Sedibeng District Municipality
Annual Financial statements
for the year ended 30 June, 2023

General Information

Nature of business and principal activities	District Municipality – DC42
Capacity of Municipality	Medium capacity municipality
Accounting Officer	Mr. FM Mathe – Appointed 01 May 2022
Chief Financial Officer	Mr. CE Steyn – Acting till May 2023 Mr. X Malindi – Acting (CoGTA)
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930
Bankers	Nedbank (Primary Account) Standard Bank (New Primary Account)
Auditors	Auditor-General of South Africa
Executive Mayor	Councillor LF Maloka
Speaker	Councillor ML Modikeng
Chief Whip	Councillor MEFZ Moloi
Members of Mayoral Committee	Councillor MV Jones Councillor BJ Tsotetsi Councillor NG Ndwandwe Councillor NF Mokoena Councillor BM Mkhize Councillor ML Khomoeasera Councillor V Radebe Councillor LSA Gamede

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

Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act (act 56 of 2003 as amended)
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

The financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August, 2023 and were signed on its behalf by:

Mr. MF Mathe
Municipal Manager

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023

1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

2. Accounting policies

The annual financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

3. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	
Mr. Fairbridge Motsumi Mathe	RSA	Appointed 1 May 2022

4. Bankers

Standard bank is the newly appointed Municipality’s primary banker.

Statement of Financial Position as at 30 June, 2023

Figures in Rand	Note(s)	2023	2022 as restated
Assets			
Current Assets			
Receivables from exchange transactions	6	680,872	2,904,248
Cash and cash equivalents	8	32,783,122	18,428,534
		33,463,994	**21,332,782**
Non-Current Assets			
Property, plant and equipment	2	81,529,895	88,482,981
Intangible assets	3	787,885	1,221,945
Heritage assets	4	4,841,741	4,894,941
		87,159,521	**94,599,867**
Total Assets		**120,623,515**	**115,932,649**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	9	16,651,535	16,574,216
VAT payable	11	625,745	395,411
Payables from exchange transactions	10	216,098,909	207,604,936
Total Current Liabilities		**233,376,189**	**224,574,563**
Total Liabilities		**233,376,189**	**224,574,563**
Net Assets		**(112,752,674)**	**(108,641,914)**
Net Assets			
Accumulated (deficit) /surplus		(112,752,674)	(108,641,914)

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 as restated
Revenue			
Revenue from exchange transactions			
Sale of goods		-	1,544,149
Rental of facilities and equipment	13	447,694	316,432
Agency services	14	74,002,372	65,963,364
Other income	17	1,833,375	1,487,860
Interest received - investment	18	3,931,986	1,847,215
Commission received	16	3,700,456	3,402,962
Total revenue from exchange transactions		**83,915,883**	**74,561,982**
Revenue from non-exchange transactions			
Non-exchange revenue			
Licenses and permits	15	212,000	174,000
Government grants & subsidies	20	311,014,490	302,367,320
Services received in kind	19	-	26,672,926
Total revenue from non- exchange transactions		**311,226,490**	**329,214,246**
Total revenue	12	**395,142,373**	**403,776,228**
Expenditure			
Employee related costs	21	(298,143,138)	(290,788,716)
Remuneration of councillors	22	(14,519,067)	(12,271,405)
Depreciation and amortisation	23	(8,423,944)	(11,489,080)
Lease rentals on operating lease	24	(2,656,313)	(5,992,731)
Debt Impairment	7	(1,138,054)	
Loss on disposal of assets		(128,918)	-
Contracted services	26	(36,912,975)	(35,753,156)
Impairment loss	25	(415,759)	(122,177)
Inventory losses/ write-downs		-	(15,728)
Cost of sales	28	-	(1,228,657)
General Expenses	27	(36,914,965)	(33,851,367)
Total expenditure		**(399,253,133)**	**(391,513,017)**
Operating surplus / (deficit) for the year		**(4,110.760)**	**12,263,211**

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		(120,905,125)	(120,905,125)
Correction of errors	34	-	-
Balance at 1 July, 2021 as restated*		**(120,905,125)**	**(120,905,125)**
Changes in net assets			
Surplus (Deficit) for the year		12,263,211	12,263,211
Total recognised income and expenses for the year		12,263,2311	12,263,211
Opening balance as previously reported		**(108,568,309)**	**(108,568,309)**
Correction of errors	34	(73,606)	(73,606)
Balance at 1 July, 2022 as restated*		**(108,641,914)**	**(108,641,914)**
Surplus (Deficit) for the year		(4,110,760)	(4,110,760)
Balance at 30 June, 2023		**(112,752,674)**	**(112,752,674)**

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 as restated
Cash flows from operating activities			
Receipts			
Grants & subsidies		311,091,809	298,362,724
Interest income		3,931,986	1,847,215
Other receipts		3,516,891	3,578,341
Receipts from Agency services (GDRT)		74,002,372	65,963,364
Receipts held on behalf of principal (GDRT)		252,217,369	219,246,249
Receipts from Commission (Fresh Produce Market)		3,700,456	3,402,962
Receipts held on behalf of the principal (Fresh Produce Market)		72,338,604	65,201,957
		720,799,487	657,602,812
Payments			
Employee costs		(313,088,467)	(305,360,482)
Suppliers		(72,337,804)	(75,070,889)
Total Payments (GDRT)		(247,151,746)	(201,963,176)
Payments Fresh Produce Market		(72,338,604)	(65,154,692)
		(704,916,621)	(647,549,239)
Net cash flows from operating activities	30	**15,882,866**	**10,053,573**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,463,126)	(1,635,477)
Proceeds from sale of property, plant and equipment		11,946	-
Purchase of other intangible assets	3	(77,098)	(170,153)
Net cash flows from investing activities		**(1,528,278)**	**(1,805,630)**
Net increase/(decrease) in cash and cash equivalents		**14,354,588**	**8,247,943**
Cash and cash equivalents at the beginning of the year		18,428,534	10,180,591
Cash and cash equivalents at the end of the year	8	**32,783,122**	**18,428,534**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods	1,486,267	(1,486,267)	**-**	-	**-**
Rental of facilities and equipment	397,850	31,541	**429,391**	447,694	**18,303**
Agency services	70,979,896	-	**70,979,896**	74,002,372	**3,022,476**
Commissions received	3,526,189	(125,000)	**3,401,189**	3,700,456	**299,267**
Other income - (rollup)	1,016,036	327,295	**1,343,331**	1,833,375	**490,044**
Interest received - investment	2,015,468	-	**2,015,468**	3,931,986	**1,916,518**
Total revenue from exchange transactions	**79,421,706**	**(1,252,431)**	**78,169,275**	**83,915,883**	**5,746,608**
Revenue from non-exchange transactions					
Licenses and permits	1,575,000	-	**1,575,000**	212,000	**(1,363,000)**
Government grants & subsidies	314,247,000	1,390,435	**315,637,435**	311,014,490	**(4,622,945)** **-**
Total revenue from non-exchange transactions	**315,822,000**	**1,390,435**	**317,212,435**	**311,226,490**	**(5,985,945)**
Total revenue	**395,243,706**	**138,004**	**395,381,710**	**395,142,373**	**(239,337)**
Expenditure					
Personnel	(307,671,116)	3,632,318	**(304,038,798)**	(298,143,138)	**5,895,660**
Remuneration of councillors	(14,034,991)	(770,459)	**(14,805,450)**	(14,519,067)	**286,383**
Depreciation and amortisation	(11,271,875)	(217,275)	**(11,489,150)**	(8,423,944)	**3,065,206**
Impairment losses	-	-	**-**	(415,759)	**(415,759)**
Lease rentals on operating lease	(2,828,819)	(73,082)	**(2,901,901)**	(2,656,313)	**245,588**
Debt Impairment	-	-	**-**	(1,138,054)	**(1,138,054)**
Contracted Services	(39,475,308)	(3,022,895)	**(42,498,203)**	(36,912,975)	**5,585,228**
Cost of sale	(1,486,267)	1,486,267	**-**	-	**-**
General Expenses	(35,654,602)	91,566	**(35,563,036)**	(36,914,965)	**(1,351,929)**
Total expenditure	**(412,422,978)**	**1,126,440**	**(411,296,538)**	**(399,124,215)**	**12,172,323**
Operating deficit	**(17,179,272)**	**1,264,444**	**(15,914,828)**	**(3,981,842)**	**11,932,986**
(Loss)/Gain on disposal of assets and liabilities	-	-	**-**	(128,918)	**(128,918)**
	-	-	**-**	(128,918)	**(128,918)**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(17,179,272)**	**1,264,444**	**(15,914,828)**	**(4,110,760)**	**11,804,068**

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to the adjustment budget report.

Sedibeng District Municipality
Financial Statements for the year ended 30 June, 2023
Figures in Rand

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Inventories	362,346	(362,346)	-	-	-
Receivables from exchange transactions	1,506,881	(156,338)	1,350,543	680,872	(669,671)
Cash and cash equivalents	6,961,466	14,068,194	21,029,660	32,783,122	11,753,462
	8,830,693	**13,549,510**	**22,380,203**	**33,463,994**	**11,083,791**
Non-Current Assets					
Property, plant and equipment	70,185,908	10,076,472	80,262,380	81,529,895	1,267,515
Intangible assets	687,159	(100,490)	586,669	787,885	201,216
Heritage assets	4,913,941	(19,000)	4,894,941	4,841,741	(53,200)
	75,787,008	**9,956,982**	**85,743,990**	**87,159,521**	**1,415,531**
Total Assets	**84,617,701**	**23,506,492**	**108,124,193**	**120,623,515**	**12,499,322**
Liabilities					
Current Liabilities					
Payables from exchange transactions	198,984,275	19,178,378	218,162,653	216,098,909	(2,063,744)
VAT payable	83,780	311,631	395,411	625,745	230,334
Unspent conditional grants and receipts	12,469,521	1,579,772	14,049,293	16,651,535	2,602,242
	211,537,576	**21,069,781**	**232,607,357**	**233,376,189**	**768,832**
Total Liabilities	**211,537,576**	**21,069,781**	**232,607,357**	**233,376,189**	**768,832**
Net Assets	**(126,919,875)**	**2,436,711**	**(124,483,164)**	**(112,752,674)**	**11,730,490**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	(126,919,875)	2,436,711	**(124,483,164)**	**(112,752,674)**	**11,730,490**
Total Net Assets	(126,919,875)	2,436,711	**(124,483,164)**	**(112,752,674)**	**11,730,490**

Sedibeng District Municipality

Financial Statements for the year ended 30 June, 2023
Figures in Rand
Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Grants	314,247,000	-	314,247,000	311,091,809	**(3,155,191)**
Interest income	2,015,468	-	**2,015,468**	3,931,986	**1,916,518**
Other receipts	4,475,153	3,414,193	**7,889,346**	3,516,891	**(4,372,455)**
Receipts from Agency services (GDRT)	70,979,896	-	**70,979,896**	74,002,372	**3,022,476**
Receipts held on behalf of principal (GDRT)	241,040,675	-	**241,040,675**	252,217,369	**11,176,694**
Receipts from Commission (Fresh Produce Market)	3,526,189	(125,000)	**3,401,189**	3,700,456	**299,267**
Receipts held on behalf of the principal (Fresh Produce Market)			**-**	72,338,604	**72,338,604**
	636,284,381	**3,289,193**	**639,573,574**	**720,799,487**	**81,225,913**
Payments					
Employee costs	(321,706,107)	2,861,859	**(318,844,248)**	(313,088,467)	**5,755,781**
Suppliers	(64,169,154)	(9,421,190)	**(73,590,344)**	(72,337,804)	**1,252,540**
Total Payments (GDRT)	(246,040,675)	8,736,409	**(237,304,266)**	(247,151,746)	**(9,847,480)**
Payments Fresh Produce Market	-	-	**-**	(72,338,604)	**(72,338,604)**
	(631,915,936)	**2,177,078**	**(629,738,858)**	**(704,916,621)**	**(75,177,763)**
Net cash flows from operating activities	**4,368,445**	**5,466,271**	**9,834,716**	**15,882,866**	**6,048,150**
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,445,413)	(187,882)	(2,633,295)	(1,463,126)	1,170,169
Proceeds from sale of property, plant and equipment	-	-	-	11,946	11,946
Purchase of other intangible assets	-	-	-	(77,098)	**(77,098)**
Net cash flows from investing activities	(2,445,413)	(187,882)	(2,633,295)	(1,528,278)	1,105,017
Net increase/(decrease) in cash and cash equivalents	1,923,032	5,278,389	**7,201,421**	14,354,588	**7,153,167**
Cash and cash equivalents at the beginning of the year	5,654,180	12,774,357	18,428,537	18,428,534	(3)
Cash and cash equivalents at the end of the year	**7,577,212**	**18,052,746**	**25,629,958**	**32,783,122**	**7,153,164**

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 18 -	Segment reporting
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party Disclosures

GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 100 –	Discontinued operations
GRAP 109 -	Principles and Agents
GRAP 27 -	Agriculture
GRAP 104 -	Financial instruments

Standards and interpretations issued but not yet effective

Standard / Interpretation	**Effective Date: Years beginning on or after**	**Expected impact**
GRAP 1 Presentation on Financial Presentation	01 April 2023	Unlikely to have a material impact
GRAP 103 Heritage Assets	01 April 2023	Unlikely to have a material impact
GRAP 104 (as revised) Financial instruments	01 April 2023	Unlikely to have a material impact

Offsets

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

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

1.3.1 Going Concern

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

1.3.2 **Significant Estimates, Judgments and Assumptions**

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 33: Contingencies

Note 25: Impairment

1.4 GOVERNMENT GRANT

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 raised 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.

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

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

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

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

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

1.5.2 De-recognition, Sale & Disposal

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 proceeds of disposal (if any) and the carrying value and is recognised in the Statement of Financial Performance.

1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	Years
Community halls	30
Recreation facilities	20 – 30

Other Assets	Years
Motor vehicles	5
Plant and equipment	5
Security measures	5
Buildings	30
IT equipment	5
Furniture and office equipment	7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate. Residual values of assets are assigned based on the possible expected value at the end of the useful life.

1.6 INTANGIBLE ASSETS

Intangible assets which qualify for recognition as an asset has been initially measured at cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset’s cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is greater than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial asset is measured at cost less any impairments.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

A financial liability is measured at amortized cost.

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

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

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.12 PROVISIONS AND CONTINGENCIES

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

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. 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 reversed.

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

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

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

Management judgment is required when disclosing and measuring contingent liabilities.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Agency Services

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

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Sale of Goods

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

1.14.2 Revenue from non-exchange transactions

Licenses and permits

Revenue from licenses and permits is recognized when the relevant service is rendered by applying the relevant tariff.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.14.4 Other

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 councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.16 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 COMPARATIVE INFORMATION

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

1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

The Municipality does not have any associates nor any joint ventures or any other form of association that may be defined as related party relation**.**

1.22 HERITAGE ASSETS

A heritage asset is an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. 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.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential is expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2023 to 30 June 2023.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see page 9 - 11)

1.24 SEGMENT REPORTING

GRAP 18 defines a segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information. This is done to evaluate the entity's past performance in achieving its objectives and as a basis for decisions about the future allocation of resources.

1.25 COMMITMENTS

The Municipality discloses capital expenditure as approved in the budget for each class of capital assets (PPE, investment properties, intangible assets and heritage assets) and as well as future minimum lease payments under non-cancellable operating leases. No commitments are disclosed for operating expenditure as the nature of the contracts “As and When required”.

2. Property, plant and equipment

	2023			2022		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	29,628,439	(608,655)	29,019,784	29,628,439	(608,655)	29,019,784
Buildings	72,320,311	(35,319,226)	37,001,085	72,320,311	(32,825,643)	39,494,668
Plant and machinery	11,662,295	(10,913,563)	748,732	11,615,725	(10,411,631)	1,204,094
Furniture and fixtures	23,130,984	(19,782,467)	3,348,517	23,028,879	(18,778,280)	4,250,599
Motor vehicles	10,865,416	(7,566,769)	3,298,647	10,455,228	(7,238,706)	3,216,522
Electronic equipment	81,786,503	(76,535,127)	5,251,376	81,266,584	(73,454,599)	7,811,985
Infrastructure	67,418,202	(64,556,448)	2,861,754	67,418,202	(63,932,873)	3,485,329
Total	**296,812,150**	**(215,282,255)**	**81,529,895**	**295,733,368**	**(207,250,387)**	**88,482,981**

Reconciliation of property, plant and equipment – 2023

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	39,494,668	-	-	(2,370,457)	(123,126)	37,001,085
Plant and machinery	1,204,094	90,375	(23,259)	(494,432)	(28,046)	748,732
Furniture and fixtures	4,250,599	102,105	-	(900,810)	(103,377)	3,348,517
Motor vehicles	3,216,522	591,148	(54,288)	(366,338)	(88,397)	3,298,647
Electronic equipment	7,811,985	679,498	(63,317)	(3,157,177)	(19,613)	5,251,376
Infrastructure	3,485,329	-	-	(623,574)	-	2,861,754
	88,482,981	**1,463,126**	**(140,864)**	**(7,912,788)**	**(362,559)**	**81,529,895**

Reconciliation of property, plant and equipment – 2022

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	41,906,602	-	-	(2,411,935)	-	39,494,668
Plant and machinery	1,928,396	65,998	-	(785,865)	(4,435)	1,204,094
Furniture and fixtures	5,364,390	161,075	-	(1,254,906)	(19,960)	4,250,599

Motor vehicles	3,370,734	204,231	-	(358,444)	-	3,216,522
Electronic equipment	11,532,388	1,204,172	-	(4,826,792)	(97,783)	7,811,985
Infrastructure	4,513,308	-	-	(1,027,980)	-	3,485,329
	97,635,602	**1,635,476**	**-**	**(10,665,922)**	**(122,178)**	**88,482,981**

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

Included in the fixed asset register are items with zero-rand book value. Management has assessed at reporting date the revision of useful lives of assets. The asset currently held at R0.00 book value is impaired based on the conditional assessment and are earmarked for disposal.

The municipality also incurred **repair and maintenance** on the assets as outlined below. This repair and maintenance cost were not capitalized to the cost of the asset as per GRAP 17.

Buildings, Fences and Sites	1,398,433	2,842,794
Plant and Equipment	339,906	367,928
Infrastructure	-	1,098,800
Vehicle	357,455	423,426
Total repair and maintenance	**2,095,794**	**4,732,948**

3. Intangible assets

	2023			2022		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	14,857,296	(14,069,411)	787,885	14,872,352	(13,650,407)	1,221,945

Reconciliation of intangible assets – 2023

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	1,221,945	77,098	(511,157)	787,885

Reconciliation of intangible assets – 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	1,874,950	170,153	(823,158)	1,221,945

4. Heritage assets

	2023			2022		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	1,527,941	(72,200)	1,455,741	1,527,941	(19,000)	1,508,941
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000

Total	**4,913,941**	**(19,000)**	**4,841,741**	**4,913,941**	**(19,000)**	**4,894,941**

Reconciliation of heritage assets 2023

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	(53,200)	1,455,741
Historical monuments	3,386,000	-	-	3,386,000
	4,894,941	**-**	**-**	**4,841,741**

Reconciliation of heritage assets 2022

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	-	1,508,941
Historical monuments	3,386,000	-	-	3,386,000
	4,894,941	**-**	**-**	**4,894,941**

5. Inventories

Fuel – Airport Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome Aviation Fuel	-	-
	-	-

The license for selling of aviation fuel were revoke. Currently there is no inventory held.

6. Receivables from exchange transactions

Employee costs corrections	6.1	46,986	34,212
Prepayments	6.2	-	-
Recoveries from staff	6.3	13,136	4,437
Unprocessed bank transactions	6.4	-	933,671
Interest Receivable on bank account	6.5	397,840	113,743
Local Municipality services	6.6	-	-
Fresh Produce Market services	6.7	-	1,717,700
Vat on accruals	6.8	222,910	100,485
Gross amount		**680,872**	**2,904,248**

6.1 Employee cost recoverable		
Current (0 – 30 days)	46,986	34,212
>91	-	-
Total Employee cost recoverable	**46,986**	**34,212**
6.2 Pre payments		
Current (0 – 30 days)		
>91	-	-
Total Pre payments	**-**	**-**
6.3 Recoveries from staff		
Current (0 – 30 days)	13,136	4,437
6.4 Unprocessed bank transactions		
Current (0 – 30 days)	-	-
Less: Debt Impairment	-	-
	-	**-**

Figures in Rand	2023	2022 as restated
6.5 Interest receivable		
Current (0 – 30 days)	397,840	113,743
6.6 Local Municipality services		
Current (0 – 30 days)	-	-
>120 days	954,100	954,100
Less: Debt Impairment	(954,100)	(954,100)
Total Local Municipality services	**-**	**-**
6.7 Fresh Produce Market services		
Current (0 – 30 days)		1,717,700
>120 days	1,138,054	
Less: Debt Impairment	(1,138,054)	
Total Fresh Produce Market services	**-**	**1,717,700**
6.8 Vat on Accruals		
Current (0 – 30 days)	222,910	100,485

7. Debt Impairment

Debt impairment	1,138,054	-
	1,138,054	

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	40,825	40,825
Cash book balances	32,742,297	18,387,709
	32,783,122	**18,428,534**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June, 2023	**30 June, 2022**	**30 June, 2023**	**30 June, 2022**
Standard Bank - Primary account -21777667	13,251,354	790,207	13,251,354	790,207
Standard Bank - Licensing account - 21781494	4,520,203	1,008,733	4,520,203	1,008,733
NEDBANK – Cheque Account – 1152944835	3,186,391	2,983,408	3,088,958	2,985,328
NEDBANK – Licensing account – 1152944606	8,655,568	12,149,538	8,655,568	12,149,538
NEDBANK Investment Call account 03788117292923-000001	1,072	1,007	1,072	1,007
NEDBANK Investment Call account 03788117292923-000002	847,711	796,673	847,711	796,673
STANDARD BANK call account -228 499 054 009	0.01	0.01	0.01	0.01
STANDARD BANK – Fresh Produce Market - 21779589	48,564	7,858	48,564	7,858
NEDBANK – Fresh Produce Market – 1152944363	2,328,867	648,365	2,328,867	648,365
Total	**32,839,730**	**18,385,789**	**32,742,297**	**18,387,709**

Figures in Rand	2023	2022 as restated

The bank accounts for the Fresh Produce Market and Licensing are held specifically for transactions related to those functions. The bank balance at current is not in a position to settle the unspent conditional grants and payables from exchange transactions which poses a financial risk. This money is being held on behalf of the principals (Fresh Produce Market and Department of Transport)

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	,	
Provincial Grants	16,622,524	15,769,251
National Grants	29,011	804,965
	16,651,535	**16,574,216**

Movement during the year		
Balance at the beginning of the year	16,574,216	20,578,812
Additions during the year	17,905,809	16,716,000
Income recognition during the year	(17,023,490)	(16,822,320)
Grant Reversal / forfeit	**(805,000)**	(3,898,276)
	16,651,535	**16,574,216**

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The cash and cash equivalent held on behalf of the transferring departments are not available for use as required by paragraph 49 of GRAP 2 based on the current going concern problems of the municipality.

See note 20 for reconciliation of grants from National/Provincial Government.

10. Payables from exchange transactions

Trade payables	2,426,779	936,800
Accrued leave pay	29,906,113	30,332,375
Department of Transport (License fees)	152,323,498	147,257,875
Local Municipalities Accounts	30,815,947	28,043,493
Refundable town hall rental deposits	199,206	135,356
Unclaimed Salaries	157,520	240,824
Unknown deposits	-	1,989
Mayoral events	203,551	
Fresh Produce Market payables	66,295	656,223
	216,098,909	**207,604,936**

11. VAT Payable

Payables from exchange transactions

Tax refunds payables	625,745	395,411
	625,745	**395,411**

Council is registered on the cash basis for VAT, this amount is due to SARS based on submitted returns

Figures in Rand	2023	2022 as restated

12. Revenue

Sale of goods	-	1,544,149
Rental of facilities and equipment	447,694	316,432
Agency services	74,002,372	65,963,364
Licenses and permits	212,000	174,000
Commissions received	3,700,456	3,402,962
Other income	1,833,375	1,487,860
Interest received - investment	3,931,986	1,847,215
Government grants & subsidies	311,014,490	302,367,320
Services received in kind	-	26,672,926
	395,142,373	**403,776,228**

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods – Aviation Fuel	-	1,544,149
Rental of facilities and equipment	447,694	316,432
Agency services	74,002,372	65,963,364
Commissions received	3,700,456	3,402,962
Other income	1,833,375	1,487,860
Interest received - investment	3,931,986	1,847,215
	83,915,883	**74,561,982**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Licenses and permits	212,000	174,000
Services receive in kind	-	26,672,926
Transfer revenue		
Government grants & subsidies	311,014,490	302,367,320
	311,226,490	**329,214,246**

Figures in Rand	2023	2022 as restated

13. Rental of facilities and equipment

Facilities and equipment		
Facilities & equipment	255,926	101,576
Garages and parking		
Parking	191,768	214,856
	447,694	**316,432**

14. Agency services

Department of Transport	74,002,372	65,963,364
	74,002,372	**65,963,364**

The municipality is acting as an agent for the Provincial Department of Transport and receive an agency fee based on collections. Fraudulent transactions took place in both 2021/2022 and 2022/2023 financial years. Possible income loss as a result of the fraud amounts to R565,289 and R1,248,687 in the respective years which is not included in the Agency fees reflected.

15. Licenses and permits (from non-exchange transactions)

Air quality emission fees	212,000	174,000
	212,000	**174,000**

16. Commissions received

Commissions received	3,700,456	3,402,962
	3,700,456	**3,402,962**

17. Other income

Ad-hoc Income (Market)	293,128	266,222
Insurance refunds	44,129	30,963
Skills Levy Income	481,437	472,509
Incidental income	417,852	245,452
Commission on Salaries	290,756	299,710
Staff recoveries	306,073	173,004
	1,833,375	**1,487,860**

18. Investment revenue

Interest revenue		
Bank	3,931,986	1,847,215
	3,931,986	**1,847,215**

19. Services receive in kind

Reduction in service charges payable to Emfuleni	-	26,672,926
	-	**26,672,926**

20 Government grants and subsidies received

Operating grants

Equitable share	293,991,000	285,545,000
HIV and AIDS Grants	9,236,629	10,069,509
EPWP Grant	1,254,496	1,023,000
Rural Roads Grant	2,605,457	2,186,166
National Grants – FMG	1,400,000	1,200,000

Figures in Rand	2023	2022 as restated
GP – Sport and recreation	1,386,473	1,491,162
National Youth Development agency	-	550,000
Aerotropolis Grant	1,140,435	-
	311,014,490	**302,064,837**

Capital Grants

Rural Roads Grant	-	302,483
	-	**302,483**
	311,014,490	**302,367,320**

Equitable Share

Current-year receipts	(293,991,000)	(285,545,000)
Conditions met – transferred to revenue	293,991,000	285,545,000
	-	**-**

Provincial Grants

Balance unspent at beginning of year	15,769,251	18,200,198
Current-year receipts	12,616,810	11,454,000
Conditions met – transferred to revenue	(11,763,537)	(11,560,671)
Grants forfeited	-	(2,324,276)
	16,622,524	**15,769,251**

Conditions still to be met – remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2022	**Grants Forfeited**	**Grants Received 2022/23**	**Grants Spent/ 2022/23**	**Unspent Grants June 2023**
LED Project	119,378	-	-	-	119,378
HIV/AIDS	1,384,491	-	9,439,809	(9,236,629)	1,587,671
Sport and Recreation	378,239	-	2,927,000	(1,386,472)	1,918,767
CoGTA – Orgplus Grant	-	-	250,000	-	250,000
Agriculture	79,718	-	-	-	79,718
Transfer of Informal Settlements	12,270,425	-	-	-	12,270,425
Aerotropolis Grant	1,537,000	-	-	(1,140,435)	396,565
	15,769,251	**-**	**12,616,809**	**(11,763,536)**	**16,622,524**

The amount of R2,324,276 was offset against the current year allocation of R11,454,000 related to the HIV/ AIDS grant allocation.

National Grants

	2023	2022 as restated
Balance unspent at beginning of year	804,965	2,378,614
Current-year receipts	5,289,000	4,712,000
Conditions met - transferred to revenue	(5,259,954)	(4,711,649)
Grant Forfeit	(805,000)	(1,574,000)
	29,011	**804,965**

Conditions still to be met - remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2022	Grants Forfeit	Grants Received 2022/23	Grants Spent 2022/23	Unspent Grants June 2023
Municipal Finance Management Grant	-	-	1,400,000	(1,400,000)	-
EPWP Grant	-	-	1,283,000	(1,254,496)	28,504
Rural Roads	804,965	(805,000)	2,606,000	(2,605,458)	507
	804,965	**(805,000)**	**5,289,000**	**(5,259,954)**	**29,011**

The grants forfeited during the year were offset against the equitable share.

Changes in level of government grants.

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

21. Employee related costs

		2023	2022 as restated
Employee related cost exclusive of Section 57 employees		192,904,826	186,185,487
13th Cheques		14,603,896	14,412,078
Medical aid - company contributions		18,089,014	17,481,176
UIF		1,089,444	1,101,818
Other payroll levies		3,527,665	3,495,904
Leave pay provision charge		1,169,285	51,611
Defined contribution plans		37,516,937	36,557,646
Acting Allowance		344,285	1,031,038
Overtime payments		558,667	494,651
Inconvenience allowance		2,632,922	3,232,392
Car allowance		9,921,324	10,384,060
Housing benefits and allowances		1,578,624	1,579,868
Telephone Allowances		5,400	257,710
Standby Allowance		250,542	277,062
EPWP Stipends		1,208,449	989,113
HIV/AIDS Stipends		8,043,343	8,475,700
Termination benefits	(see note 44 for more detail)	2,001,444	2,018,453
		295,446,067	**288,025,767**

Remuneration of Municipal Manager

	2023	2022 as restated
Annual Remuneration	1,131,752	247,409
Car Allowance	180,000	30,000
Contributions to UIF, Medical and Pension Funds	227,048	37,277
Acting allowances paid to Acting incumbents	-	75,407
	1,538,800	**390,093**

The Municipal Manager position was filled in May 2022.

Figures in Rand	2023	2022 as restated
Remuneration of Chief Financial Officer		
Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Acting allowance paid to Acting incumbents	70,220	79,171
	70,220	**79,171**

The CFO is vacant since October 2019 and employees are acting in this position.

	2023	2022 as restated
Remuneration of Executive Director – Corporate services		
Annual Remuneration	236,682	761,024
Car Allowance	-	163,494
Contributions to UIF, Medical and Pension Funds	6,480	2,062
Other	-	8,681
Acting allowance paid to Acting incumbents	74,586	57,323
Encashment of Leave days	-	73,612
	317,748	**1,066,196**
Remuneration of Executive Director – Community services		
Annual Remuneration	280,044	840,455
Car Allowance	60,000	180,000
Contributions to UIF, Medical and Pension Funds	752	1,932
Encashment of Leave days	-	53,982
Acting allowance paid to Acting incumbents	45,839	-
	386,635	**1,076,369**
Remuneration of Executive Director – Strategic Planning and Economic development		
Annual Remuneration	201,348	16,358
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	41,814	164
Acting allowance paid to Acting incumbents	65,920	55,427
	309,082	**71,949**
Remuneration of Executive Director – Transport, Infrastructure and Environment (Vacant since May 2019)		
Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Acting allowance paid to Acting incumbents	74,586	79,171
	74,586	**79,171**
Total personnel cost	**298,143,138**	**290,788,716**

The executive directors are being remunerated above the upper limit gazette number 43122 of 20 March 2020 and the excess amounts are reflected as irregular expenditure

22. Remuneration of Councillors

	2023	2022 as restated
Executive Mayor	1,193,849	984,043
Mayoral Committee Members	5,518,217	4,982,661
Speaker	713,092	594,017
Councillors	7,093,909	5,710,684

	2023	2022 as restated
	14,519,067	**12,271,405**

In-kind benefits (tools of trade)

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

23. Depreciation and amortization

Property, plant and equipment	7,912,787	10,665,922
Intangible assets	511,157	823,158
	8,423,944	**11,489,080**

24. Lease rentals on operating lease

Premises		
Contractual amounts	1,889,508	4,844,050
Motor vehicles		
Contractual amounts	43,132	382,752
Plant and equipment		
Contractual amounts	186,371	141,497
Ad-hoc amounts	537,302	624,432
	2,656,313	**5,992,731**

25. Impairment loss

Plant and equipment	362,559	122,177
Heritage Assets (art)	53,200	
	415,759	**122,177**

26. Contracted services

Outsourced Services		
Municipal Health services	18,169,061	18,771,259
Fire Services	56,485	42,489
Hygiene Services	229,977	136,259
ICT Services	375,691	564,188
Security Services	8,786,291	6,426,484
Consultants and Professional Services		
Business and Advisory	3,657,734	2,347,202
Legal Cost	2,969,536	2,215,145
Contractors		
Employee wellness	30,000	90,000
Catering Services	351,298	203,201
Event Promoters	172,552	165,621
Fire Protection	34,064	37,143

Figures in Rand	2023	2022 as restated
Maintenance of Buildings and Facilities	1,398,432	2,842,795
Maintenance of Equipment	339,906	1,466,727
Medical Services	-	2,217
Pest Control and Fumigation	-	19,000
Transportation	341,948	423,426
	36,912,975	**35,753,156**

27. General expenses

Advertising	218,351	304,088
Assessment rates & municipal charges	6,422,269	3,634,117
Auditors remuneration	3,677,943	3,660,134
Bank charges	4,450,738	3,757,938
Computer expenses	400,399	254,617
Consulting and professional fees	63,000	186,000
Consumables	3,245,998	4,320,730
Insurance	1,658,821	1,347,671
Community development and training	-	550,000
IT expenses	4,658,720	4,185,902
Levies	2,436,553	2,374,354
Printing and Publications	690,652	597,059
Protective clothing	105,295	64,148
Royalties and license fees	48,166	37,613
Subscriptions and membership fees	3,034,941	2,828,919
Telephone and fax	2,075,756	3,688,481
Training	1,581,926	474,280
Subsistence & Travel	262,993	79,772
Public Participation	419,110	221,426
Congresses & Meetings	60,849	52,210
WCA Contribution	1,402,488	1,231,908
	36,914,965	**33,851,367**

28. Sale of Goods

Sale of goods		
Cost of Aviation fuel	-	1,228,657

Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.

29. Auditors' remuneration

Fees	3,677,943	3,660,134

30. Cash generated from operations

Deficit	(4,110,760)	12,263,211
Adjustments for:		
Depreciation	8,423,944	11,489,080
Loss / (Gain) on sale of assets and liabilities	128,918	-
Debt impairment	1,138,054	-
Impairment deficit	415,759	122,177
Movements in operating lease assets and accruals	-	(86,774)
Changes in working capital:		
Inventories	-	363,157
Receivables from exchange transactions	2,223,376	(944,748)
Debt Impairment – Related party debtors	(1,138,054)	-
Payables from exchange transactions	8,493,973	(9,614,335)
VAT	230,334	466,400
Unspent conditional grants and receipts	77,319	(4,004,596)
	15,882,866	**10,053,573**

31. Risk management

31.1 Financial risk management

Liquidity risk
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Currently the total liabilities exceed the total assets which create a high level of financial uncertainty.

Interest rate risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short-term interest rates.

This risk is managed on an ongoing basis by comparison between current market related rates and historical rates and adjustments made where considered necessary.

The municipality had significant interest-bearing investments in call accounts, of which the municipality's interest income and operating cash flows are substantially dependent on changes in market interest rates.

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

Credit risk
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Categories of Financial Instruments	2023	2022 as restated
Financial Assets		
Cash and cash equivalents	32,783,122	18,428,534
Trade and other receivables from exchange transactions	397,840	2,765,114
	33,180,962	**21,193,648**

Aging of Financial Assets

2023				2022			
Current to 30 days	90 days plus	Impairment	Total	Current to 30 days	90 days plus	Impairment	Total
397,840	2,092,154	(2,092,154)	397,840	2,765,114	954,100	(954,100)	2,765,114
Impairment on financial assets has increased with R1,138,054 based on the assessment received from the legal services lawyer whereby it was indicated that the probability in recovery of the amount is doubtful.							

	2023	2022 as restated
Financial Liabilities		
Unspent conditional grants and receipts	16,651,535	16,574,216
Trade and other payables from exchange transactions	186,035,276	177,031,736
Total Liabilities	**202,686,811**	**193,605,952**

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2023		**2022**	
Floating Rate Financial Assets	**Rate %**	**Effect on Surplus**	**Rate %**	**Effect on Surplus**
Cash and cash equivalents	**1%**	327,831	**1%**	184,285
Trade and other receivables from exchange transactions	**1%**	3,978	**1%**	27,651

Floating Rate Financial Liabilities

Figures in Rand		2023		2022 as restated
Unspent conditional grants and receipts	**1%**	(166,515)	**1%**	(165,742)
Trade and other payables from exchange transactions	**1%**	(1,860,353)	**1%**	(1,770,317)

32. Commitments

The municipality do not have any contracted capital or operating lease commitments.

33. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

33.1 Contingent assets

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATIO N/DISPUTE	WHAT HAPPENED	COMMEN CEMENT DATE	EXPECTED VALUE	PROGRESS
1. S. Suleman Attorneys	Collection obo municipality/ N. Shongwe	Collection of the money owed by the employee (Cashier at FPM) to the municipality	Mar-18	R52 240.79 plus interest (Income for SDM)	Summons were issued against the debtor which she failed to defend and default judgement against her. The debtor was summoned to the court for emoluments attachment hearing and she failed to appear in court and the warrant of arrest against her was issued. The execution of the warrant of arrest was suspended due to Covid 19 outbreak. We are still waiting for further progress report in this regard.
2. Mokhare report on investigation	Recovery of Irregular expenditure	An investigation conducted on behalf of MEC CoGTA resulted in possible recoveries of money	August 2020 financial year	G Modise R3,765,110 Prince Mudau R4,182,226 Mafoko Security R14,565,638 Income for SDM	The state attorneys to be approached alternatively the SDM to appoint a legal firm to assist with the issuing of the summons for the recovery of the money due and payable to the SDM.
3. Mokhare report on investigation	Recovery of Irregular expenditure	In the absence of an exemption from the Minister of COGTA, the municipality must initiate proceedings to recover the difference in the allowable salary paid to the former Municipal Manager and EDs.	August 2020 financial year	R2 336 132,00	The municipality is pursuing a claim through legal processes and the outcome is uncertain
Total Amount				**R 24,901,346.79**	

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATIO N/DISPUTE	INTENDED OUTCOME OF CLAIM	EXPECTED LIABILITY	PROGRESS
33.2 Contingent liabilities				
1.Nku (0204 0989)	Human resources dispute	Difference in salary between promoted position and existing position plus future legal costs	Legal Cost R93,595 Plus additional legal cost of R80,000	Sedibeng has instituted an application to review and correct or set aside a rescission ruling. We are still awaiting a set down date
2.Khambule M	Human resources dispute	Reinstatement plus back pay to date of dismissal plus legal costs, current and future costs	Legal Costs R1,787,712.73 Plus future legal costs R100 000.00	Sedibeng has instituted an application to review and correct or set aside an Arbitration award. We are currently awaiting a notice of set down on the unopposed roll.
3 Petlane MM	Human resources dispute	Reinstatement, alternatively, 12 months' compensation plus future legal costs	Future legal costs R423,861.60	Sedibeng filed a counter review in this matter to counter the review application launched by Petlane. It is currently preparing a record of proceedings
4 Irene Honoko	Human resources dispute	Reinstatement (plus Legal Costs R147 011.07) plus future legal costs	Future legal costs R292 885.08	Sedibeng is bringing an application to review and correct or set aside an Arbitration Award. We are still awaiting a set down date
5 Netshivhale KR	Human resources dispute	Placement (plus Legal Costs R78 711.75) plus future legal costs	Legal Costs R78,711.75 plus future legal costs R100 000.00	Sedibeng is opposing the review and reinstatement application.
6 Mokitimi W	Human resources dispute	Reinstatement (plus Legal Costs R173 994.32) plus future legal costs	Legal Costs R173,994.32 plus future legal costs R80 000.00	Sedibeng is opposing the review application. Court proceedings did take place on 2nd June 2023 and we are waiting judgement of the court.
7 Pontule & Mtimkhulu	Human resources dispute	Dispute over supervisor status and level of remuneration	Legal Cost R124,163.20	The matter sits at court on the 3rd August 2023 and we are awaiting the judgement
8 SAMWU obo Jonas Tale and others	Human resources dispute	Lost case by SAMWU taken on review by the applicants for uniform allowance	Legal cost R50,198.00	The matter has not yet been allocated a court date
9 Bafana Mthembu and others	Human resources dispute	Award that applicants be paid an inconvenience allowance	Contingency payable R1,072,816.38	The municipality still considering legal opinion on reviewing the award
10 S.Thakuli (02046753)	Human resources dispute	Review application by applicant	Legal Cost R113,123.50	Sedibeng brought a Rule 11 application to dismiss Thakhuli's review and is awaiting a notice of sit down.
11 CLLR Mgidi Isaac Khithika and others	Legal motion	Applicant was granted an order to the effect that the speaker must allow for a motion of no confidence against the mayor and allow for debate and vote upon receipt of the mayor's response to the motion. The respondents were granted leave to appeal the court order. The parties have since settled the dispute on the basis that the respondents withdraw the appeal proceedings and pay 70% of the costs.	R185,000	The parties have since settled the dispute on the basis that the respondents withdraw the appeal proceedings and pay 70% of the costs.
Total contingent Liability			**R4,756,061.50**	

34. Prior year amendments

34.1 Correction of errors

See below detail of corrections. The total correction amounts to R 367,996
The correction of the error(s) and change in accounting estimates results in adjustments are as follow:

Statement of changes in net assets

Opening balance as previously reported 1 July 2022	**-108,568,308**
Receivables from exchange transactions understated	995,171
Payable from exchange transaction overstated	5,559,941
Payables from exchange transactions understated	(503,105)
Receivables from exchange transactions overstated	(6,125,616)
Restated Closing balance 1 July 2022	**-108,641,914**
Surplus (Deficit) for the year 2021 Previously reported	**12,336,820**
Bank charges overstated	933,671
Agency service received overstated	(565,675)
Legal fees payable understated	(441,605)
Restated Surplus (Deficit) for the year 2022	**12,263,211**

34.1.1 Correction on general expenditure classification

Description	2022 Restated	2022 Previous Year Stated,	Variance
Bank charges	3,757,938	4,691,609	(933,671)

Bank charges over charged were corrected by means of a refund from Nedbank which resulted in the correction

34.1.2 Correction on Agency services received

Description	2022 Restated	2022 Previous Year Stated,	Variance
Agency services	65,963,364	66,529,039	(565,675)

The fraud committed at the licensing centre Vanderbijlpark were incorrectly shown as a debtor as the municipality is not in control of the Natis system and processes. Provincial Department of Transport will manage the blocking of the defaulters in order to ensure that the funds are being paid back to Province and not necessarily the municipality who acts as an agent.

34.1.3 Correction of Contracted services expenditure

Description	2022 Restated	2022 Previous Year Stated,	Variance
Legal Fees	2,215,145	1,773,540	441,605

34.1.4 Correction on Receivables from exchange transaction

Description	2022 Restated	2022 Previous Year Stated,	Variance
Principal payments receivable (GDRT) – **Agency services**	-	6,125,616	(6,125,616)
Nedbank – **Bank charges**	933,671	-	933,671
Vat on Accruals	100,485	38,985	61,500

34.1.5 Correction on Payables from exchange transactions

Description	2022 Restated	2022 Previous Year Stated,	Variance
Department of Transport (License fees) – **Agency services**	147,257,875	152,732,965	(5,475,090)
Vat on Debtors	-	84,851	(84,851)
Trade payables	936,800	433,695	503,105
			(5,056,836)

34.1.6 Correction on asset classification on PPE

Description	2022 Restated	2022 Previous Year Stated	Variance
Buildings - Cost	72,320,311	75,805,435	(3,485,124)
Buildings – Accumulated Depreciation	(32,825,643)	(34,798,039)	1,972,396
Buildings	**39,494,668**	**41,007,396**	**(1,512,728)**
Furniture and fixtures - Cost	23,028,879	19,543,755	3,485,124
Furniture and fixtures - Accumulated Depreciation	(18,778,280)	(16,805,884)	(1,972,396)
Furniture and fixtures	**4,250,599**	**2,737,871**	**1,512,728**

Assets wrongly classified under buildings were corrected and moved to Furniture and Fixtures

35. Going concern

We draw attention to the fact that at 30 June, 2023, the municipality had accumulated deficit of R 112,752,674 and that the municipality's total liabilities exceed its assets by R 112,752,674.

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

As a District Municipality based on our powers and functions, we are completely grant dependent. No other main revenue source is obtainable. Over the last 10 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 10 years was increase far lessor than the CPI for each financial period. In addition the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 9 years – Uncontrollable to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 7 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2023, the municipality's current liabilities exceed its current assets with R 199,912,195. The municipality also had operating deficit in the current financial year of R 4,110,760 (previous financial year surplus of R 12,263,211) which resulted in a decrease in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the district. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions. The Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

The municipality does not have any fixed-term borrowing or short-term loans and therefore does not put reliance on borrowings.

The municipality does have comprehensive insurance on its assets as set out in the asset register.

36. Events after the reporting date

None

37. Unauthorised expenditure

	2023	2022 as restated
Opening balance	26,152,077	23,485,418
Add: expenditure identified – current period	4,552,365	2,666,659
Add: expenditure identified – prior period	-	-
Less: Approved by Council	-	-
	30,704,442	**26,152,077**

Figures in Rand	2023	2022 as restated
Analysis follow: Cash		
Employee related cost		
Other expenses		
Lease rentals		
Grant expenses		
Transfer and subsidies paid		
Amount in excess of revenue budget (unfunded)	4,552,365	2,311,549
	4,552,365	**2,311,549**
Analysis follow: Non Cash		
Depreciation and impairment losses	-	339,382
Inventory write down	-	15,728
	-	**355,110**
Analysis per Department:		
Finance	703,413	
Corporate Services	3,848,952	
	4,552,365	**2,666,659**

38. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. An amount of R 49,629 was recovered from an employee related to salary cost recoverable. The municipality has paid interest on a civil claim as part of the court judgement to the value of R31,061 while R496,849 resulted in fruitless and wasteful expenditure based on the forensic investigation conducted

Opening balance	527,910	49,629
Paid off during the year	-	(49,629)
-Fruitless and wasteful expenditure identified during the year	-	527,910
	527,910	**527,910**

39. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

Opening Balance	95,573,833	53,264,885
Add: expenditure identified during the year	20,772,269	28,439,424
Add: expenditure – prior period identified during the year	-	13,869,524
Less: Approved by Council	-	-
	116,346,102	**95,573,833**

Instances and cases in the current year

Supply chain and contract management processes	20,467,416	42,023,827
Sect 56 & 57 Employee cost above threshold	304,853	285,121
	20,772,269	**42,308,948**

Cases under investigations

Investigations were not conducted by MPAC oversight committee on the 2021/22 financial year balances for unauthorized and irregular expenditure.

40. Additional disclosure in terms of Municipal Finance Management Act

40.1 PAYE, UIF & Skills levy

Current year subscription / fee	50,907,659	50,173,580
Amount paid – current year	(50,907,659)	(50,173,580)
	-	**-**

Figures in Rand	2023	2022 as restated

40.2 Pension and Medical Aid Deductions

Current year subscription / fee	86,002,403	82,668,703
Amount paid – current year	(86,002,403)	(82,668,703)
	-	-

40.3 VAT

VAT payable	625,745	395,411
	625,745	**395,411**

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

40 Awards made to people in service of the state

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

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Africa Shades Construction	N	Monga	Assistant Manager Networks (00518)	Son of the Director/Shareholder	R34,711
Panorama Bloemiste	CS	Heunes	Snr Accountant (17530)	Husband to the Director/Shareholder	R27,980
Lu De Big Pty Ltd	LPS	Lamfiti	Admin Assistant (01146)	Wife to the Director/Shareholder	R24,490
TOTAL					**R 87,181**

40.4.2 Awards made to suppliers in service of the state

No	Supplier name	Employee name	Employer name	Amount
1	TL Appliances and Lawnmowers	Americo Lottering	GP: Education	R44 362,00
Total				R44 362,00

41 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 22.
Section 56 employees' (Key Management) remuneration packages are shown separately in note 21. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

42 Principles and Agents

See segment reporting for further detail (note 43)

42.1 Gauteng Department of Transport

The municipality is acting as an agent for the Gauteng Department of Transport by rendering services related to motor vehicle license registrations and renewals, driver license applications and renewals. The municipality also collect AARTO fees as part of the function. The current amount owed to the Department of transport is reflected below as a liability while the current assets still in the municipality's possession are reflected below in the bank account and debtor's account.

Based on the financial position of the municipality the high amount still owing to the Department of Transport contributing to the liquidity problem the municipality is currently facing. Significant cash and cash equivalent held on behalf of the Department of roads and transport is not available for use as disclosed in the financial statements.

The municipality also depicted fraudulent transactions within the licensing sector which are currently under investigation by the special crime investigation unit. This resulted in the debtor's amount reflected in the municipality's records

Account number	Amount as per bank confirmation	
Nedbank- Current Account Licensing (115944606)	8,655,568	12,149,538
Standard bank Licensing account (21781494)	4,520,203	1,008,733
Total	**13,175,771**	**13,158,271**

	2023	2022 as restated
Breakdown of transactions		
Collections made on NATIS system	326,752,889	285,083,997
Distribution of Natis system collections		
Refunds payable to Province	239,091,570	202,495,725
Refunds to AARTO	2,500,728	6,000,374
VAT payable on collections	11,096,795	9,888,556
Refunds to customers	85,160	170,304
Amount retained by Council	73,978,636	66,529,038
Total Distributed Amount	**326,752,889**	**285,083,997**
Liability to Principle		
Total liability	**152,323,498**	**147,257,875**

42.2 Fresh Produce Market

The municipality is acting as an agent by rendering management services at the fresh produce market where fresh produce are being sold by the market agent on behalf of the farmers. The municipality is managing the financial affairs and are managing two bank accounts on behalf of the agents. These amounts are not available for use. The current balances on the bank accounts are as follow:

Account number	Amount as per bank confirmation	
Nedbank- Current Account (115944363)	2,328,867	648,365
Standard bank (21779589)	48,564	7,858
Total	**2,377,431**	**656,223**

	2023	2022 as restated
Breakdown of transactions		
Bank statement o/b	656,223	608,958
Collections on the Fresh mark system	74,060,240	68,871,142
Payments made	(72,339,032)	(68,823,877)
Bank statement c/b held on behalf of the principal	2,377,431	656,223
Revenue		
Commission on transaction handling fees	3,700,456	3,402,962
Other income	293,128	266,223
Total Amount	**3,993,584**	**3,669,185**

43. Segment reporting

The municipality has identified the licensing centers and fresh produce market in terms of GRAP 18 as a unit with distinguishable activities of the municipality for which it is appropriate to separately report financial information. For management purposes, the municipality is organized and operates in two key segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenue and expenditure relating to these segments are allocated at a transactional level.

The key segments identified are the Licensing centers and Fresh produce market.

The grouping of this 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).

2023	Licensing Center's	Fresh Produce Market	Total
Segment revenue			
Revenue from exchange transactions	74,002,372	3,993,584	**77,995,956**
Revenue from non-exchange transactions	-	-	**-**
Interest received	-	-	**-**
Total Revenue	**74,002,372**	**3,993,584**	**77,995,956**
Segment expenses			
Employee related costs	(62,143,524)	(10,244,797)	**(72,388,321)**
Impairment losses	-	(7,400)	**(7,400)**
Depreciation and amortisation	(185,594)	(952,780)	**(1,138,374)**
Lease rentals on operating leases	(186,371)	-	**(186,371)**
General Expenses	(6,537,194)	(811,753)	**(7,348,947)**
Interest charges	-	-	**-**
Losses on sale of assets	(36,278)	-	**(36,278_**
Total Expenses	**(69,088,961)**	**(12,016,730)**	**(81,105,691)**
Net surplus/(deficit)	**4,913,411**	**(8,023,146)**	**(3,109,735)**

Total Assets			
Non-Current assets	277,568	14,236,812	14,514,380
Current assets	13,175,771	2,377,431	15,553,202
Total segment assets	**13,453,339**	**16,614,243**	**30,067,582**
Total Liabilities			
Non-current liabilities	-	-	-
Current liabilities	(152,323,498)	-	(152,323,498)
Total segment liabilities	**(152,323,498)**	**-**	**(152,323,498)**

2022	Licensing Center's	Fresh Produce Market	Total
Segment revenue			
Revenue from exchange transactions	65,963,364	3,669,185	**69,632,549**
Revenue from non-exchange transactions	-	-	**-**
Interest received	-	-	**-**
Total Revenue	**65,963,364**	**3,669,185**	**69,632,549**

2022	Licensing Center's	Fresh Produce Market	Total
Segment expenses			
Employee related costs	(61,044,197)	(10,516,001)	**(71,560,198)**
Remuneration of councillors	-	-	**-**
Depreciation and amortisation	(264,555)	(1,022,560)	**(1,287,115)**
Lease rentals on operating leases	(141,497)	-	**(141,497)**
General Expenses	(7,276,615)	(835,015)	**(8,118,630)**
Interest charges	-	-	**-**
Loss on the sale of assets	(6,640)	(2,961)	**(9,601)**
Total Expenses	**(68,733,504)**	**(12,376,537)**	**(81,110,041)**
Net surplus/(deficit)	**(2,770,140)**	**(8,707,352)**	**(11,477,492)**

Total Assets			
Non-Current assets	499,440	15,196,992	15,696,432
Current assets	13,158,271	656,223	13,814,494
Total segment assets	**13,657,711**	**15,853,215**	**29,510,926**
Total Liabilities			
Non-current liabilities	-	-	-
Current liabilities	(147,257,875)	-	(147,257,875)
Total segment liabilities	**(147,257,875)**	**-**	**(147,257,875)**

43. Changes in accounting estimate

None

44. Post employee Retirement Benefits

Post employee benefits are defined for medical contributions as defined contribution plans where the legal or constructive obligation is limited to the amount that is agreed to contribute to the fund.

The municipality's obligation towards contributions toward the medical aids are limited to the annual contribution of medical aid premiums and will be a fixed monthly premium. Annual increases will escalate in line with normal inflation.

	2023	2022 as restated
Termination benefits	2,001,444	2,018,453

45. Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 16 and 17 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

LESS THAN 3 QUOTES FOR 2022/2023

NO.	PERIOD	ORDER NO	DATE	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
1	Jul-22	1040523	2022-07-28	JUTA AND COMPANY LTD	1,065.00	01 (One)	Sole supplier of Road traffic legislation	ROAD TRAFFIC LEGISLATION PLUS DELIVERY CHARGES
2	Aug-22	1040556	2022-08-08	GAUTENG DEPARTMENT OF ROADS AND TRANSPORT	25,172.40	1 (One)	MFMA sec110(2) provision of goods from another organ of state	FACE VALUE FORMS
3	Sep-22	1040599	2022-09-08	Workshop Electronics (Pty) Ltd	9,370.20	1 (One)	Sole service provider	Replacement of contractors
4	Sep-22	1040600	2022-09-08	Workshop Electronics (Pty) Ltd	15,185.44	1 (One)	Sole service provider	Yearly calibration of specialize VTS equipment
5	Sep-22	1040601	2022-09-08	Workshop Electronics (Pty) Ltd	17,375.58	1 (One)	Sole service provider	Yearly calibration of specialize VTS equipment
6	Sep-22	1040609	2022-09-09	Office-Cor CC	6,210.00	1 (One)	Ad-hoc repairs to rental equipment	Drum unit & Dev unit
7	Oct-22	1040702	2022-10-27	Media 24 Pty Ltd	10,000.00	1 (One)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria	Advertisements: Sedibeng Ster 91000 Distribution IDP Stakeholders
8	Oct-22	1040706	2022-10-31	Premier Scale Services (Pty) Ltd	17,336.25	1 (One)	Sole service provider authorised to perform maintenance on Dept of Transport equipment	NCRS Certificate and Weighbridge Verification

NO.	PERIOD	ORDER NO	DATE	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
9	Nov-22	1040719	2022-11-08	Mooivaal Media (Pty) Ltd	10,000.00	1 (One)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria	IDP stakeholder advert
10	Nov-22	1040735	2022-11-14	The Assessment Toolbox	18,182.83	2 (Two); 3rd supplier could not quote at the time of request	3rd accredited supplier could not quote at the time of request	Vetting of shortlisted candidates for the position(screening) CFO & ED:SPED
11	Nov-22	1040742	2022-11-17	Gijima Holdings (Pty)Ltd	28,800.00	2 (Two); 3rd supplier could not quote at the time of request	3rd accredited supplier could not quote at the time of request	Competency assessment of shortlisted candidates for positions: CFO & ED: SPED
12	Dec-22	1040789	2022-12-14	Motus Group (BMW Vereeniging)	3,862.57	1 (One)	Lapse of service plan was only detected after the vehicle was booked in for repairs and hence only one quote for repairs was sourced.	Service of brakes on vehicle: BMW X/S-Drive JX 61 HJ GP
13	Feb-23	1040850	2023-02-03	Analogue And Digital Systems Cc	10,404.00	1 (One)	Sole supplier authorised to service / repair vehicle testing equipment	Repairs & maintenance of motorcycle vehicle testing equipment
14	Mar-23	1040895	2023-03-01	Freshmark Systems (Pty) Ltd	13,821.85	1 (One)	Sole supplier for Fresh Produce Market software system	IT equipment & hardware
15	Mar-23	1040903	2023-03-13	Freshmark Systems (Pty) Ltd	5,652.25	1 (One)	Sole supplier for Fresh Produce Market software system	IT equipment & hardware
16	Mar-23	1040910	2023-03-13	Mooivaal Media (Pty) Ltd	10,700.00	1 (One)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria	Advertisements: IDP/DDM representative forum meeting advert. Sedibeng Ster :20cm down x 12cm wide (quarter page)

NO.	PERIOD	ORDER NO	DATE	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
17	Apr-23	1040982	2023-04-17	Gijima Holdings (Pty) Ltd	6,900.00	2 (Two); 3rd supplier could not quote at the time of request	Qualifications checks, criminal checks, credit checks	Vetting of Licensing staff
18	May-23	1041029	2023-05-09	Workshop Electronics (Pty) Ltd	1,898.42	1 (One)	Sole service provider authorised to perform maintenance on Dept of Transport equipment	Travelling per km
19	May-23	1041030	2023-05-09	Workshop Electronics (Pty) Ltd	1,245.22	1 (One)	Sole service provider authorised to perform maintenance on Dept of Transport equipment	labour/installation of equipment: White sensor at Meyerton LSC
20	May-23	1041024	2023-05-08	Mooivaal Media (Pty) Ltd	11,700.00	1 (One)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria	Supply master link chain at Vereeniging LSC
21	Jun-23	1041127	2023-06-19	Arena Holdings Pty Ltd	21,776.40	2 (Two)	Quotations only sourced from two national publications due to limited media houses in the market	Advert for Audit Committee Members (Sowetan)
				SUB-TOTAL FOR THE YTD OF 2022/2023	**246,658.41**			

APPROVED DEVIATIONS REGISTER FOR 2022/23

	Applicable paragraph in SCM Policy	Name of Supplier	Date of the order	Month	Reason for deviation	Approved by:	Cluster	Amount	SCM Comments
1	*Paragraph 33.1.1.3 "The acquisition of special works of art or historical objects where specifications are difficult to compile"*	JM DODO; PA MOTLOUNG; T MBONYANE; BBM MAJOLA; NP MOLETSANE	Sundry payments made 30-Mar-23 and 31-Mar-23	Mar-23	Artistic performances for Jazz Festival	MM	Community Services	35,000.00	Artists commissioned for jazz festival. All procurement were below the threshold for verifying tax compliance. 1x service provider was in the service of the State. Approval was obtained from accounting officer and service level agreements concluded with the performers.
2	*Paragraph 33.1.1.2. "Any goods or services which are available from a single provider only"*	PREMIER SCALE SERVICES (PTY) LTD	11-May-23	May-23	VERIFICATION AND SUPPLYING A NRCS CERTIFICATE ASPER LEGAL METROLOGY ACT IN S.A		Corporate Services / Transport, Infrastructure, Environment	47,904.69	Sole service provider authorised to conduct maintenance and calibration of the weighbridge
					SUB-TOTAL FOR THE YTD OF 2022/2023			**82,904.69**	

Notes to the Financial Statements

46. Budget differences

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2023

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2022	Actual restated 2022
Revenue							
Sale of goods	**-**	-	-	-		**1,486,267**	1,544,149
Rental of facilities and equipment	**429,391**	**447,694**	18,303	4.26%		**277,713**	316,432
Agency services	**70,979,896**	**74,002,372**	3,022,476	4.26%		**71,679,896**	65,963,364
Commissions received	**3,401,189**	**3,700,456**	299,267	8.80%		**3,456,154**	3,402,962
Other income - (rollup)	**1,343,331**	**1,833,375**	490,044	36.48%	Higher than anticipated income based on increase in ad-hoc income	**947,912**	1,487,860
Interest received - investment	**2,015,468**	**3,931,986**	1,916,518	95.09%	Increase in interest income as a result of interest rate increase during the year.	**2,002,566**	1,847,215
Total revenue from exchange transactions	**78,169,275**	**83,915,883**	**5,746,608**	7.35%		**79,850,508**	**74,561,982**
Licenses and permits	**1,575,000**	212,000	(1,363,000)	-86.54%	License renewals on air emission not done on an annual basis	**1,575,000**	174,000
Government grants & subsidies	**315,637,435**	311,014,490	(4,622,945)	-1.46%		**307,897,190**	302,367,320
Services receive in kind	**-**	-	-			**-**	26,672,926
Total revenue from non-exchange transactions	**317,212,435**	**311,226,490**	**(5,985,945)**	-1.89%		**309,472,190**	**329,214,246**
Total revenue	**395,381,710**	**395,142,373**	**(239,337)**	-0.06%		**389,322,698**	**403,776,228**

Notes to the Financial Statements

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2023

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2022	Actual restated 2022
Expenditure							
Personnel	**(304,038,798)**	(298,143,138)	5,895,660	-1.94%		(293,670,450)	(290,788,716)
Remuneration of councillors	**(14,805,450)**	(14,519,067)	286,383	-1.93%		(12,456,928)	(12,271,405)
Depreciation & impairment	**(11,489,150)**	(8,423,944)	3,065,206	-26.68%	Reduction in depreciation due to useful life adjustments	(11,271,875)	(11,489,080)
Impairment Losses	**-**	(415,759)	(415,759)	100.00%	Impairment of scrap assets in the current year that were not budgeted for.	-	(122,177)
Lease rentals on operating lease	**(2,901,901)**	(2,656,313)	245,588	-8.46%		(6,137,363)	(5,992,731)
Contracted Services	**(42,498,203)**	(36,912,975)	5,585,228	-13.14%	Reduction in expenditure based on cost containment measures applied	(37,920,351)	(35,753,156)
Debt Impairment	**-**	(1,138,054)	(1,138,054)	100%	Impairment of debtor at Fresh Produce Market not budgeted for	-	-
General Expenses	**(35,563,036)**	(36,914,965)	(1,351,929)	3.80%		(37,311,819)	(35,080,024)
Total expenditure	**(411,296,538)**	**(399,124,215)**	**12,172,323**	-2.96%	Refer to note 37	**(398,768,786)**	**(391,497,289)**
(**Loss)/Gain on disposal of assets and liabilities**	-	(128,918)	(128,918)	100.00%	Losses exceed the gains while the budget allocation net result was zero in the current year	-	**-**
Inventories losses/write downs	-	-	**-**			-	(15,728)
	-	**(128,918)**	**(128,918)**	100%		-	**(15,728)**
Operating deficit	**(15,914,828)**	**(4,110,760)**	**11,804,068**	-74,17%	Refer to explanations above	**(9,446,088)**	**12,263,211**