revenue from non-exchange transactions	-	-	-	-	-	197 429 230	-	197 429 230
Transfers And Subsidies - Operating	-	-	-	-	-	190 308 023	-	190 308 023
Agency Services	-	-	-	-	-	-	-	-
Gains	-	-	-	-	-	7 121 207	-	7 121 207
Total Segment Revenue (excluding capital transfers and contributions)	**9 762 252**	**171 004 733**	**-**	**-**	**-**	**238 733 830**	**-**	**419 500 815**
SEGMENT EXPENDITURE								
Employee Related Costs	(67 529 124)	(116 959 050)	-	-	(1 888 726)	(96 836 040)	(1 646 439)	(284 859 379)
Remuneration of Councillors	-	-	-	-	-	(12 306 165)	-	(12 306 165)
Debt Impairment	-	-	-	-	-	(8 737 166)	-	(8 737 166)
Depreciation and Amortisation	(1 682 413)	-	-	-	-	(4 083 689)	-	(5 766 102)
Actuarial Losses	-	-	-	-	-	-	-	-
Finance Charges	-	-	-	-	-	(147 854)	-	(147 854)
Other Materials	(1 811 712)	(48 098 545)	-	-	(90 243)	(1 612 332)	(9 780)	(51 622 611)
Contracted Services	(5 428 356)	(14 150 686)	-	-	(31 580)	(9 187 377)	-	(28 797 999)
Transfers and Subsidies	86 707	(1 339 348)	-	-	-	(3 870 668)	(478 261)	(5 601 569)
Other Expenditure	(5 147 951)	(11 960 320)	-	-	(46 538)	(20 889 194)	(505 061)	(38 549 064)
Losses	(7 584)	-	-	-	-	(185 606)	-	(193 190)
Total Segment Expenditure	(81 520 434)	(192 507 949)	-	-	(2 057 088)	(157 856 090)	(2 639 540)	(436 581 101)
Surplus/(Deficit)	(71 758 182)	(21 503 216)	-	-	(2 057 088)	80 877 740	(2 639 540)	(17 080 286)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	3 149 170	-	3 149 170
Contributions Recognised - Capital	-	-	-	-	-	3 284 009	-	3 284 009
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(71 758 182)	(21 503 216)	-	-	(2 057 088)	87 310 919	(2 639 540)	(10 647 108)
Surplus/(Deficit) for the year	**(71 758 182)**	**(21 503 216)**	**-**	**-**	**(2 057 088)**	**87 310 919**	**(2 639 540)**	**(10 647 108)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 115 172**	**6 506 689**	**-**	**-**	**14 829 071**	**981 255**	**-**	**28 432 187**

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	35 310 353	-	866 719	8 133 944	386 220	164 385 959	209 083 195
Roads Service Charge	18 649 861	-	-	-	-	164 378 300	183 028 161
Service Charges - Refuse Revenue	-	-	-	-	-	-	-
Rental of Facilities and Equipment	834 982	-	-	617 910	-	-	1 452 892
Interest Earned - External Investments	8 425 395	-	-	-	-	(10 075)	8 415 319
Interest Earned - Exchange Transactions	2 748 031	-	-	-	-	-	2 748 031
Licences and Permits	-	-	-	-	80 239	-	80 239
Other Revenue	4 652 084	-	866 719	7 516 035	305 981	17 735	13 358 553
External revenue from non-exchange transactions	191 078 969	-	-	-	-	-	191 078 969
Transfers And Subsidies - Operating	183 999 628	-	-	-	-	-	183 999 628
Agency Services	-	-	-	-	-	-	-
Gains	7 079 341	-	-	-	-	-	7 079 341
Total Segment Revenue (excluding capital transfers	**226 389 322**	**-**	**866 719**	**8 133 944**	**386 220**	**164 385 959**	**400 162 164**
SEGMENT EXPENDITURE							
Employee Related Costs	(32 849 090)	(21 153 808)	(27 765 033)	(31 976 839)	(67 642 089)	(95 068 355)	(276 455 215)
Remuneration of Councillors	(11 819 817)	-	-	-	-	-	(11 819 817)
Debt Impairment	(5 976 270)	-	-	-	-	-	(5 976 270)
Depreciation and Amortisation	(173 508)	(247 451)	(1 166 820)	(1 485 929)	(1 402 023)	(156 998)	(4 632 729)
Actuarial Losses	-	-	-	-	-	(3 671 181)	(3 671 181)
Finance Charges	(27 716)	-	-	-	-	-	(27 716)
Other Materials	(208 656)	(167 390)	(732 425)	(980 922)	(1 342 403)	(40 646 830)	(44 078 626)
Contracted Services	(2 505 810)	(2 226 321)	(2 674 841)	(3 078 484)	(3 196 729)	(7 438 722)	(21 120 907)
Transfers and Subsidies	(3 343 434)	-	(389 261)	(3 311 522)	(522 720)	-	(7 566 937)
Other Expenditure	(9 061 695)	(442 709)	(7 973 454)	(3 327 123)	(5 201 473)	(20 439 799)	(46 446 252)
Losses	(50 287)	(7 166)	(20 534)	(4 550)	(46 432)	-	(128 969)
Total Segment Expenditure	(66 016 283)	(24 244 845)	(40 722 368)	(44 165 369)	(79 353 869)	(167 421 885)	(421 924 620)
Surplus/(Deficit)	160 373 040	(24 244 845)	(39 855 650)	(36 031 425)	(78 967 649)	(3 035 926)	(21 762 456)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	241 602	-	-	-	-	-	241 602
Contributions Recognised - Capital	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	56 691	-	-	-	-	-	56 691
Surplus/(Deficit) after Capital Transfers &	160 671 332	(24 244 845)	(39 855 650)	(36 031 425)	(78 967 649)	(3 035 926)	(21 464 163)
Surplus/(Deficit) for the year	**160 671 332**	**(24 244 845)**	**(39 855 650)**	**(36 031 425)**	**(78 967 649)**	**(3 035 926)**	**(21 464 163)**
CAPITAL EXPENDITURE FOR THE YEAR	**4 236 752**	**84 504**	**2 051 223**	**5 898 292**	**547 987**	**1 003 718**	**13 822 476**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Community and public safety	Economic and environmental services	Trading services			Governance and Administration	Other	Total
			Water Management	Waste water management	Waste management			
	R	R	R				R	R
SEGMENT REVENUE								
External revenue from exchange transactions	8 439 925	164 466 198	-	-	-	36 177 072	-	209 083 195
Roads Service Charge	-	164 378 300	-	-	-	18 649 861	-	183 028 161
Service Charges - Refuse Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	617 910	-	-	-	-	834 982	-	1 452 892
Interest Earned - External Investments	-	(10 075)	-	-	-	8 425 395	-	8 415 319
Interest Earned - Exchange Transactions	-	-	-	-	-	2 748 031	-	2 748 031
Licences and Permits	-	80 239	-	-	-	-	-	80 239
Other Revenue	7 822 016	17 735	-	-	-	5 518 803	-	13 358 553
External revenue from non-exchange transactions	7 079 341	-	-	-	-	180 328 447	-	187 407 788
Transfers And Subsidies - Operating	-	-	-	-	-	183 999 628	-	183 999 628
Agency Services	-	-	-	-	-	-	-	-
Gains	7 079 341	-	-	-	-	(3 671 181)	-	3 408 160
Total Segment Revenue (excluding capital transfers	**15 519 266**	**164 466 198**	**-**	**-**	**-**	**216 505 519**	**-**	**396 490 983**
SEGMENT EXPENDITURE								
Employee Related Costs	(68 410 065)	(114 331 544)	-	-	(1 894 425)	(90 305 948)	(1 513 233)	(276 455 215)
Remuneration of Councillors	-	-	-	-	-	(11 819 817)	-	(11 819 817)
Debt Impairment	-	-	-	-	-	(5 976 270)	-	(5 976 270)
Depreciation and Amortisation	(1 307 148)	(156 998)	-	-	-	(3 168 583)	-	(4 632 729)
Finance Charges	-	-	-	-	-	(27 716)	-	(27 716)
Other Materials	(2 009 382)	(40 734 927)	-	-	(27 021)	(1 306 020)	(1 276)	(44 078 626)
Contracted Services	(4 219 728)	(7 856 703)	-	-	(177 343)	(8 867 133)	-	(21 120 907)
Transfers and Subsidies	(522 720)	(2 928 741)	-	-	-	(3 732 695)	(382 781)	(7 566 937)
Other Expenditure	(6 308 537)	(21 359 687)	-	-	(84 170)	(18 084 034)	(609 824)	(46 446 252)
Losses	(46 926)	-	-	-	-	(82 043)	-	(128 969)
Total Segment Expenditure	(82 824 506)	(187 368 602)	-	-	(2 182 959)	(143 370 259)	(2 507 114)	(418 253 439)
Surplus/(Deficit)	(67 305 240)	(22 902 403)	-	-	(2 182 959)	73 135 260	(2 507 114)	(21 762 456)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	241 602	-	241 602
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	56 691	-	56 691
Surplus/(Deficit) after Capital Transfers &	(67 305 240)	(22 902 403)	-	-	(2 182 959)	73 433 553	(2 507 114)	(21 464 163)
Surplus/(Deficit) for the year	**(67 305 240)**	**(22 902 403)**	**-**	**-**	**(2 182 959)**	**73 433 553**	**(2 507 114)**	**(21 464 163)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 194 288**	**5 177 202**	**-**	**-**	**-**	**2 450 986**	**-**	**13 822 476**

Reconciliation Between Statement of Financial Performance and Segment Report

Item	2023 R Statement of Financial Performance	Budget Schedule Classification	2022 R Statement of Financial Performance
Government Grants and Subsidies - Operating	190 308 023	Transfers And Subsidies - Operating	184 003 810
Government Grants and Subsidies - Capital	3 149 170	Transfers and subsidies - capital (monetary allocations) (National / Provincial and Dist	237 420
Contributed Property, Plant and Equipment	3 284 009	Transfers and subsidies - capital (in-kind - all)	56 691
Actuarial Gains	7 121 207	Gains	3 408 160
Fines. Penalties and Forfeits	-		-
Department of Transport - Roads Service Charges	188 139 547	Agency Services	183 028 161
Sales of Goods and Rendering of Services	15 282 631	Other Revenue	12 151 778
Rent on Land	573 309	Rental of Facilities and Equipment	482 975
Rental of Facilities and Equipment	1 343 540	Rental of Facilities and Equipment	969 917
Interest Earned - External Investments	10 253 221	Interest Earned - External Investments	8 415 319
Interest Earned - Exchange Transactions	4 189 182	Interest Earned - Outstanding Debtors	2 748 031
Licences and Permits	77 961	Licences and Permits	80 239
Operational Revenue	2 212 196	Other Revenue	1 206 775
Total Revenue	**425 933 994**		**396 789 276**
Employee related costs	(284 859 379)	Employee related costs	(276 455 215)
Remuneration of Councillors	(12 306 165)	Remuneration of Councillors	(11 819 817)
Bad Debts Written Off	(2 160 413)	Debt Impairment	(541 542)
Contracted Services	(28 797 999)	Contracted Services	(21 120 907)
Depreciation and Amortisation	(5 766 102)	Depreciation & Asset Impairment	(4 632 729)
Actuarial Losses	-		-
Finance Costs	(147 854)	Finance Charges	(27 716)
Inventory Consumed	(51 622 611)	Other Materials	(44 078 626)
Operating Leases	(881 150)	Other Expenditure	(1 004 470)
Transfers and Subsidies	(5 601 569)	Transfers and Subsidies	(7 566 937)
Operational Costs	(37 667 914)	Other Expenditure	(45 441 782)
Total Expenditure	**(429 811 158)**		**(412 689 742)**
Operating Surplus/(Deficit) for the Year	**(3 877 164)**		**(15 900 466)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(57 016)	Losses	(1 796)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(6 576 754)	Debt Impairment	(5 434 728)
Gains/(Loss) on Sale of Fixed Assets	(136 175)	Losses	(127 173)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	Depreciation & Asset Impairment	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(10 647 108)**		**(21 464 163)**

APPENDIX A
GARDEN ROUTE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2022	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2023	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Mobile Communication Devices	Prime	334621609	2020/06/14	105 399	-	1 600 659	(460 637)	1 245 421	1 835 184	-
Total Lease Liabilities				105 399	-	1 600 659	(460 637)	1 245 421	-	-
TOTAL EXTERNAL LOANS				**105 399**	**-**	**1 600 659**	**(460 637)**	**1 245 421**	-	-

APPENDIX B
GARDEN ROUTE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2022	Correction of Error	Restated Balance 30 June 2022	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2023	Unspent 30 June 2023 (Creditor)	Unpaid 30 June 2023 (Debtor)
National Government Grants											
Equitable Share	-	-	-	172 721 000	-	(172 721 000)	-	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 000 000	-	(1 000 000)	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	2 440 000	-	(2 440 000)	-	-	-	-	-
EEDSM (Energy Efficiency and Demand-side Manageme	-	-	-	5 000 000	-	(1 170 353)	(2 969 867)	(624 465)	235 316	235 316	-
Rural Road Asset Management Systems Grant	(553 921)	553 921	-	2 594 000	-	(2 594 000)	-	-	-	-	-
Total National Government Grants	**(553 921)**	**553 921**	**-**	**183 755 000**	**-**	**(179 925 353)**	**(2 969 867)**	**(624 465)**	**235 316**	**235 316**	**-**
Provincial Government Grants											
Integrated Transport Planning	1 778 309	-	1 778 309	-	(878 309)	(788 615)	-	(111 385)	-	-	-
Human Settlements	2 331 088	-	2 331 088	5 000 000	(2 331 088)	(4 600 081)	(179 303)	(108 408)	112 208	112 208	-
Contribution Towards Acceleration of Housing Delivery	900 000	-	900 000	-	-	(446 343)	-	(66 951)	386 705	386 705	-
Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern	-	-	-	100 000	-	-	-	-	100 000	100 000	-
Joint District and Metro Approach Grant	2 000 000	(2 000 000)	-	1 000 000	-	(1 000 000)	-	-	-	-	-
Local Government Public Employment Support Grant	101 445	-	101 445	-	-	(97 911)	-	(3 534)	-	-	-
Municipal Service Delivery and Capacity Building	350 000	-	350 000	-	-	(347 910)	-	(2 090)	-	-	-
Emergency Municipal Load-Shedding Relief Grant	-	-	-	1 600 000	-	-	-	-	1 600 000	1 600 000	-
Safety Plan Implementation - (WOSA)	-	600 000	600 000	1 500 000	-	(2 024 315)	-	(46 392)	29 293	29 293	-
Western Cape Financial Management Capability Grant (Bursary Programme)	-	-	-	300 000	-	(114 267)	-	-	185 733	185 733	-
Total Provincial Government Grants	**7 460 842**	**(1 400 000)**	**6 060 842**	**9 500 000**	**(3 209 397)**	**(9 419 443)**	**(179 303)**	**(338 760)**	**2 413 939**	**2 413 939**	**-**
Total Grants	6 906 921	(846 079)	6 060 842	193 255 000	(3 209 397)	(189 344 795)	(3 149 170)	(963 225)	2 649 255	2 649 255	-

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

MUN - Reconciliation of Table A1 Budget Summary

Description	2022/23								2021/22			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	–	–	–	–		–	0,0%	0,0%				–
Service charges	11 168	–	–	–		–	0,0%	0,0%				–
Investment revenue	9 010	550	9 560	10 253		–	0,0%	0,0%				8 415
Transfers recognised - operational	228 660	3 370	232 030	190 308		–	0,0%	0,0%				184 241
Other own revenue	220 312	20 419	240 731	218 940		–	0,0%	0,0%				203 834
Total Revenue (excluding capital transfers and contributions)	**469 150**	**24 339**	**482 321**	**419 501**		**–**	**0,0%**	**0,0%**				**396 491**
Employee costs	288 669	(4 159)	284 510	284 859	–	–	0,0%	0,0%	–	–	–	276 455
Remuneration of councillors	12 542	744	13 286	12 306	–	–	0,0%	0,0%	–	–	–	11 820
Depreciation & asset impairment	4 986	(4)	4 982	5 766	–	–	0,0%	0,0%	–	–	–	4 633
Finance charges	73	–	73	148	–	–	0,0%	0,0%	–	–	–	28
Inventory consumed and bulk purchases	51 011	2 062	53 073	51 623	–	–	0,0%	0,0%	–	–	–	44 079
Transfers and grants	1 835	1 868	3 703	5 602	–	–	0,0%	0,0%	–	–	–	7 567
Other expenditure	128 180	8 274	136 453	76 277	–	–	0,0%	0,0%	–	–	–	73 672
Total Expenditure	**487 297**	**8 784**	**496 081**	**436 581**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**418 253**
Surplus/(Deficit)	**(18 147)**	**15 555**	**(13 760)**	**(17 080)**		**–**	**0,0%**	**0,0%**				**(21 762)**
Transfers recognised - capital	4 000	1 600	5 600	3 149		–	0,0%	0,0%				242
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	7 200	(7 200)	–	–		–	0,0%	0,0%				
Contributions recognised - capital & contributed assets	–	–	–	3 284		–	-	-				57
Surplus/(Deficit) after capital transfers & contributions	**(6 947)**	**9 955**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**(6 947)**	**9 955**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**
Capital expenditure & funds sources												
Capital expenditure	**126 642**	**(88 201)**	**38 441**									
Transfers recognised - capital	11 200	(5 385)	5 815	3 149		–	0,0%	0,0%				997
Public contributions & donations		–		3 284		–	0,0%	0,0%				2 500
Borrowing	107 232	(80 655)	26 577	1 712		–	0,0%	0,0%				53
Internally generated funds	8 210	(2 161)	6 049	20 287		–	0,0%	0,0%				9 605
Total sources of capital funds	**126 642**	**(88 201)**	**38 441**	**28 432**		**–**	**0,0%**	**0,0%**				**13 156**
Financial position												
Total current assets	283 780	(119 850)	163 930	165 472		–	0,0%	0,0%				188 198
Total non current assets	431 969	(103 017)	328 953	314 695		–	0,0%	0,0%				295 494
Total current liabilities	33 460	28 673	62 133	82 598		–	0,0%	0,0%				72 424
Total non current liabilities	376 559	(204 818)	171 740	142 494		–	0,0%	0,0%				145 546
Community wealth/Equity	**305 730**	**(46 722)**	**259 309**	**255 074**		**–**	0,0%	0,0%				**265 721**
Cash flows												
Net cash from (used) operating	(14 037)	8 883	(5 154)	18 345		–	0,0%	0,0%				(19 835)
Net cash from (used) investing	(126 615)	88 203	(38 412)	(23 548)		–	0,0%	0,0%				(7 294)
Net cash from (used) financing	107 232	–	26 577	(461)		–	0,0%	0,0%				(556)
Cash/cash equivalents at the year end	**229 622**	**(104 553)**	**125 069**	**136 403**		**–**	**0,0%**	**0,0%**				**142 066**
Cash backing/surplus reconciliation												
Cash and investments available	229 287	(107 986)	121 302	136 403		–	0,0%	0,0%				142 066
Application of cash and investments	20 353	40 024	60 376	43 545		–	0,0%	0,0%				56 995
Balance - surplus (shortfall)	**208 934**	**(148 009)**	**60 925**	**92 858**		**–**	**0,0%**	**0,0%**				**85 071**
Asset Management												
Asset register summary (WDV)	256 785	3 556	260 341	232 637		–	0,0%	0,0%				224 809
Depreciation & asset impairment	4 986	(4)	4 982	5 766		–	0,0%	0,0%				4 633
Renewal and Upgrading of Existing Assets	16 810	(8 112)	8 698	28 432		–	0,0%	0,0%				13 822
Repairs and Maintenance	3 239	(42)	3 197	6 470		–	0,0%	0,0%				5 112

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

Description R thousand	2022/23 Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2021/22 Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**285 116**	**(3 295)**	**281 821**	**252 817**		**–**	**0,0%**	**0,0%**				**227 554**
Executive and council	284 542	(3 692)	280 850	251 050		–	0,0%	0,0%				226 688
Finance and administration	574	397	971	1 767		–	0,0%	0,0%				867
Internal audit	–	–	–	–		–	0,0%	0,0%				–
Community and public safety	**8 175**	**3 915**	**12 091**	**9 762**		**–**	**0,0%**	**0,0%**				**8 440**
Community and social services	–	–	–	–		–	0,0%	0,0%				–
Sport and recreation	7 761	3 915	11 677	9 382		–	0,0%	0,0%				8 134
Public safety	–	–	–	–		–	0,0%	0,0%				–
Housing	–	–	–	–		–	0,0%	0,0%				–
Health	414	–	414	380		–	0,0%	0,0%				306
Economic and environmental services	**174 784**	**19 226**	**194 010**	**163 328**		**–**	**0,0%**	**0,0%**				**164 466**
Planning and development	–	–	–	–		–	0,0%	0,0%				–
Road transport	174 659	19 226	193 885	163 250		–	0,0%	0,0%				164 386
Environmental protection	125	–	125	78		–	0,0%	0,0%				80
Trading services	**12 275**	**(12 275)**	**–**	**–**		**–**	**0,0%**	**0,0%**				**–**
Electricity	–	–	–	–		–	0,0%	0,0%				–
Water	–	–	–	–		–	0,0%	0,0%				–
Waste water management	–	–	–	–		–	0,0%	0,0%				–
Waste management	12 275	(12 275)	–	–		–	0,0%	0,0%				–
Other	**–**	–	–	–		**–**	**0,0%**	**0,0%**				–
Total Revenue - Standard	**480 350**	**7 571**	**487 921**	**425 907**		**–**	**0,0%**	**0,0%**				**400 460**
Expenditure - Standard												
Governance and administration	**183 489**	**(2 012)**	**181 477**	**157 394**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**143 370**
Executive and council	51 514	(250)	51 265	63 022	–	–	0,0%	0,0%	–	–	–	53 097
Finance and administration	129 055	(1 829)	127 226	91 525	–	–	0,0%	0,0%	–	–	–	87 517
Internal audit	2 919	67	2 987	2 846	–	–	0,0%	0,0%	–	–	–	2 756
Community and public safety	**89 679**	**119**	**89 798**	**81 518**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**84 191**
Community and social services	7 917	(609)	7 307	6 644	–	–	0,0%	0,0%	–	–	–	9 265
Sport and recreation	13 387	(475)	12 912	11 458	–	–	0,0%	0,0%	–	–	–	11 797
Public safety	28 916	12	28 928	27 355	–	–	0,0%	0,0%	–	–	–	26 090
Housing	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Health	39 460	1 192	40 652	36 061	–	–	0,0%	0,0%	–	–	–	37 039
Economic and environmental services	**197 403**	**22 244**	**219 648**	**192 946**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**189 673**
Planning and development	16 302	2 551	18 853	20 239	–	–	0,0%	0,0%	–	–	–	18 778
Road transport	177 203	19 932	197 136	169 221	–	–	0,0%	0,0%	–	–	–	167 422
Environmental protection	3 898	(239)	3 660	3 486	–	–	0,0%	0,0%	–	–	–	3 474
Trading services	**14 051**	**(11 346)**	**2 704**	**2 057**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**2 183**
Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste management	14 051	(11 346)	2 704	2 057	–	–	0,0%	0,0%	–	–	–	2 183
Other	**2 676**	(222)	2 454	2 639	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	2 507
Total Expenditure - Standard	**487 297**	**8 784**	**496 081**	**436 554**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**421 925**
Surplus/(Deficit) for the year	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**(21 464)**

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

Vote Description R thousand	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Office of the Municipal Manager	284 542	(3 692)	280 850	251 050		–	0,0%	0,0%				226 688
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 3 - Financial Services	–	–	–	–		–	0,0%	0,0%				–
Vote 4 - Financial Services (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 5 - Corporate Services	574	397	971	1 764		–	0,0%	0,0%				867
Vote 6 - Corporate Services (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 7 - Community Services	414	–	414	380		–	0,0%	0,0%				306
Vote 8 - Community Services (cont)	12 400	(12 275)	125	78		–	0,0%	0,0%				80
Vote 9 - Planning and Economic Development	–	(0)	(0)	4		–	0,0%	0,0%				–
Vote 10 - Planning and Economic Development (cont)	3 015	3 015	6 030	5 701		–	0,0%	0,0%				4 763
Vote 11 - Planning and Economic Development(cont2)	4 746	900	5 646	3 681		–	0,0%	0,0%				3 371
Vote 12 - Roads	174 659	19 226	193 885	163 250		–	0,0%	0,0%				164 386
Vote 13 - Roads (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 14 -	–	–	–	–		–	0,0%	0,0%				–
Vote 15 -	–	–	–	–		–	0,0%	0,0%				–
Total Revenue by Vote	**480 350**	**7 571**	**487 921**	**425 907**		**–**	**0,0%**	**0,0%**				**400 460**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Office of the Municipal Manager	56 625	2 263	58 888	63 138	–	–	0,0%	0,0%	–	–	–	59 683
Vote 2 - Office of the Municipal Manager (cont)	6 208	265	6 473	6 265	–	–	0,0%	0,0%	–	–	–	6 333
Vote 3 - Financial Services	20 275	960	21 235	19 077	–	–	0,0%	0,0%	–	–	–	18 720
Vote 4 - Financial Services (cont)	5 902	186	6 087	5 803	–	–	0,0%	0,0%	–	–	–	5 525
Vote 5 - Corporate Services	54 827	(5 699)	49 127	19 551	–	–	0,0%	0,0%	–	–	–	16 140
Vote 6 - Corporate Services (cont)	26 371	(171)	26 200	23 400	–	–	0,0%	0,0%	–	–	–	24 582
Vote 7 - Community Services	51 577	520	52 097	46 995	–	–	0,0%	0,0%	–	–	–	48 732
Vote 8 - Community Services (cont)	45 657	(11 597)	34 060	31 715	–	–	0,0%	0,0%	–	–	–	30 622
Vote 9 - Planning and Economic Development	17 965	(166)	17 800	23 530	–	–	0,0%	0,0%	–	–	–	24 233
Vote 10 - Planning and Economic Development (cont)	21 210	2 260	23 470	17 785	–	–	0,0%	0,0%	–	–	–	16 988
Vote 11 - Planning and Economic Development(cont2)	3 478	31	3 509	3 221	–	–	0,0%	0,0%	–	–	–	2 944
Vote 12 - Roads	101 065	24 528	125 593	116 462	–	–	0,0%	0,0%	–	–	–	97 354
Vote 13 - Roads (cont)	76 138	(4 595)	71 542	59 613	–	–	0,0%	0,0%	–	–	–	70 068
Vote 14 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Total Expenditure by Vote	**487 297**	**8 784**	**496 081**	**436 554**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**421 925**
Surplus/(Deficit) for the year	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**

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

Description	2022/23								2021/22			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	–	–	–	–		–	0,0%	**0,0%**				–
Property rates - penalties & collection charges	–	–	–	–		–	0,0%	0,0%				–
Service charges - electricity revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - water revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - sanitation revenue	–	–	–	–		–	0,0%	0,0%				–
Service charges - refuse revenue	11 168	(11 168)	–	–		–	0,0%	0,0%				–
Service charges - other	–	–	–	–		–	0,0%	0,0%				–
Rental of facilities and equipment	2 469	(0)	2 469	1 917		–	0,0%	0,0%				1 453
Interest earned - external investments	9 010	550	9 560	10 253		–	0,0%	0,0%				8 415
Interest earned - outstanding debtors	3 180	–	3 180	4 189		–	0,0%	0,0%				2 748
Dividends received	–	–	–	–		–	0,0%	0,0%				–
Fines	–	–	–	–		–	0,0%	0,0%				–
Licences and permits	125	–	125	78		–	0,0%	0,0%				80
Agency services	189 287	20 040	209 328	188 140		–	0,0%	0,0%				183 028
Transfers recognised - operational	228 660	3 370	232 030	190 308		–	0,0%	0,0%				184 000
Other revenue	22 711	2 919	25 630	17 495		–	0,0%	0,0%				13 359
Gains	2 540	(2 540)	–	7 121		–	0,0%	0,0%				3 408
Total Revenue (excluding capital transfers and contributions)	**469 150**	**13 171**	**482 321**	**419 501**		**–**	**0,0%**	**0,0%**				**396 491**
Expenditure By Type			–				-	-				
Employee related costs	288 669	(4 159)	284 510	284 859	–	–	0,0%	0,0%	–	–	–	276 455
Remuneration of councillors	12 542	744	13 286	12 306	–	–	0,0%	0,0%	–	–	–	11 820
Debt impairment	1 560	–	1 560	8 737	–	–	0,0%	0,0%	–	–	–	5 976
Depreciation & asset impairment	4 986	(4)	4 982	5 766	–	–	0,0%	0,0%	–	–	–	4 633
Finance charges	73	–	73	148	–	–	0,0%	0,0%	–	–	–	28
Bulk purchases	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Other materials	51 011	2 062	53 073	51 623	–	–	0,0%	0,0%	–	–	–	44 079
Contracted services	79 177	(11 151)	68 025	28 798	–	–	0,0%	0,0%	–	–	–	21 121
Transfers and grants	1 835	1 868	3 703	5 602	–	–	0,0%	0,0%	–	–	–	7 567
Other expenditure	47 370	19 425	66 795	38 606	–	–	0,0%	0,0%	–	–	–	46 448
Loss on disposal of PPE	73	–	73	136	–	–	0,0%	0,0%	–	–	–	127
Total Expenditure	**487 297**	**8 784**	**496 081**	**436 581**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**418 253**
Surplus/(Deficit)	**(18 147)**	**4 387**	**(13 760)**	**(17 080)**		**–**	**0,0%**	**0,0%**				**(21 762)**
Transfers recognised - capital	4 000	1 600	5 600	3 149		–	0,0%	0,0%				242
Contributions recognised - capital	–	–	–	–		–	0,0%	0,0%				–
Transfers and subsidies - capital (in-kind - all)	7 200	(7 200)	–	–		–	0,0%	0,0%				
Contributed assets	–	–	–	3 284		–	0,0%	0,0%				57
Surplus/(Deficit) after capital transfers & contributions	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**
Taxation	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) after taxation	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**
Attributable to minorities	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) attributable to municipality	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) for the year	**(6 947)**	**(1 213)**	**(8 160)**	**(10 647)**		**–**	**0,0%**	**0,0%**				**(21 464)**

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

Vote Description R thousand	2022/23								2021/22			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Office of the Municipal Manager	30	0	30	–	–	–	0%	0%	–	–	–	–
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Financial Services	30	0	30	–	–	–	0%	0%	–	–	–	–
Vote 4 - Financial Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Corporate Services	30	(20)	10	–	–	–	0%	0%	–	–	–	–
Vote 6 - Corporate Services (cont)	250	250	500	–	–	–	0%	0%	–	–	–	–
Vote 7 - Community Services	6 890	(1 416)	5 474	–	–	–	0%	0%	–	–	–	–
Vote 8 - Community Services (cont)	107 382	(80 655)	26 727	–	–	–	0%	0%	–	–	–	–
Vote 9 - Planning and Economic Development	7 230	(7 200)	30		–	–	0%	0%	–	–	–	–
Vote 10 - Planning and Economic Development (co	4 800	(800)	4 000	–	–	–	0%	0%	–	–	–	–
Vote 11 - Planning and Economic Development(co	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**126 642**	**(89 842)**	**36 801**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - Office of the Municipal Manager	–	–	–	138	–	–	0%	0%	–	–	–	4 237
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	53	–	–	0%	0%	–	–	–	85
Vote 3 - Financial Services	–	–	–	95	–	–	0%	0%	–	–	–	2 051
Vote 4 - Financial Services (cont)	–	–	–	28	–	–	0%	0%	–	–	–	252
Vote 5 - Corporate Services	–	–	–	60	–	–	0%	0%	–	–	–	432
Vote 6 - Corporate Services (cont)	–	–	–	548	–	–	0%	0%	–	–	–	116
Vote 7 - Community Services	–	–	–	19 003	–	–	0%	0%	–	–	–	–
Vote 8 - Community Services (cont)	–	–	–	288	–	–	0%	0%	–	–	–	5 646
Vote 9 - Planning and Economic Development	–	215	215	6 377	–	–	0%	0%	–	–	–	–
Vote 10 - Planning and Economic Development (co	–	1 425	1 425	1 633	–	–	0%	0%	–	–	–	1 004
Vote 11 - Planning and Economic Development(co	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	210	–	–	0%	0%	–	–	–	–
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	–	1 640	1 640	28 432	–	–	0%	0%	–	–	–	13 822
Total Capital Expenditure - Vote	**126 642**	**(88 201)**	**38 441**	**28 432**	–	–	0%	0%	–	–	–	**13 822**

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

Vote Description R thousand	2022/23								2021/22			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	**13 460**	**(9 986)**	**3 474**	**981**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**2 451**
Executive and council	30	–	30	97	–	–	0%	0%	–	–	–	191
Finance and administration	13 430	(9 986)	3 444	875	–	–	0%	0%	–	–	–	2 251
Internal audit	–	–	–	9	–	–	0%	0%	–	–	–	9
Community and public safety	**1 150**	**1 425**	**4 175**	**6 115**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**6 194**
Community and social services	1 000	–	2 600	1 072	–	–	0%	0%	–	–	–	32
Sport and recreation	–	1 425	1 425	1 544	–	–	0%	0%	–	–	–	5 646
Public safety	150	–	150	2 586	–	–	0%	0%	–	–	–	400
Housing	–	–	–	110	–	–	0%	0%	–	–	–	–
Health	–	–	–	804	–	–	0%	0%	–	–	–	116
Economic and environmental services	**4 800**	**(585)**	**4 215**	**6 507**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**5 177**
Planning and development	4 800	(585)	4 215	6 330	–	–	0%	0%	–	–	–	4 173
Road transport	–	–	–	177	–	–	0%	0%	–	–	–	1 004
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**107 232**	**(80 655)**	**26 577**	**14 829**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste management	107 232	(80 655)	26 577	14 829	–	–	0%	0%	–	–	–	–
Other	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**126 642**	**(89 801)**	**38 441**	**28 432**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**13 822**
Funded by:												
National Government	4 000	–	4 000	2 970	–	–	0%	0%	–	–	–	964
Provincial Government	–	1 815	1 815	179	–	–	0%	0%	–	–	–	34
District Municipality	7 200	(7 200)	–	–	–	–	0%	0%	–	–	–	–
Other transfers and grants	–	5 638	5 638	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**11 200**	**253**	**5 815**	**3 149**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**997**
Public contributions & donations	**–**	**–**	**–**	**3 284**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**2 500**
Borrowing	**107 232**	**(80 655)**	**26 577**	**1 712**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**720**
Internally generated funds	**8 210**	**(2 161)**	**6 049**	**20 287**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**9 605**
Total Capital Funding	**126 642**	**(82 564)**	**38 441**	**28 432**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**13 822**

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2022/23 Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	2021/22 Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts				**421 230**				**388 160**
Property rates, peanalties and collection charges	–	–	–	–	–	0,0%	0,0%	–
Service charges	11 168	(11 168)	–	–	–	0,0%	0,0%	–
Other revenue	81 249	(1 641)	79 608	217 722	–	0,0%	0,0%	193 771
Government - operating	359 315	27 870	387 185	189 633	–	0,0%	0,0%	185 702
Government - capital	4 000	1 700	5 700	3 622	–	0,0%	0,0%	273
Interest	9 010	550	9 560	10 253	–	0,0%	0,0%	8 414
Dividends	–	–	–	–	–	0,0%	0,0%	–
Payments				(402 885)				(407 995)
Suppliers and employees	(477 594)	(6 920)	(484 514)	(393 926)	–	0,0%	0,0%	(399 408)
Finance charges	(73)	–	(73)	(148)	–	0,0%	0,0%	(28)
Transfers and Grants	(1 112)	(1 507)	(2 619)	(8 811)	–	0,0%	0,0%	(8 559)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(14 037)**	**8 883**	**(5 154)**	**18 345**	**–**	**0,0%**	**0,0%**	**(19 835)**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts				–				–
Proceeds on disposal of PPE	–	–	–	–	–	0,0%	0,0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) in non-current investments	27	1	28	–	–	0,0%	0,0%	–
Payments				(23 548)				(7 294)
Capital assets	(126 642)	88 201	(38 441)	(23 548)	–	0,0%	0,0%	(7 294)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(126 615)**	**88 203**	**(38 412)**	**(23 548)**	**–**	**0,0%**	**0,0%**	**(7 294)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts				–				–
Short term loans	–	–	–	–	–	0,0%	0,0%	–
Borrowing long term/refinancing	107 232	(80 655)	26 577	–	–	0,0%	0,0%	–
Increase (decrease) in consumer deposits	–	–	–	–	–	0,0%	0,0%	–
Payments				(461)				(556)
Repayment of borrowing	–	–	–	(461)	–	0,0%	0,0%	(556)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**107 232**	**(80 655)**	**26 577**	**(461)**	**–**	**0,0%**	**0,0%**	**(556)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(33 420)**	**16 431**	**(16 989)**	**(5 663)**				**(27 685)**
Cash/cash equivalents at the year begin:	**263 042**	(120 984)	142 058	142 066				169 752
Cash/cash equivalents at the year end:	229 622	(104 553)	125 069	136 403	–	0,0%	0,0%	142 066