ZF MGCAWU DISTRICT
Municipality

2021 / 2022

[These financial statements have not been audited]

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022

ZF MGCAWU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

INDEX

ABBREVIATIONS

B-BBEE	Broad-based black economic empowerment
CPMD	Continues Professional Management Development
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
PEMA	Post-retirement Health Care Benefits
PMS	Performance Management Framework
RRAMS	Rural Roads Asset Management Systems Grant
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
ZFM	ZF Mgcawu District Municipality

GENERAL INFORMATION

EXECUTIVE MAYOR
M.C. BASSON

SPEAKER
W.R.S. PETERSON

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor:	M.C. BASSON
Councillors:	J. SILO
	A. MATSHIMO
	P.M. MGCERA
	A. JOHNSON

GRADING OF THE LOCAL AUTHORITY
Grade 4

AUDITORS

External:	Auditor General: Kimberley
Internal:	ZF Mgcawu District Municipality Internal Audit Unit

PRIMARY BANKER
ABSA

REGISTERED OFFICE
c/o Upington 26 Avenue & Dr Nelson Mandela Drive
Upington
8801

Private Bag X6039
Upington
8800

Telephone:	(054) 337 2800	E-Mail:	admin@zfm-dm.gov.za
Fax:	(054) 337 2888	Website:	www.zfm-dm.co.za

ACTING MUNICIPAL MANAGER
MR. A. TIETIES

CHIEF FINANCIAL OFFICER
MRS. E. ISAACS

GENERAL INFORMATION (continued)

REVIEW OF FINANCIAL STATEMENTS

The Annual Financial Statements were reviewed by the Audit Committee, Internal Audit Unit, MPAC and Management before it was approved by the Municipal Manager.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 3 to 132, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 31 August 2022.

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MR. A. TIETIES
ACTING MUNICIPAL MANAGER
31 August 2022

MEMBERS OF COUNCIL

NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
M.M. Louw	Executive Mayor	ANC	Commencement: 28/01/2022 Resigned: 22/06/2022
P.M. Mgcera	Executive Mayor	ANC	Commencement: 11/03/2020 Resigned: 27/01/2022
W.R.S. Peterson	Speaker	ANC	Commencement: 09/11/2021
M.C. Basson	Speaker	ANC	Commencement: 21/04/2021 Term Ended : 08/11/2021
A. Johnson	Mayoral Committee	ANC	Commencement: 09/11/2021
A. Matshimo	Mayoral Committee	ANC	Commencement: 24/01/2020
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 09/11/2021
M. Bosman-Maasdorp	Mayoral Committee	ANC	Commencement: 11/03/2020 Resigned: 08/11/2021
K. Esau	Mayoral Committee	ANC	Commencement: 29/04/2021 Term Ended : 08/11/2021
J. Lodewyk	Mayoral Committee	ANC	Commencement: 01/02/2021 Term Ended : 08/11/2021
M.C. Basson	Section 79 Committee	ANC	Commencement: 09/11/2021 Resigned: 22/06/2022
S. Dubeni	Section 79 Committee	ANC	Commencement: 07/08/2016 Term Ended : 08/11/2021
M.M. Louw	Normal Councillor	ANC	Commencement: 23/06/2022
E.E.J. Phete	Normal Councillor	ANC	Commencement: 09/11/2021 Resigned : 21/01/2021
J. Esau	Normal Councillor	EFF	Commencement: 09/11/2021
H. De Koker	Normal Councillor	DA	Commencement: 09/11/2021
M.H.B. Van Zyl	Normal Councillor	DA	Commencement: 23/03/2017
F.L. Witbooi	Normal Councillor	DA	Commencement: 07/08/2016
P.H. Matthys	Normal Councillor	HFTF	Commencement: 09/11/2021
A. De Bruin	Normal Councillor	COPE	Commencement: 01/06/2014 Term Ended : 08/11/2021
F. Basson	Councillor	ANC	Commencement: 09/11/2021
P.J.George	Councillor	ANC	Commencement: 09/11/2021
K.G. Keorometswe	Councillor	ANC	Commencement: 09/11/2021
D.R. Pienaar	Councillor	ANC	Commencement: 09/11/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
M.L.September	Councillor	ANC	Commencement: 09/11/2021 Resigned : 28/01/2022
M. Daniels	Councillor	ANC	Commencement: 01/02/2021 Term Ended : 08/11/2021
E. Fritz	Councillor	ANC	Commencement: 23/04/2021 Resigned: 31/10/2021
S. Esau	Councillor	ANC	Commencement: 06/08/2016 Term Ended : 08/11/2021
F. Olifant	Councillor	ANC	Commencement: 29/09/2020 Term Ended : 08/11/2021
B. Bock	Councillor	ANC	Commencement: 03/06/2011 Term Ended : 08/11/2021
A.J.Ruiters	Councillor	DA	Commencement: 09/11/2021
C.F.P. Bezuidenhoudt	Councillor	DA	Commencement: 09/11/2021
P.T. Van der Steen	Councillor	DA	Commencement: 16/08/2019
S. Sandlana	Councillor	DA	Commencement: 30/08/2019
C.F.P. Maasdorp	Councillor	DA	Commencement: 01/07/2021 Term Ended : 08/11/2021
J. Balies	Councillor	EFF	Commencement: 09/11/2021

MEMBERS OF COUNCIL (continued)

NAME	POSITION	PARTY	PERIOD
H. Ross	Councillor	EFF	Commencement: 30/08/2018 Term Ended : 08/11/2021
A.C. Kotzee	Councillor	HFTF	Commencement: 09/11/2021
D. Esau	Councillor	STC	Commencement: 26/02/2021 Term Ended : 08/11/2021
N. Prince	Councillor	KCF	Commencement: 03/06/2019 Term Ended : 08/11/2021

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 11440 dated 02/06/2022. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.

MR. A. TIETIES
ACTING MUNICIPAL MANAGER
31 August 2022

FOREWORD

It is my pleasure to present the 2021/2022 Annual Financial Statements of the ZF Mgcawu District Municipality. On the 14th of December 2021, 23 Councillors took their oath of office and pledged to obey the Constitution and to perform their functions and duties as Councillors of the ZF Mgcawu District Municipality to the best of their abilities.

As we start our term of office, I want to thank the previous Council who have allowed for a seamless and uninterrupted transfer of power. This signifies the nature of our dynamic and vibrant systems of democracy and governance in South Africa. As newly elected Councillors, we must never forget that we are mere servants placed here to serve our communities and we must have their best interests at heart.

As guardians of public finances, we must ensure that these financial statements provide a clear and accurate account of the financial position of the ZF Mgcawu District Municipality to all those we account to. It is always a daunting task to provide a complete account of the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the public deserves its rightful place at the apex of the 'accountability chain'.

The ZF Mgcawu District Municipality obtained its 8th Clean Audit for the 2020/2021 financial year. However, the poor audit outcomes of our local municipalities are a clear indication that many are struggling to reach the expected standards of financial management and build public confidence in the utilization of resources by the government.

The ZF Mgcawu District Municipality's vision of providing quality support and thereby ensuring that municipalities deliver quality services drives us to enforce the requirements set out in Section 83(c) of the Municipal Structures Act. We cannot as the District Municipality achieve clean audits whilst our local municipalities struggle to achieve the same. We must build the capacity of our local municipalities to enable them to improve service delivery and accountability to the communities they serve.

I would like to thank all the Councillors, the Mayoral Committee, and the Municipal Public Accounts Committee (MPAC) for their effective oversight of the municipality's operations. My sincere thanks to the Management and staff for your contribution, proactive approach, and diligence to serve the District Municipality.

I also have to express my gratitude to the external Audit Committee for their guidance and oversight role.

Basson

CLLR. M.C. BASSON
EXECUTIVE MAYOR
31 August 2022

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality ending 30 June 2022.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2021/22 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2022 indicates an increase in Non-Current Assets, a decrease in Current Assets, an increase in Non-Current Liabilities and a decrease in Current Liabilities.

The increase in Non-Current Assets is primarily as a result of the increase in the Property, Plant and Equipment due to Leased Assets additions. The decrease in Current Assets is primarily as a result of the decrease in VAT Receivable.

The increase in Non-Current Liabilities is primarily as a result of the increase in the Long-term Liabilities. The decrease in Current Liabilities is primarily as a result of the decrease in Payables from Exchange Transactions.

2. mSCOA IMPLEMENTATION PLAN

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

3. KEY FINANCIAL INDICATORS

The following indicators are the key indicators and is a comparison to prior year figures. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the District Municipality.

Financial Statement Ratios:

INDICATOR	2022 R	2021 R
Surplus / (Deficit) before Appropriations	2 394 737	315 650
Surplus / (Deficit) at the end of the Year	(19 315 223)	(21 709 961)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	69.31%	74.44%
Remuneration of Councillors	5.63%	4.91%
Depreciation and Amortisation	1.27%	0.98%
Impairment Losses	0.06%	0.02%
Finance Costs	0.63%	0.06%
Contracted Services	8.64%	6.98%
Inventory Consumed	0.77%	0.57%
Transfers and Subsidies Paid	0.37%	0.73%
Operating Leases	0.76%	1.15%
Operational Costs	12.54%	9.97%
Loss on Disposal of Capital Assets	0.00%	0.19%

REPORT OF THE CHIEF FINANCIAL OFFICER

4. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Note 51, whilst operational results are included in Appendices E (1), E (2) and E (3).

5. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R2 164 287 (2020/21: R920 961). Full details of Assets are disclosed in Notes 7, 8, 50 and Appendix "B" to the Annual Financial Statements.

The capital expenditure of R2 164 287 was financed as follows:

DETAILS	Actual 2021/22 R	Actual 2020/21 R	Percentage Variance %	Budgeted 2021/22 R	Variance actual/ budgeted %
Finance Leases	1 610 000	-	100.00	-	100.00
Grants and Subsidies	486 048	90 344	438.00	-	100.00
Own Funds (Accumulated Surplus)	68 239	830 617	(91.78)	521 050	(86.90)
	2 164 287	920 961	135.00	521 050	315.37

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2022 %	2021 %
Finance Leases	74.39%	-
Grants and Subsidies	22.46%	9.81%
Own Funds (Accumulated Surplus)	3.15%	90.19%
	100.00%	100.00%

6. RECONCILIATION OF BUDGET TO ACTUAL

6.1 Operating Budget:

DETAILS	2022 R	2021 R
Variance per Category:		
Budgeted surplus before appropriations	1 108 240	2 315 622
Revenue variances	(1 931 510)	(3 086 851)
Expenditure variances:		
Employee Related Costs	1 264 299	9 181
Remuneration of Councillors	482	19 581
Depreciation and Amortisation	103 925	25 207
Impairment Losses	4 754	11 863
Finance Costs	631	9 931
Contracted Services	527 741	121 701
Inventory Consumed	57 634	326 486
Transfers and Subsidies Paid	15 705	3 841
Operating Leases	33 180	33 922
Operational Costs	1 055 658	78 471
Loss on Disposal of Capital Assets	154 000	446 695
Actual surplus before appropriations	2 394 737	315 650

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2022 R	2021 R
Variance per Service Segment:		
Budgeted surplus before appropriations	1 108 240	2 315 622
Executive and Council	603 853	(235 663)
Finance and Administration (incl Bad Debt)	241 092	(1 619 096)
Internal Audit	135 979	166 824
Public Safety	192 877	(207 038)
Health	110 666	6 808
Planning and Development	152 374	657
Other	65 989	96 840
Add: Gains and Losses	(216 333)	(209 305)
Actual surplus before appropriations	2 394 737	315 650

Details of the operating results per segmental classification of expenditure are included in 51, whilst operational results are included in Appendices E(1), E(2) and E(3).

6.2 Capital Budget:

DETAILS	Actual 2021/22 R	Actual 2020/21 R	Variance actuals R	Budgeted 2021/22 R	Variance actual/ budgeted R
Executive and Council	53 357	735 126	(681 769)	53 357	-
Finance and Administration	2 051 687	164 931	1 886 756	408 450	1 643 237
Internal Audit	50 291	-	50 291	50 291	-
Public Safety	8 952	-	8 952	8 952	-
Planning and Development	-	20 904	(20 904)	-	-
	2 164 287	920 961	1 243 326	521 050	1 643 237

Details of the results per segmental classification of capital expenditure are included in Note 50.

	2022 R	2021 R
7. ACCUMULATED SURPLUS		
The balance of the Accumulated Surplus as at 30 June 2022 amounted to R19 315 223 (30 June 2021: R21 709 961) and is made up as follows:		
Accumulated Surplus	(19 315 223)	(21 709 961)
	(19 315 223)	**(21 709 961)**

Refer to Note 16 and the Statement of Change in Net Assets for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2022 was R803 350 (30 June 2021: R33 039) and is made up as follows:.

	2022 R	2021 R
Finance Lease Liability	803 350	-
Operating Lease Liability	-	33 039
	803 350	**33 039**

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R783 000 as at 1 October 2018, ending 30 September 2021. The effective interest rate on Finance Leases is 19.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Refer to Note 14 and Appendix "A" for more detail.

9. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R32 041 000 as at 30 June 2022 (30 June 2021: R32 786 000) and is made up as follows:

		2022 R	2021 R
Post-retirement Health Care Benefits Liability	Note 15	25 014 000	26 495 000
Long Service Awards Liability	Note 15	7 027 000	6 291 000
		32 041 000	**32 786 000**

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the District Municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 15 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R11 528 672 as at 30 June 2022 (30 June 2021: R13 127 184) and is made up as follows:

		2022 R	2021 R
Provisions	Note 11	2 887 376	3 473 207
Payables from Exchange Transactions	Note 12	8 144 410	9 037 402
Unspent Conditional Grants and Receipts	Note 13	-	533 983
Current Portion of Long-term Liabilities	Note 14	496 885	82 592
		11 528 672	**13 127 184**

Current Liabilities are those liabilities of the District Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the District Municipality will not be able to meet its obligations.

Refer to Note 11, 12, 13, 14 for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R21 429 126 as at 30 June 2022 (30 June 2021: R20 358 109).

Refer to Note 7, 50 and Appendix B for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R112 354 as at 30 June 2022 (30 June 2021: R208 890).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the District Municipality in order to be able to fulfil its duties as far as service delivery is concerned.
Refer to Note 8 and Appendix "B" for more detail.

13. NON-CURRENT INVESTMENTS

The District Municipality held Investments to the value of R512 048 as at 30 June 2022 (30 June 2021: R0).

These investments are invested to improve the District Municipality's unfunded budget and going concern.

Refer to Note 9 for more detail.

14. LONG-TERM RECEIVABLES

Long-term Receivables of R108 585 at 30 June 2022 (30 June 2021: R14 297) is made up as follows:

		2022 R	2021 R
Finance Lease Receivable	Note 10	12 433	14 374
Staff Related Long Term Receivables	Note 10	113 871	6 325
CPMD Debtors		97 800	-
SCM Debtors		12 547	-
Maternity Leave Debtors		3 523	5 923
Acting Allowance Debtors		-	402
		126 303	**20 699**
Less: Short-term portion included in Current Assets	Note 10	(17 718)	(6 402)
		108 585	**14 297**

The increase in the amount for Long-term Receivables is due to new debtors raised during 2021/22 financial year.
Refer to Note 10 for more detail.

15. CURRENT ASSETS

Current Assets amounted R2 895 685 as at 30 June 2022 (30 June 2021: R3 654 966) and is made up as follows:

		2022	2021
Receivables from Exchange Transactions	Note 2	197 928	296 503
Receivables from Non-exchange Transactions	Note 3	-	121 515
VAT Receivable	Note 4	553 633	949 343
Cash and Cash Equivalents	Note 5	2 126 406	2 281 203
Current Portion of Long-term Receivables	Note 6	17 718	6 402
		2 895 685	**3 654 966**

Refer to Note 2, 3, 4, 5 and 6 for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

16. INTER-GOVERNMENTAL GRANTS

The District Municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 13 and 17, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 46.

18. GOING CONCERN ASSESSMENT

Refer to management's going concern assessment disclosed in Note 49.

19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Acting Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

MRS. E. ISAACS
CHIEF FINANCIAL OFFICER
31 August 2022

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	Actual 2022 R	2021 Restated R
ASSETS			
Current Assets		**2 895 685**	**3 654 966**
Receivables from Exchange Transactions	**2**	197 928	296 503
Receivables from Non-exchange Transactions	**3**	-	121 515
VAT Receivable	**4**	553 633	949 343
Cash and Cash Equivalents	**5**	2 126 406	2 281 203
Current Portion of Long-term Receivables	**6**	17 718	6 402
Non-Current Assets		**22 162 114**	**20 581 296**
Property, Plant and Equipment	**7**	21 429 126	20 358 109
Intangible Assets	**8**	112 354	208 890
Non-current Investments	**9**	512 048	-
Long-term Receivables	**10**	108 585	14 297
Total Assets		**25 057 798**	**24 236 262**
LIABILITIES			
Current Liabilities		**11 528 672**	**13 127 184**
Provisions	**11**	2 887 376	3 473 207
Payables from Exchange Transactions	**12**	8 144 410	9 037 402
Unspent Conditional Grants and Receipts	**13**	-	533 983
Current Portion of Long-term Liabilities	**14**	496 885	82 592
Non-Current Liabilities		**32 844 350**	**32 819 039**
Long-term Liabilities	**14**	803 350	33 039
Employee Benefit Liabilities	**15**	32 041 000	32 786 000
Total Liabilities		**44 373 022**	**45 946 223**
Total Assets and Liabilities		**(19 315 223)**	**(21 709 961)**
NET ASSETS		**(19 315 223)**	**(21 709 961)**
Accumulated Surplus / (Deficit)	**16**	(19 315 223)	(21 709 961)
Total Net Assets		**(19 315 223)**	**(21 709 961)**

ZF MGCAWU DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022 R	Actual 2021 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	**17**	82 846 906	80 137 977
Impairment Gains	**24**	-	-
Revenue from Exchange Transactions			
Rental from Fixed Assets	**18**	8 730	2 078
Finance Income	**19**	699 566	562 869
Operational Revenue	**20**	834 620	542 225
Gains on Disposal of Capital Assets	**31**	10 667	-
Total Revenue		**84 400 490**	**81 245 149**
EXPENDITURE			
Employee Related Costs	**21**	56 838 028	60 245 587
Remuneration of Councillors	**22**	4 620 087	3 974 721
Depreciation and Amortisation	**23**	1 042 953	794 433
Impairment Losses	**24**	53 246	13 137
Finance Costs	**25**	512 869	47 969
Contracted Services	**26**	7 087 439	5 650 804
Inventory Consumed	**27**	634 183	458 807
Transfers and Subsidies Paid	**28**	304 250	594 159
Operating Leases	**29**	626 900	926 678
Operational Costs	**30**	10 285 796	8 066 899
Loss on Disposal of Capital Assets	**31**	-	156 305
Total Expenditure		**82 005 752**	**80 929 499**
SURPLUS / (DEFICIT) FOR THE YEAR		**2 394 737**	**315 650**

Refer to Budget Statement for explanation of budget variances (page 25 - 39)

ZF MGCAWU DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

Description	**Share Premium**	**Total Reserves and Funds**	**Accumulated Surplus**	**Total Net Assets**
	R	**R**	**R**	**R**
2021				
Balance at 30 June 2020	-	-	(22 027 492)	(22 027 492)
Correction of Error (Note 32)		-	1 882	1 882
Restated Balance at 30 June 2020	**-**	**-**	**(22 025 611)**	**(22 025 611)**
Published Surplus for the year			**315 650**	**315 650**
Surplus for the year (previously published)		-	374 512	374 512
Correction of Error (Note 32)	-	-	(58 862)	(58 862)
Restated Balance at 30 June 2021	**-**	**-**	**(21 709 961)**	**(21 709 961)**
2022				
Surplus / (Deficit) for the year		-	2 394 737	2 394 737
Balance at 30 June 2022	**-**	**-**	**(19 315 223)**	**(19 315 223)**

ZF MGCAWU DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022 R	2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		82 312 923	80 388 427
Rental from Fixed Assets	**18**	8 730	2 078
Finance Income	**19**	699 566	562 869
Other Receipts		1 385 858	44 319
Payments			
Employee Related Costs		(58 197 028)	(57 366 587)
Remuneration of Councillors	**22**	(4 620 087)	(3 974 721)
Finance Costs Paid	**25**	(512 869)	(47 969)
Suppliers Paid		(9 241 514)	(8 513 176)
Other Payments		(10 594 916)	(8 625 668)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1 240 663**	**2 469 571**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7**	(512 678)	(840 613)
Purchase of Intangible Assets	**8**	(41 609)	(80 348)
Proceeds on Disposal of Property, Plant and Equipment	**7.8**	157 519	-
Decrease / (Increase) in Non-current Investments	**9**	(512 048)	-
Decrease / (Increase) in Long-term Receivables		(94 288)	4 335
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1 003 104)**	**(916 626)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(392 357)	(293 310)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(392 357)**	**(293 310)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(154 798)**	**1 259 636**
Cash and Cash Equivalents at Beginning of Period		2 281 203	1 021 568
Cash and Cash Equivalents at End of Period	**5**	2 126 406	2 281 203

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	418 512	1 003 827	1 422 339	-	1 422 339	-	1 422 339	197 928	-	(1 224 411)	13.92	47.29
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	-	-	-	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	553 633	-	553 633	0.00	0.00
Cash and Cash Equivalents	716 772	4 385 931	5 102 703	4 595 483	9 698 186	-	9 698 186	2 126 406	-	(7 571 780)	21.93	296.66
Current Portion of Long-term Receivables	15 563	(9 161)	6 402	-	6 402	-	6 402	17 718	-	11 316	276.76	113.85
		-				-						
Non-Current Assets		-				-						
Property, Plant and Equipment	23 321 340	(1 778 472)	21 542 868	(1 143 950)	20 398 918	-	20 398 918	21 429 126	-	1 030 208	105.05	91.89
Intangible Assets	397 161	(259 814)	137 347	-	137 347	-	137 347	112 354	-	(24 993)	81.80	28.29
Non-current Investments	500 000	-	500 000	-	500 000	-	500 000	512 048	-	12 048	102.41	102.41
Long-term Receivables	21 680	(7 383)	14 297	-	14 297	-	14 297	108 585	-	94 288	759.50	500.85
Total Assets	25 391 028	3 334 928	28 725 956	3 451 533	32 177 489	-	32 177 489	25 057 798	-	(7 119 691)	77.87	98.69
Current Liabilities												
Provisions	2 784 425	1 938 782	4 723 207	250 000	4 973 207	-	4 973 207	2 887 376	-	(2 085 831)	58.06	103.70
Payables from Exchange Transactions	11 624 829	(390 704)	11 234 125	4 221 507	15 455 632	-	15 455 632	8 144 410	-	(7 311 222)	52.70	70.06
Current Portion of Long-term Liabilities	293 310	(210 718)	82 592	-	82 592	-	82 592	496 885	-	414 293	601.61	169.41
Non-Current Liabilities												
Long-term Liabilities	128 263	(95 224)	33 039	-	33 039	-	33 039	803 350	-	770 311	2 431.52	626.33
Employee Benefit Liabilities	30 404 988	2 381 012	32 786 000	-	32 786 000	-	32 786 000	32 041 000	-	(745 000)	97.73	105.38
Total Liabilities	45 235 815	3 623 148	48 858 963	4 471 507	53 330 470	-	53 330 470	44 373 022	-	(8 957 448)	83.20	98.09
Total Assets and Liabilities	**(19 844 787)**	**(288 220)**	**(20 133 007)**	**(1 019 974)**	**(21 152 981)**	**-**	**(21 152 981)**	**(19 315 223)**	**-**	**1 837 758**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(19 844 787)	(288 220)	(20 133 007)	(1 019 974)	(21 152 981)	-	(21 152 981)	(19 315 223)	-	1 837 758	0.00	0.00
Total Net Assets	**(19 844 787)**	**(288 220)**	**(20 133 007)**	**(1 019 974)**	**(21 152 981)**	**-**	**(21 152 981)**	**(19 315 223)**	**-**	**1 837 758**	**0.00**	**0.00**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:
VAT Receivables budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:
Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:
VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:
The budget amount was over budgeted for.

Current Portion of Long-term Receivables:
Did not budget for new Long-term debtors.

Intangible Assets:
Did not take Depreciation into account with the budgeted figure.

Long-term Receivables:
Budgeted figures were not updated with the latest amortisation tables.

Provisions:
Only budgeted for Leave Accrual. Budgeted amount of short-term portion of PEMA and LSA included under Non-Current Employee Benefit Liabilities.

Payables from Exchange Transactions:
The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Current Portion of Long-term Liabilities:
Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Long-term Liabilities:
Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	82 178 000	(1 850 000)	80 328 000	3 398 000	83 726 000	-	83 726 000	82 846 906	-	(879 094)	98.95	100.81
Impairment Gains	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	-	10 000	-	10 000	8 730	-	(1 270)	87.30	87.30
Finance Income	800 000	50 000	850 000	-	850 000	-	850 000	699 566	-	(150 434)	82.30	87.45
Operational Revenue	665 000	700 000	1 365 000	-	1 365 000	-	1 365 000	834 620	-	(530 380)	61.14	125.51
Gains on Disposal of Capital Assets	381 000	-	381 000	-	381 000	-	381 000	10 667	-	(370 333)	2.80	2.80
Total Revenue	84 034 000	(1 100 000)	82 934 000	3 398 000	86 332 000	-	86 332 000	84 400 490	-	(1 931 510)	97.76	100.44
Expenditure												
Employee Related Costs	56 969 949	1 172 386	58 142 335	329 235	58 471 570	(369 243)	58 102 327	56 838 028	-	(1 264 299)	97.82	99.77
Remuneration of Councillors	3 773 302	438 191	4 211 493	219 257	4 430 750	189 819	4 620 569	4 620 087	-	(482)	99.99	122.44
Depreciation and Amortisation	594 640	113 600	708 240	-	708 240	438 638	1 146 878	1 042 953	-	(103 925)	90.94	175.39
Impairment Losses	20 000	-	20 000	-	20 000	38 000	58 000	53 246	-	(4 754)	91.80	266.23
Finance Costs	-	-	-	-	-	513 500	513 500	512 869	-	(631)	99.88	0.00
Contracted Services	5 742 750	(80 150)	5 662 600	2 097 445	7 760 045	(144 865)	7 615 180	7 087 439	-	(527 741)	93.07	123.42
Inventory Consumed	565 427	(66 000)	499 427	236 351	735 778	(43 961)	691 817	634 183	-	(57 634)	91.67	112.16
Transfers and Subsidies Paid	150 000	175 000	325 000	(5 045)	319 955	-	319 955	304 250	-	(15 705)	95.09	202.83
Operating Leases	650 000	(350 000)	300 000	116 000	416 000	244 080	660 080	626 900	-	(33 180)	94.97	96.45
Operational Costs	12 115 035	(911 104)	11 203 931	1 004 491	12 208 422	(866 968)	11 341 454	10 285 796	-	(1 055 658)	90.69	84.90
Loss on Disposal of Capital Assets	153 000	-	153 000	-	153 000	1 000	154 000	-	-	(154 000)	0.00	0.00
Total Expenditure	80 734 103	491 923	81 226 026	3 997 734	85 223 760	-	85 223 760	82 005 752	-	(3 218 008)	96.22	101.58
Surplus/(Deficit) for the Year	**3 299 897**	**(1 591 923)**	**1 707 974**	**(599 734)**	**1 108 240**	**-**	**1 108 240**	**2 394 737**	**-**	**1 286 497**	**216.08**	**72.57**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Rental from Fixed Assets

Budgeted figures were not updated with the latest amortisation tables.

Finance Cost

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Operational Revenue:

Over budget for funds received from LGSETA.

Gains on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

Impairment Losses:

Funds received from Debtors which were not written-off.

Contracted Services:

Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Inventory Consumed:

Underspending is mainly due to cost containment measures.

Loss on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	15 000	-	15 000	(10 000)	5 000	48 357	53 357	53 357	-	-	100.00	355.71
Finance and Administration	-	15 000	15 000	15 000	30 000	378 450	408 450	2 051 687	1 643 237	1 643 237	502.31	0.00
Internal Audit	-	-	-	-	-	50 291	50 291	50 291	-	-	100.00	0.00
Public Safety	-	-	-	-	-	8 952	8 952	8 952	-	-	100.00	0.00
Planning and Development	-	700 000	700 000	(700 000)	-	-	-	-	-	-	0.00	0.00
Corporate Services	2 195 000	(1 260 000)	935 000	(448 950)	486 050	(486 050)	-		-	-	0.00	0.00
Total Capital Expenditure	**2 210 000**	**(545 000)**	**1 665 000**	**(1 143 950)**	**521 050**	**(0)**	**521 050**	**2 164 287**	**1 643 237**	**1 643 237**	**415.37**	**97.93**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Budget Adjustments		Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	82 178 000	(3 225 000)	78 953 000	3 038 950	81 991 950	-	81 991 950	82 312 923		320 973	100.39	100.16
Rental from Fixed Assets	-	-	-	-	-	-	-	8 730		8 730	0.00	0.00
Finance Income	800 000	50 000	850 000	-	850 000	-	850 000	699 566		(150 434)	82.30	87.45
Other Receipts	675 000	700 000	1 375 000	-	1 375 000	-	1 375 000	1 385 858		10 858	100.79	205.31
Employee Related Costs	(80 217 981)	(1 482 019)	(81 700 000)	81 700 000	-	-	-	(58 197 028)		(58 197 028)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(4 620 087)		(4 620 087)	0.00	0.00
Finance Costs	-	-	-	-	-	-	-	(512 869)		(512 869)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(9 241 514)		(9 241 514)	0.00	0.00
Other Payments	-	-	-	-	-	-	-	(10 594 916)		(10 594 916)	0.00	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(2 210 000)	545 000	(1 665 000)	1 665 000	-	-	-	(512 678)		(512 678)	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(41 609)		(41 609)	0.00	0.00
Proceeds on Disposal of PPE	-	-	-	-	-	-	-	157 519		157 519	0.00	0.00
Decrease / (Increase) in Non-current Investme	-	-	-	(500 000)	(500 000)	-	(500 000)	(512 048)		(12 048)	0.00	0.00
Decrease / (Increase) in Long-term Receivable	-	(14 297)	(14 297)	14 297	-	-	-	(94 288)		(94 288)	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Proceeds from Borrowings	-	-	-	-	-	-	-	-		-	0.00	0.00
Repayment of Borrowings	-	-	-	-	-	-	-	(392 357)		(392 357)	0.00	0.00
Cash and Cash Equivalents at End of the Y	**1 225 019**	**(3 426 316)**	**(2 201 297)**	**85 918 247**	**83 716 950**	**-**	**83 716 950**	**(154 798)**	**-**	**(83 871 748)**	**0.00**	**0.00**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Costs
Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Employee Related Costs
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:
Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:
NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Proceeds on Disposal of Property, Plant and Equipment:
Did not be budget for on the new mSCOA budget format.

Decrease / (Increase) in Long-term Receivables:
Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:
Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:
Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2021

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	413 512	-	413 512	909 298	1 322 810	-	1 322 810	296 503	-	(1 026 307)	22.41	71.70
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	121 515	-	121 515	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	949 343	-	949 343	0.00	0.00
Cash and Cash Equivalents	1 005 767	2 550	1 008 317	441 276	1 449 593	-	1 449 593	2 281 203	-	831 610	157.37	226.81
Current Portion of Long-term Receivables	15 563	-	15 563	-	15 563	-	15 563	6 402	-	(9 161)	41.14	41.14
Non-Current Assets												
Property, Plant and Equipment	23 000 980	30 000	23 030 980	(438 000)	22 592 980	-	22 592 980	20 358 109	-	(2 234 871)	90.11	88.51
Intangible Assets	747 161	-	747 161	(350 000)	397 161	-	397 161	208 890	-	(188 271)	52.60	27.96
Non-current Investments	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Long-term Receivables	21 680	-	21 680	-	21 680	-	21 680	14 297	-	(7 383)	65.95	65.95
Total Assets	25 204 663	32 550	25 237 213	562 574	25 799 787	-	25 799 787	24 236 262	-	(1 563 525)	93.94	96.16
Current Liabilities												
Provisions	2 486 925	-	2 486 925	(100 000)	2 386 925	-	2 386 925	3 473 207	-	1 086 282	145.51	139.66
Payables from Exchange Transactions	6 976 544	2 198 967	9 175 511	(306 844)	8 868 667	-	8 868 667	9 037 402	-	168 735	101.90	129.54
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	533 983	-	533 983	0.00	0.00
Current Portion of Long-term Liabilities	293 310	-	293 310	-	293 310	-	293 310	82 592	-	(210 718)	28.16	28.16
Non-Current Liabilities												
Long-term Liabilities	128 263	-	128 263	-	128 263	-	128 263	33 039	-	(95 224)	25.76	25.76
Employee Benefit Liabilities	22 723 739	-	22 723 739	6 518 750	29 242 489	-	29 242 489	32 786 000	-	3 543 511	112.12	144.28
Total Liabilities	32 608 781	2 198 967	34 807 748	6 111 906	40 919 654	-	40 919 654	45 946 223	-	5 026 569	112.28	140.90
Total Assets and Liabilities	**(7 404 118)**	**(2 166 417)**	**(9 570 535)**	**(5 549 332)**	**(15 119 867)**	**-**	**(15 119 867)**	**(21 709 961)**	**-**	**(6 590 094)**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(7 404 118)	(2 166 417)	(9 570 535)	(5 549 332)	(15 119 867)	-	(15 119 867)	(21 709 961)	-	(6 590 094)	0.00	0.00
Total Net Assets	**(7 404 118)**	**(2 166 417)**	**(9 570 535)**	**(5 549 332)**	**(15 119 867)**	**-**	**(15 119 867)**	**(21 709 961)**	**-**	**(6 590 094)**	**0.00**	**0.00**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

VAT Receivables budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:

Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:

VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The budget amount was under budgeted for due to cost containment measures during COVID-19.

Current Portion of Long-term Receivables:

Budgeted figures were not updated with the latest amortisation tables.

Property, Plant and Equipment:

Did not budget for assets written off.

Intangible Assets:

ZFM included additions as budgeted for but did not realise due to procurement challenges.

Long-term Receivables:

Budgeted figures were not updated with the latest amortisation tables.

Provisions:

Only budgeted for Leave Accrual. Budgeted amount of short-term portion of PEMA and LSA included under Non-Current Employee Benefit Liabilities.

Unspent Conditional Grants and Receipts:

ZFM did not budget for Unspent Conditional Grants and Receipts as it was anticipated that all grants will be spent.

Long-term Liabilities:

Budgeted figures were not updated with the latest amortisation tables.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2021

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	79 259 000	1 832 000	81 091 000	-	81 091 000	-	81 091 000	80 137 977	-	(953 023)	98.82	101.11
Impairment Gains	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	-	10 000	-	10 000	2 078	-	(7 922)	20.78	20.78
Finance Income	900 000	-	900 000	-	900 000	-	900 000	562 869	-	(337 131)	62.54	62.54
Operational Revenue	1 675 000	-	1 675 000	-	1 675 000	-	1 675 000	542 225	-	(1 132 775)	32.37	32.37
Gains on Disposal of Capital Assets	656 000	-	656 000	-	656 000	-	656 000	-	-	(656 000)	0.00	0.00
Total Revenue	82 500 000	1 832 000	84 332 000	-	84 332 000	-	84 332 000	81 245 149	-	(3 086 851)	96.34	98.48
Expenditure												
Employee Related Costs	53 633 322	(288 500)	53 344 822	1 233 375	54 578 197	5 676 571	60 254 768	60 245 587	-	(9 181)	99.98	112.33
Remuneration of Councillors	3 808 384	-	3 808 384	(35 082)	3 773 302	221 000	3 994 302	3 974 721	-	(19 581)	99.51	104.37
Depreciation and Amortisation	594 640	-	594 640	-	594 640	225 000	819 640	794 433	-	(25 207)	96.92	133.60
Impairment Losses	25 000	-	25 000	-	25 000	-	25 000	13 137	-	(11 863)	52.55	52.55
Finance Costs	-	-	-	47 900	47 900	10 000	57 900	47 969	-	(9 931)	82.85	0.00
Contracted Services	6 055 949	272 000	6 327 949	(742 534)	5 585 415	187 090	5 772 505	5 650 804	-	(121 701)	97.89	93.31
Inventory Consumed	785 043	106 450	891 493	71 800	963 293	(178 000)	785 293	458 807	-	(326 486)	58.42	58.44
Transfers and Subsidies Paid	215 000	40 000	255 000	(80 000)	175 000	423 000	598 000	594 159	-	(3 841)	99.36	276.35
Operating Leases	1 100 000	-	1 100 000	(47 900)	1 052 100	(91 500)	960 600	926 678	-	(33 922)	96.47	84.24
Operational Costs	13 738 993	368 467	14 107 460	511 071	14 618 531	(6 473 161)	8 145 370	8 066 899	-	(78 471)	99.04	58.72
Loss on Disposal of Capital Assets	603 000	-	603 000	-	603 000	-	603 000	156 305	-	(446 695)	25.92	25.92
Total Expenditure	80 559 331	498 417	81 057 748	958 630	82 016 378	-	82 016 378	80 929 499	-	(1 086 879)	98.67	100.46
Surplus/(Deficit) for the Year	**1 940 669**	**1 333 583**	**3 274 252**	**(958 630)**	**2 315 622**	**-**	**2 315 622**	**315 650**	**-**	**(1 999 972)**	**13.63**	**16.27**

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Rental from Fixed Assets

Budgeted figures were not updated with the latest amortisation tables.

Finance Cost

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Operational Revenue:

Over budget for funds received from LGSETA.

Gains on Disposal of Capital Assets:

Budgeted for revenue from auction which did not take place during the year due to COVID-19.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2021

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	700 000	30 000	730 000	(18 000)	712 000	25 000	737 000	735 126	-	(1 874)	99.75	105.02
Finance and Administration	870 000	-	870 000	(870 000)	-	300 000	300 000	164 931	-	(135 069)	54.98	18.96
Planning and Development	250 000	-	250 000	100 000	350 000	(325 000)	25 000	20 904	-	(4 096)	83.62	8.36
Total Capital Expenditure	**1 820 000**	**30 000**	**1 850 000**	**(788 000)**	**1 062 000**	**-**	**1 062 000**	**920 961**	**-**	**(141 039)**	**86.72**	**50.60**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

ZFM included additions as budgeted for but did not realise due to procurement challenges.

Planning and Development:

Budgeted under Finance and Administration.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2021

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	79 259 000	1 832 000	81 091 000	-	81 091 000	-	81 091 000	80 388 427	-	(702 573)	99.13	101.42
Rental from Fixed Assets	-	-	-	-	-	-	-	2 078	-	2 078	0.00	0.00
Finance Costs	900 000	(900 000)	-	900 000	900 000	-	900 000	562 869	-	(337 131)	62.54	62.54
Other Receipts	1 690 000	(5 000)	1 685 000	-	1 685 000	-	1 685 000	44 319	-	(1 640 681)	2.63	2.62
Employee Related Costs	(79 121 691)	(498 417)	(79 620 108)	78 120 108	(1 500 000)	-	(1 500 000)	(57 366 587)	-	(55 866 587)	3 824.44	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(3 974 721)	-	(3 974 721)	0.00	0.00
Finance Costs Paid	-	-	-	-	-	-	-	(47 969)	-	(47 969)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(8 513 176)	-	(8 513 176)	0.00	0.00
Other Payments	-	-	-	-	-	-	-	(8 625 668)	-	(8 625 668)	0.00	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(1 820 000)	(30 000)	(1 850 000)	788 000	(1 062 000)	-	(1 062 000)	(840 613)	-	221 387	79.15	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(80 348)	-	(80 348)	0.00	0.00
Proceeds on Disposal of Property, Plant and E	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Decrease / (Increase) in Non-current Investme	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-	-	-	-	-	4 335	-	4 335	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	(293 310)	586 620	293 310	(293 310)	-	-	-	(293 310)	-	(293 310)	0.00	0.00
Cash and Cash Equivalents at End of the Y	**613 999**	**985 203**	**1 599 202**	**79 514 798**	**81 114 000**	**-**	**81 114 000**	**1 259 636**	**-**	**(79 854 364)**	**1.55**	**205.15**

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Costs
Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

Other Receipts
Over budget for funds received from LGSETA.

Employee Related Costs
mSCOA budget format only make provision for Suppliers & Employee Related Cost as a combined item.

Remuneration of Councillors
mSCOA budget format only make provision for Suppliers & Employee Related Cost as a combined item.

Finance Costs
Budget for Finance Costs Paid under Repayment of Borrowings.

Suppliers Paid
mSCOA budget format only make provision for Suppliers & Employee Related Cost as a combined item.

Other Payments
mSCOA budget format only make provision for Suppliers & Employee Related Cost as a combined item.

Purchase of Property, Plant and Equipment:
ZFM included additions as budgeted for but did not realise due to procurement challenges.

Purchase of Intangible Assets:
ZFM incorrectly budgeted for Intangible Assets under Operational Cost.

Decrease / (Increase) in Long-term Receivables:
It was not budgeted for the change in Long-term Receivables.

Repayment of Borrowings:
Not budgeted separately for under cash flow statement, included under the Finance Income.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2021/22		2020/21
	R		R
Net surplus/(deficit) per the statement of financial performance	**2 394 737**		**315 650**
Revenue from Non-exchange Transactions			
Transfers and Subsidies	879 094		953 023
Impairment Gains	-		-
Revenue from Exchange Transactions			
Rental from Fixed Assets	1 270		7 922
Finance Income	150 434		337 131
Operational Revenue	530 380		1 132 775
Gains on Disposal of Capital Assets	370 333		656 000
Expenditure			
Employee Related Costs	(1 264 299)		(9 181)
Remuneration of Councillors	(482)		(19 581)
Depreciation and Amortisation	(103 925)		(25 207)
Impairment Losses	(4 754)		(11 863)
Finance Costs	(631)		(9 931)
Contracted Services	(527 741)		(121 701)
Inventory Consumed	(57 634)		(326 486)
Grants and Subsidies Paid	(15 705)		(3 841)
Operating Leases	(33 180)		(33 922)
Operational Costs	(1 055 658)		(78 471)
Loss on Disposal of Capital Assets	(154 000)		(446 695)
Net surplus/deficit per approved budget	**1 108 240**		**2 315 622**

The following budgets were approved by Council during 2021/22 financial year:

- 28 February 2022: Annual Adjustment Budget
- 30 June 2022: Special Adjustment Budget for additional EPWP funding received.

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

30 June 2022

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Other	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	533 983	76 982 923	-	-	-	5 330 000	-	82 846 906
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	8 730	-	-	-	-	-	8 730
Finance Income	-	699 566	-	-	-	-	-	699 566
Operational Revenue	-	834 620	-	-	-	-	-	834 620
Gains on Disposal of Capital Assets	-	10 667	-	-	-	-	-	10 667
Total Revenue	**533 983**	**78 536 507**	**-**	**-**	**-**	**5 330 000**	**-**	**84 400 490**
EXPENDITURE								
Employee Related Costs	8 109 141	27 693 405	3 051 412	3 062 198	6 638 516	7 307 047	976 310	56 838 028
Remuneration of Councillors	4 620 087	-	-	-	-	-	-	4 620 087
Depreciation and Amortisation	-	1 042 953	-	-	-	-	-	1 042 953
Impairment Losses	-	53 246	-	-	-	-	-	53 246
Finance Costs	-	512 869	-	-	-	-	-	512 869
Contracted Services	558 233	2 442 646	198 586	-	6 150	3 881 824	-	7 087 439
Inventory Consumed	38 794	239 117	5 294	14 942	1 810	325 876	8 350	634 183
Transfers and Subsidies Paid	304 250	-	-	-	-	-	-	304 250
Operating Leases	-	626 900	-	-	-	-	-	626 900
Operational Costs	2 414 479	6 455 493	210 869	86 138	294 340	646 741	177 736	10 285 796
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Expenditure	**16 044 984**	**39 066 629**	**3 466 161**	**3 163 278**	**6 940 816**	**12 161 488**	**1 162 396**	**82 005 752**
Surplus/(Deficit) for the Year	**(15 511 001)**	**39 469 877**	**(3 466 161)**	**(3 163 278)**	**(6 940 816)**	**(6 831 488)**	**(1 162 396)**	**2 394 737**

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

30 June 2021

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Other	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	249 550	75 398 427	-	-	-	4 490 000	-	80 137 977
Revenue from Exchange Transactions	-	-	-	-	-	-	-	
Rental from Fixed Assets	-	2 078	-	-	-	-	-	2 078
Finance Income	-	562 869	-	-	-	-	-	562 869
Operational Revenue	-	542 225	-	-	-	-	-	542 225
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	**249 550**	**76 505 599**	**-**	**-**	**-**	**4 490 000**	**-**	**81 245 149**
EXPENDITURE								
Employee Related Costs	8 425 167	32 697 468	2 928 392	2 718 615	6 127 900	6 437 808	910 237	60 245 587
Remuneration of Councillors	3 974 721	-	-	-	-	-	-	3 974 721
Depreciation and Amortisation	-	794 433	-	-	-	-	-	794 433
Impairment Losses	-	13 137	-	-	-	-	-	13 137
Finance Costs	-	47 969	-	-	-	-	-	47 969
Contracted Services	207 176	2 599 470	259 383	-	-	2 584 775	-	5 650 804
Inventory Consumed	49 565	307 894	1 636	6 323	16 345	77 044	-	458 807
Transfers and Subsidies Paid	594 159	-	-	-	-	-	-	594 159
Operating Leases	-	926 678	-	-	-	-	-	926 678
Operational Costs	1 837 775	5 349 457	148 893	27 405	217 216	454 214	31 939	8 066 899
Loss on Disposal of Capital Assets	-	156 305	-	-	-	-	-	156 305
Total Expenditure	**15 088 563**	**42 892 809**	**3 338 304**	**2 752 344**	**6 361 461**	**9 553 842**	**942 176**	**80 929 499**
Surplus/(Deficit) for the Year	**(14 839 013)**	**33 612 789**	**(3 338 304)**	**(2 752 344)**	**(6 361 461)**	**(5 063 842)**	**(942 176)**	**315 650**

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 convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the District Municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2021 and 30 June 2022 the District Municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the District Municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

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

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

The following are the critical judgements and estimations that Management have made in the process of applying the District Municipality’s Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the Management of the District Municipality.

In making their judgement, the Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the District Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the District Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Impairment of Financial Assets

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the Management of the District Municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The Management of the District Municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:

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

1.3.3 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies 3.3, and 4.2, the District Municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy N/A on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the Management of the District Municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, Management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by Management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 7 and 8 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 9.2 , Employee Benefits – Post-employment Benefits, the District Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the District Municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

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

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis* .

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

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

Standard	Description	Effective date
GRAP 25	Employee Benefits	Not yet determined
GRAP 104	Financial Instruments	1 April 2025
IGRAP 7	The limit on a defined benefit asset, minimum funding requirements and their interaction	1 April 2022
IGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

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

2. ACCUMULATED SURPLUS

The accumulated surplus of the District Municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

	Asset Class	Years		Asset Class	Years
	Buildings			**Other**	
	Improvements	25 - 100		Bins and Containers	5
				Furniture and Fittings	5 - 10
	Community			Office Equipment	3 - 7
	Recreational Facilities	15 - 60		Other items of Plant and Equipment	2 - 5
	Security	5		Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

3.4 Land

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

3.5 Incomplete Construction Work

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

3.6 Finance Leases

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

3.7 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

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

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing computer equipment or repairing of existing intangible assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. IMPAIRMENT OF ASSETS

The District Municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

5.1 Impairment of Cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The District Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

5.2 Impairment of Non-cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

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

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6. FINANCIAL INSTRUMENTS

The District Municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The District Municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the District Municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

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

6.1 Financial Assets – Classification

The District Municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

6.2 Financial Liabilities – Classification

The District Municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

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

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

6.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

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

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

6.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the District Municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:
- It is Management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

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

6.5 Derecognition of Financial Assets

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

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

6.6 Derecognition of Financial Liabilities

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

The District Municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

7. REVENUE RECOGNITION

7.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the District Municipality’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

7.2 Revenue from Exchange Transactions

7.2.1 Rentals Received

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

7.2.2 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in Surplus or Deficit:

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

7.2.3 Sale of Goods (including Houses)

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

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

7.3 Revenue from Non-exchange Transactions

7.3.1 Public Contributions

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

7.3.2 Other Donations and Contributions

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

7.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the District Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the District Municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the District Municipality's interest, it is recognised as interest earned in Surplus or Deficit.

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

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 as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual Unauthorised, Irregular, Fruitless and Wasteful Expenditure was incurred.

8. PROVISIONS

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

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

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

9. EMPLOYEE BENEFIT LIABILITIES

9.1 Short-term Employee Benefits

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

The District Municipality recognises the expected cost of performance bonuses only when the District Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The entity recognise the expected cost of bonus payments (13th cheques) when the District Municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

9.2 Post-employment Benefits

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

9.2.1 Defined Contribution Plans

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

9.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

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

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

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

Defined Benefit Pension Plans

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

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

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

10. LEASES

10.1 The Municipality as Lessee

10.1.1 Operating Leases

The District Municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

10.2 The Municipality as Lessor

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

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

11. VALUE ADDED TAX

The District Municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

12. UNAUTHORISED EXPENDITURE

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

13. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

14. FRUITLESS AND WASTEFUL EXPENDITURE

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

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

16. COMMITMENTS

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

17. RELATED PARTIES

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

18. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

19. SEGMENT REPORTING

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal Management reporting is based on each service objective. The following components have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting):

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Other*

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

The Municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

The Segmental Reporting is disclosed in Note 48 to the Annual Financial Statements.

20. BUDGET INFORMATION

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

The approved budget covers the period from 1 July 2021 to 30 June 2022.

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by Management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 33 to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Refer to Note 32 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

22. TREATMENT OF SUPPORT FUNDS RECEIVED

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, shared service fee, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

22 STATUTORY RECEIVABLES

Utilisation of transitional provisions:

GRAP 108 Statutory Receivables became effective on 1 April 2019 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to change their accounting policies in respect of the classification and measurement of statutory receivables for reporting periods beginning on a date within three years following the date of first adoption of GRAP 108. Entities shall comply with the disclosure requirements of GRAP 108 as and when statutory receivables are classified and measured in accordance with the Standard of GRAP.

The estimate Statutory Receivables that exists in the District Municipality’s books at year-end are those relating to VAT.

The District Municipality applied the requirements of GRAP 108 by 30 June 2021. The District Municipality developed an accounting policy for GRAP 108 which was approved by Council.

1. GENERAL INFORMATION

ZF Mgcawu District Municipality (The District Municipality, formerly known as Siyanda District Municipality) is a local government institution in Upington, Northern Cape, and has 5 Local Municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2022. The principal activities of the District Municipality are disclosed in the Annual Report.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Service Debtors:	197 928	-	197 928
Merchandising, Jobbing and Contracts	197 928	-	197 928
Prepayments and Advances	-	-	-
Subscriptions	-	-	-
Telephone Contract	-	-	-
Total Receivables from Exchange Transactions	**197 928**	**-**	**197 928**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Service Debtors:	48 240	-	48 240
Merchandising, Jobbing and Contracts	48 240	-	48 240
Prepayments and Advances	248 263	-	248 263
Subscriptions	65 413	-	65 413
Telephone Contract	182 850	-	182 850
Total Receivables from Exchange Transactions	**296 503**	**-**	**296 503**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

The District Municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the District Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and Receivables as well as the current payment ratios of the District Municipality's Receivables.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

2.1 Ageing of Receivables from Exchange Transactions

	2022 R	2021 R
Other Debtors: Ageing		
Current:		
0 - 30 days	172 257	222 972
Past Due:		
31 - 60 Days	-	704
61 - 90 Days	-	704
91 - 120 Days	-	704
+ 120 Days	25 671	71 420
Total	**197 928**	**296 503**

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2022				
Current:				
0 - 30 days	-	58 503	113 753	172 257
Past Due:				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	-	25 671	25 671
Sub-total	-	58 503	139 424	197 928
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**58 503**	**139 424**	**197 928**

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2021				
Current:				
0 - 30 days	-	-	222 972	222 972
Past Due:				
31 - 60 Days	-	-	704	704
61 - 90 Days	-	-	704	704
+ 90 Days	-	-	704	704
+ 120 Days	-	-	71 420	71 420
Sub-total	-	-	296 503	296 503
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**-**	**296 503**	**296 503**

	2022 R	2021 R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
All Consumer Debtors	-	-
Impairment Losses recognised	-	-
All Consumer Debtors	-	-
Impairment Losses reversed	-	-
All Consumer Debtors	-	-
Provision amount written off as uncollectable	-	-
Balance at end of year	**-**	**-**

2.4 Ageing of impaired Receivables from Exchange Transactions

No impairment loss was recognised on 30 June 2022.

2.5 Derecognition of Financial Assets

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

3. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	-	-	-
Total Receivables from Non-exchange Transactions	**-**	**-**	**-**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	121 515	-	121 515
Total Receivables from Non-exchange Transactions	**121 515**	**-**	**121 515**

During the preparation of the 2020/21 Annual Financial Statements it was noted that various debit orders were deducted from ZF Mgcawu District Municipality's bank account without any authorisation by ZFM officials. The Municipality has opened a case at the SAPS for further investigation.
The total amount of the various debit orders was R240 942 of which R254 493 was recovered by ABSA.

Refer to Note 35 on 'Fruitless and Wasteful Expenditure' for more details.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

3.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Unauthorised, Irregular, Fruitless and Wasteful Expenditure:					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**-**	**-**

As at 30 June 2021

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Unauthorised, Irregular, Fruitless and Wasteful Expenditure:					
Gross Balances	-	-	-	121 515	121 515
Less: Provision for Impairment	-	-	-	-	-
Net Balances	**-**	**-**	**-**	**121 515**	**121 515**

	2022 R	2021 R

4. STATUTORY RECEIVABLES - VAT

	2022 R	2021 R
VAT Receivable / (Payable)	**553 633**	**949 343**
As at 30 June:		
Gross Balances	553 633	949 343
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	553 633	**949 343**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

5. CASH AND CASH EQUIVALENTS

	2022 R	2021 R
Current Investments	24 278	20 382
Bank Accounts	2 100 512	2 260 378
Cash and Cash Equivalents	1 616	443
Total Bank, Cash and Cash Equivalents	**2 126 406**	**2 281 203**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

5.1 Current Investment Deposits

	2022 R	2021 R
Call Deposits	24 278	20 382
Total Current Investment Deposits	**24 278**	**20 382**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.9% per annum.

	2022 R	2021 R
Deposits attributable to Deposit taking Institutions	24 278	20 382
KOF: ABSA Account 1045170264	24 278	20 382
Total Deposits attributable to Commitments of the District Municipality	**24 278**	**20 382**

	2022 R	2021 R
ABSA Account 9358880080		
Cash book balance at beginning of year	20 382	562
Cash book balance at end of year	24 278	20 382
Bank statement balance at beginning of year	20 382	562
Bank statement balance at end of year	24 278	20 382

5.2 Bank Accounts

	2022 R	2021 R
Cash in Bank	2 100 512	2 260 378
Total Bank Accounts	**2 100 512**	**2 260 378**

The District Municipality has the following bank accounts:

	2022 R	2021 R
Primary Bank Account		
ABSA Bank Account 2240000035		
Cash book balance at beginning of year	2 260 378	1 021 006
Cash book balance at end of year	2 100 512	2 260 378
Bank statement balance at beginning of year	2 260 378	1 021 006
Bank statement balance at end of year	2 100 512	2 260 378

The District Municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

5.3 Cash and Cash Equivalents

	2022 R	2021 R
Cash Floats and Advances	1 616	443
Total Cash on hand in Cash Floats, Advances and Equivalents	**1 616**	**443**
Petty Cash Bank Account		
ABSA Bank Account 9266723639		
Cash book balance at beginning of year	443	-
Cash book balance at end of year	1 616	443
Bank statement & Cash Float balance at beginning of year	443	-
Bank statement & Cash Float balance at end of year	1 616	443

The District Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the District Municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the District Municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

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

6. CURRENT PORTION OF LONG-TERM RECEIVABLES

	2022 R	2021 R
Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	14 118	2 802
CPMD Debtors	7 200	-
SCM Debtors	4 518	-
Maternity Leave Debtors	2 400	2 400
Acting Allowance Debtors	-	402
Total Current Portion of Long-term Receivables	**17 718**	**6 402**

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2022

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2021	**17 976 000**	**616 601**	**18 592 601**	**477 033**	**283 073**	**155 870**	**849 532**	**20 358 109**
Cost	17 976 000	2 056 000	20 032 000	2 278 848	2 160 646	986 849	1 109 072	26 567 416
Accumulated Depreciation:	-	(1 439 399)	(1 439 399)	(1 801 815)	(1 877 573)	(830 979)	(259 541)	(6 209 307)
Acquisitions	-	-	-	466 503	30 731	1 625 444	-	2 122 678
Cost	-	-	-	466 503	30 731	15 444	-	512 678
Leased	-	-	-	-	-	1 610 000	-	1 610 000
Depreciation:	-	(82 214)	(82 214)	(241 788)	(45 112)	(362 491)	(173 204)	(904 808)
Cost	-	(82 214)	(82 214)	(241 788)	(45 112)	(10 036)	(173 204)	(552 353)
Leased	-	-	-	-	-	(352 455)	-	(352 455)
Carrying value of Disposals:	-	-	-	(36 989)	(15 088)	(94 776)	-	(146 852)
- Cost	-	-	-	(348 761)	(168 737)	(802 493)	-	(1 319 991)
- Accumulated Depreciation	-	-	-	311 772	153 650	707 717	-	1 173 139
Carrying values at 30 June 2022	**17 976 000**	**534 388**	**18 510 388**	**664 759**	**253 604**	**1 324 047**	**676 328**	**21 429 126**
Cost	17 976 000	2 056 000	20 032 000	2 396 590	2 022 640	1 809 800	1 109 072	27 370 103
Accumulated Depreciation:	-	(1 521 612)	(1 521 612)	(1 731 831)	(1 769 036)	(485 753)	(432 744)	(5 940 977)

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2021

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2020	**17 976 000**	**698 815**	**18 674 815**	**619 321**	**291 075**	**355 940**	**388 636**	**20 329 786**
Cost	17 976 000	2 056 000	20 032 000	2 225 445	2 227 453	986 849	990 980	26 462 727
Accumulated Depreciation:	-	(1 357 185)	(1 357 185)	(1 606 124)	(1 936 378)	(630 909)	(602 344)	(6 132 941)
Acquisitions	-	-	-	90 344	36 777	-	713 492	840 613
Cost	-	-	-	90 344	36 777	-	713 492	840 613
Leased	-	-	-	-	-	-	-	-
Depreciation:	-	(82 213)	(82 213)	(227 995)	(34 129)	(200 070)	(111 578)	(655 986)
Cost		(82 213)	(82 213)	(227 995)	(34 129)	(8 500)	(111 578)	(464 416)
Leased					-	(191 570)		(191 570)
Carrying value of Disposals:	-	-	-	(4 636)	(10 650)	-	(141 018)	(156 305)
- Cost	-	-	-	(36 940)	(103 584)	-	(595 400)	(735 924)
- Accumulated Depreciation	-	-	-	32 304	92 934	-	454 382	579 619
Carrying values at 30 June 2021	**17 976 000**	**616 601**	**18 592 601**	**477 033**	**283 073**	**155 870**	**849 532**	**20 358 109**
Cost	17 976 000	2 056 000	20 032 000	2 278 848	2 160 646	986 849	1 109 072	26 567 416
Accumulated Depreciation:	-	(1 439 399)	(1 439 399)	(1 801 815)	(1 877 573)	(830 979)	(259 541)	(6 209 307)

Refer to Note 50, Appendix B and E (4) for more detail on Property, Plant and Equipment, including those in the course of construction.

	2022 R	2021 R

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

	2022 R	2021 R
At Carrying Amount:		
Computer Equipment	997	-
Furniture and Office Equipment	5 147	17 819
Machinery and Equipment	300	-
Gross Carrying Amount of PPE fully depreciated and still in use	**6 444**	**17 819**

7.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

Refer to Note 31 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The District Municipality did not pledge any of its assets as security, except for Leased Assets.

7.4 Impairment of Property, Plant and Equipment

No Property, Plant and Equipment were impaired from active use during the financial year.

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2021/22:

	2022 R	2021 R
Administration	(30)	(264)
Asset Management Unit	(2)	(6)
Budget and treasury office	(3)	(27)
Council Administration	(3)	(868)
Council Services	(9 699)	(2 189)
Disaster Management	-	(15)
Engineering Services	(3)	(319)
Environmental Health	(22)	(5 537)
Expenditure Unit	-	(2 286)
Financial Services	(12 380)	(184)
Housing Accreditation	(1)	(6)
Human Resources	(29)	(76)
Information Technology	(24 795)	(73 885)
Internal Audit	(115)	(19)
LED	(3)	(10 356)
Municipal Manager	(2 728)	(3 645)
PIMMS	(8)	(1 377)
Property Services	(0)	(330)
Risk Management	(27)	
Supply Chain Management	(1)	(1)
Planning & Development	(6)	(21)
Tourism	(7)	(158)
Vehicles	-	(26 792)
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**(49 864)**	**(128 361)**

	2022 R	2021 R

7.6 Land and Buildings carried at Fair Value

The Municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.7 Repairs and Maintenance

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note 26.

7.8 Compensation received for Losses

Compensation, included in Operating Surplus, was received from the Municipality's insurers for Property, Plant and Equipment lost during the year:

	2022 R	2021 R
Compensation received from insurers	-	-
Carrying value of lost or broken assets	(1 807)	-
Surplus / (Deficit) on Compensation received for Lost PPE	**(1 807)**	

8 INTANGIBLE ASSETS

	2022 R	2021 R
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**112 354**	**208 890**

The movement in Intangible Assets is reconciled as follows:

30 June 2022	**Computer Software**	**Total**
Carrying values at 01 July 2021	**208 890**	**208 890**
Cost	889 727	889 727
Accumulated Amortisation	(680 837)	(680 837)
Acquisitions:	41 609	41 609
Purchased	41 609	41 609
Amortisation:	(138 145)	(138 145)
Purchased	(138 145)	(138 145)
Carrying value of Disposals:	-	-
- Cost	(21 137)	(21 137)
- Accumulated Depreciation	21 137	21 137
Carrying values at 30 June 2022	**112 354**	**112 354**
Cost	910 198	910 198
Accumulated Amortisation	(797 844)	(797 844)

30 June 2021	Computer Software	Total
Carrying values at 01 July 2020	**266 989**	**266 989**
Cost	809 379	809 379
Accumulated Amortisation	(542 390)	(542 390)
Acquisitions:	80 348	80 348
Purchased	80 348	80 348
Amortisation:	(138 447)	(138 447)
Purchased	(138 447)	(138 447)
Carrying value of Disposals:	**-**	**-**
- Cost	-	-
- Accumulated Depreciation	-	-
Carrying values at 30 June 2021	**208 890**	**208 890**
Cost	889 727	889 727
Accumulated Amortisation	(680 837)	(680 837)

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 23).

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

No restrictions apply to any of the Intangible Assets of the District Municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

The District Municipality's intangible assets only comprise of computer related software.

8.2 Intangible Assets with Indefinite Useful Lives

The District Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

8.3 Impairment of Intangible Assets

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

8.4 Change in Estimate - Useful Life of Intangible Assets reviewed

The estimated useful lives of Intangible Assets were reviewed but no changes were made by the District Municipality

9 NON-CURRENT INVESTMENTS

	2022 R	2021 R
Financial Instruments		
Fixed Deposits	512 048	-
Total Investments		
All Investments	512 048	-
Less: Short-term Portion transferred to Current Investments	-	-
Total Non-current Investments	**512 048**	**-**

The Fixed Deposit of R500 000 is an investment with a maturity period of 3 years (ending 17 March 2025) and earns interest of 8.22% per annum.

The Fixed Deposit of R512 048 (2021: R0) are invested to improve the District Municipality's unfunded budget and going concern position.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the Municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the Municipality and financial institutions.

10 LONG-TERM RECEIVABLES

	2022 R	2021 R
Gross Balances:		
Finance Lease Receivable	12 433	14 374
Staff Related Long Term Receivables	113 871	6 325
CPMD Debtors	97 800	-
SCM Debtors	12 547	-
Maternity Leave Debtors	3 523	5 923
Acting Allowance Debtors	-	402
	126 303	**20 699**
Less: Provision for Impairment:		
Finance Lease Receivable	-	-
Staff Related Long Term Receivables	-	-
	-	**-**
Net Balances:		
Finance Lease Receivable	12 433	14 374
Staff Related Long Term Receivables	113 871	6 325
CPMD Debtors	97 800	-
SCM Debtors	12 547	-
Maternity Leave Debtors	3 523	5 923
Acting Allowance Debtors	-	402
Total Long Term Receivables	**126 303**	**20 699**

	2022 R	2021 R
Less: Current Portion transferred to Current Receivables:		
Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(14 118)	(2 802)
CPMD Debtors	(7 200)	-
SCM Debtors	(4 518)	-
Maternity Leave Debtors	(2 400)	(2 400)
Acting Allowance Debtors	-	(402)
	(17 718)	**(6 402)**
Non-Current Potion of Long Term Receivables		
Finance Lease Receivable	8 833	10 774
Staff Related Long Term Receivables	99 753	3 523
Non-Current Potion of Long Term Receivables	**108 585**	**14 297**

FINANCE LEASE RECEIVABLES

Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the District Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the District Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

STAFF RELATED LONG TERM RECEIVABLES

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

i) CPMD Course Debtors

Three employees did not complete their CMPD course and Council will be reimbursed for all expenditures incurred. ZFM will recover the amount from employees over a 14 year period with no interest, ending 31 January 2036. ZFM is in the process to negotiate new terms.

ii) SCM Debtors

SCM officials accidentally paid a former employee and could not recover the money. ZFM will recover the amount from employees over a 3 year period with no interest, ending 31 March 2025.

iii) Acting Allowance Debtors

An Acting Allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 3 year period with no interest, ending 31 August 2021.

iv) Maternity Leave Debtors

An salary was incorrectly paid out to an employee who was on maternity leave. ZFM will recover this amount from employees over a 3 year period with no interest, ending 31 December 2023.

The District Municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the District Municipality's financial liabilities.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties.

10.1 Leasing Arrangements

The District Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

10.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		**Present Value of Minimum Lease Payments**	
	2022	**2021**	**2022**	**2021**
	R	**R**	**R**	**R**
Within one year	3 600	3 600	3 600	3 600
In the second to fifth years, inclusive	10 069	14 400	10 069	14 400
Over five years	-	535	-	535
	13 669	18 535	13 669	18 535
Less: Unearned Finance Income	1 237	4 161	1 237	4 161
Present Value of Minimum Lease Payments Receivable	12 433	14 374	12 433	14 374
Provision for Uncollectable Lease Receivables	-	-	-	-
Total Finance Lease Receivables	**12 433**	**14 374**	**12 433**	**14 374**

	2022	**2021**
	R	**R**
Included in the Annual Financial Statements as:		
Non-current Finance Lease Receivables	8 833	10 774
Current Finance Lease Receivables	3 600	3 600
Total Finance Lease Receivables	**12 433**	**14 374**

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2021: 5%) per annum.

Management of the District Municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratios of the District Municipality's debtors.

10.3 Ageing of Long-term Receivables

Current:		
0 - 30 days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	126 303	20 699
Finance Lease Receivable	12 433	14 374
Staff Related Long Term Receivables	113 871	6 325
Total	**126 303**	**20 699**

As at 30 June Long-term Receivables of R126 303 (2021: R20 699) were past due of which R0 (2021: R0) were impaired. No terms for payment have been re-negotiated.

	2022	2021
	R	R
10.4 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Balance at end of year	**-**	**-**

In determining the recoverability of a Long-term Receivable, the District Municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

11 PROVISIONS

	2022	2021
Performance Bonus	553 376	525 207
Current Portion of Employee Benefit Liabilities (See Note 15):	2 334 000	2 948 000
Post-retirement Medical Aid Benefits Liability	1 552 000	1 789 000
Long-term Service Liability	782 000	1 159 000
Total Provisions	**2 887 376**	**3 473 207**

The movement in provisions is reconciled as follows:

Performance Bonus:

	2022	2021
Opening Balance	525 207	444 546
Increases	552 472	525 207
Reductions	(524 303)	(444 546)
Balance at end of year	**553 376**	**525 207**

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Current Portion of Defined Benefit Liabilities:

	Medical Aid	Long-term Service
	R	R
30 June 2022		
Opening Balance	1 789 000	1 159 000
Expenditure incurred	(1 589 944)	(864 088)
Contributions to provision	1 352 944	487 088
Balance at end of year	**1 552 000**	**782 000**
30 June 2021		
Opening Balance	1 738 000	625 000
Expenditure incurred	(1 715 275)	(713 746)
Contributions to provision	1 766 275	1 247 746
Balance at end of year	**1 789 000**	**1 159 000**

12 PAYABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Advance Payments	50 550	127 681
LGSETA Skills Programmes and Learnerships	50 550	127 681
Annual Bonus	1 694 924	1 626 575
Leave Accrual	3 877 601	3 969 983
Other Payables: Salary Clearing and Control	1 444 909	648 161
Salary Control	1 132 839	461 910
Travel Control	7 037	7 379
Leave Control	112 982	46 120
UIF Control	-	(15 983)
Skills Control	38 708	30 632
Medical Aid Control	133 689	102 719
Unions Control	289	130
Employee Deductions FICS	19 364	15 254
Salary Related Payables	233 173	(46 911)
Compensation Commission (COID)	0	82 006
PAYE Deductions	233 173	(128 918)
Trade Creditors	843 254	2 711 913
Auditor-General of South Africa	-	1 712 495
Payables and Accruals	843 254	999 417
Total Payables	**8 144 410**	**9 037 402**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

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

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

The District Municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the District Municipality.

The management of the District Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

13.1 Conditional Grants from Government

	2022	2021
National Government	-	-
Provincial Government	-	533 983
Total Conditional Grants and Receipts	**-**	**533 983**

The Unspent Conditional Grants and Receipts are invested in call deposit accounts until utilised.

Refer to Note 17 for the reconciliation of Grants from Government Receipts. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

14 LONG-TERM LIABILITIES

Finance Lease Liability	803 350	-
Operating Lease Liability	-	33 039
Non-Current Portion of Long Term Liabilities	803 350	33 039
Plus: Current Portion transferred to Current Liabilities:-	496 885	82 592
Finance Lease Liability	496 885	82 592
Total Long-term Liabilities (Neither past due, nor impaired)	**1 300 236**	**115 632**

14.1 Finance Lease Liability

14.1.1 Summary of Arrangements

Finance Lease Liabilities relate to Copier Machines and Telephon System with lease terms of 3 years. Capitalised Lease Liabilities are secured over the items of copier machines leased.

Refer to Appendix "A" for more detail on Long-term Liabilities.

14.1.2 Obligations under Finance Leases:

The District Municipality as Lessee:

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R783 000 as at 1 October 2018. The effective interest rate on Finance Leases is 19.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under the finance lease are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2022 R	2021 R	2022 R	2021 R
Amounts payable under borrowings:				
Within one year	897 840	85 286	897 840	85 286
In the second to fifth years, inclusive	978 860	-	978 860	-
Over five years	-	-	-	-
	1 876 700	85 286	1 876 700	85 286
Less: Future Finance Obligations	576 465	2 694	576 465	2 694
Present Value of Minimum Lease Obligations	**1 300 236**	**82 592**	**1 300 236**	**82 592**
Less: Amounts due for settlement within 12 months (Current Portion)			(496 885)	(82 592)
Borrowings due for settlement after 12 months (Non-current Portion)			**803 350**	**-**

The District Municipality has finance lease agreements for the following significant classes of assets:
- Machinery and Equipment

	2022 R	2021 R
Included in these classes are the following significant leases:		
(i) Copier Machines - old contract		
- Instalments are payable monthly in advance		
- Cost Price	R 783 000	R 783 000
- Accumulated Depreciation	R 783 000	R 717 750
- Net Carrying Amount	R 0	R 65 250
- Depreciation for the year	R 65 250	R 191 570
- Finance charge for the year	R 2 694	R 47 835
- Average period outstanding	0 months	3 months
- Average effective interest rate	19.4%	19.4%
- Average monthly instalment	R 28 429	R 28 429
(ii) Copier Machines - new contract		
- Instalments are payable monthly in advance		
- Cost Price	R 660 000	-
- Accumulated Depreciation	R 18 333	-
- Net Carrying Amount	R 641 667	-
- Depreciation for the year	R 18 333	-
- Finance charge for the year	R 6 492	-
- Average period outstanding	35 months	-
- Average effective interest rate	12.4%	-
- Average monthly instalment	R 21 820	-
(iii) Telephone System		
- Instalments are payable monthly in advance		
- Cost Price	R 950 000	-
- Accumulated Depreciation	R 316 667	-
- Net Carrying Amount	R 633 333	-
- Depreciation for the year	R 316 667	-
- Finance charge for the year	R 500 564	-
- Average period outstanding	24 months	-
- Average effective interest rate	73.1%	-
- Average monthly instalment	R 53 000	-

14.2 Operating Leases

	2022	2021
Balance at beginning of year	33 039	78 310
Operating Lease payments effected	(392 159)	(907 159)
Operating Lease expenses recorded	359 120	861 889
Total Operating Lease Liabilities	**-**	**33 039**

14.2.1 Leasing Arrangements

The District Municipality as Lessee:

Operating Leases relate to Rental of Office space (Ancorley Building) with lease terms of 3 years ending 31 January 2018, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the District Municipality exercises its option to renew. The District Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Operating Leases relate to Rental of Office space (Chrystal lagoon) with lease terms of 3 years ending 30 November 2021, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the District Municipality exercises its option to renew. The District Municipality does not have an option to purchase the leased asset at the expiry of the lease period.

14.2.2 Amounts payable under Operating Leases

At the Reporting Date the District Municipality had outstanding commitments under Non-cancellable Operating Leases, which fall due as follows:

	2022 R	2021 R
Buildings:	-	450 983
Up to 1 year	-	450 983
2 to 5 years	-	-
More than 5 years	-	-
Total Operating Lease Arrangements	**-**	**450 983**

The following payments have been recognised as an expense in the Statement of Financial Performance:

	2022 R	2021 R
Minimum lease payments	(392 159)	(907 159)
Total Operating Lease Expenses	**(392 159)**	**(907 159)**

The following restrictions have been imposed on the District Municipality in terms of the lease agreements on Rental of Office Space:

(i) The building shall remain the property of the lessor.

(ii) The lessee shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the building.

(iii) The building shall be returned in good order and condition to the lessor upon termination of the agreement.

15 EMPLOYEE BENEFIT LIABILITIES

	2022 R	2021 R
Post-retirement Health Care Benefits Liability	26 566 000	28 284 000
Long Service Awards Liability	7 809 000	7 450 000
Total Employee Benefit Liabilities	34 375 000	35 734 000
Less: Current Portion of Employee Benefit Liabilities	(2 334 000)	(2 948 000)
Post-retirement Health Care Benefits Liability	(1 552 000)	(1 789 000)
Long Service Awards Liability	(782 000)	(1 159 000)
Non-current portion of Employee Benefit Liabilities	**32 041 000**	**32 786 000**

15.1 Post-retirement Health Care Benefits Liability

	2022 R	2021 R
Opening balance	28 284 000	25 695 000
Interest cost	2 675 000	2 455 000
Current service cost	566 000	542 000
Past service cost (Policy Amendments)	-	-
Actual employer benefit payments	(1 589 944)	(1 715 275)
Actuarial loss/ (gain) recognised in the year	(3 369 056)	1 307 275
Balance at end of Year	26 566 000	28 284 000
Transfer to Current Provisions	(1 552 000)	(1 789 000)
Total Post-retirement Health Care Benefits Liability	**25 014 000**	**26 495 000**

The District Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the District Municipality. According to the rules of the Medical Aid Funds, with which the District Municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. The District Municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The District Municipality has changed the Post Retirement Healthcare Policy regarding GRAP 25 (Employee Benefits). Refer to Change in Accounting Policy Note 32.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

	2022 R	2021 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	55	59
In-service Non-members (Employees)	47	45
Continuation Members (Retirees, widowers and orphans)	23	28
Total Members	**125**	**132**
The liability in respect of past service has been estimated as follows:		
In-service Members	8 312 000	7 738 000
In-service Non-members	646 000	532 000
Continuation Members	17 608 000	20 014 000
Total Liability	**26 566 000**	**28 284 000**

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2022 is estimated to be R566 000, whereas the cost for the ensuing year is estimated to be R575 000 (30 June 2021: R542 000).

The Interest Cost for the year ending 30 June 2022 is estimated to be R2 675 000, whereas the cost for the ensuing year is estimated to be R2 968 000 (30 June 2021: R2 455 000).

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

	2022	2021
Discount Rate	11.50%	9.76%
Health Care Cost Inflation Rate	8.15%	6.57%
Net Effective Discount Rate	3.10%	2.99%
Expected Rate of Salary Increase	4.90%	4.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

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

	2022	2021
Opening balance	28 284 000	25 695 000
Current service cost	566 000	542 000
Past service cost (Policy Amendments)	-	-
Interest cost	2 675 000	2 455 000
Actual employer benefit payments	(1 589 944)	(1 715 275)
Actuarial loss/ (gain) recognised in the year	(3 369 056)	1 307 275
Total Recognised Benefit Liability	**26 566 000**	**28 284 000**

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

	2022	2021
Present value of fund obligations	26 566 000	28 284 000
Fair value of plan assets	-	-
	26 566 000	28 284 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	26 566 000	28 284 000
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	**26 566 000**	**28 284 000**

	2022 R	2021 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost & Past service cost	566 000	542 000
Senior Management	39 300	57 800
Municipal Staff	526 700	484 200
Interest cost	2 675 000	2 455 000
Senior Management	82 400	92 200
Municipal Staff	2 592 600	2 362 800
Employer Benefit Payments	(1 589 944)	(1 715 275)
Actuarial losses / (gains)	(3 369 056)	1 307 275
Senior Management	(30 600)	(266 800)
Municipal Staff	(3 338 456)	1 574 075
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**(1 718 000)**	**2 589 000**
Contribution to Actuarial losses / (gains):	**(3 369 056)**	**1 307 275**
Basis changes:		
(Increase)/Decrease in net discount rates	(348 000)	2 241 000
Change in assumed in-service non-member medical aid option	-	(999 000)
Increase in assumed average retirement age	-	-
Decrease in assumed membership continuation rate at retirement	-	-
Decrease in assumed in-service non-member take-up rate	-	-
Decrease in assumed spouse dependant proportion at retirement	-	-
Subsidy increases higher / (lower) than assumed	(646 000)	(223 000)
Changes to membership profile different from assumed	(2 176 000)	311 000
Actual benefits vested, (lower) / greater than expected	(199 056)	(22 725)

The actuarial gain attributable to membership changes arises primarily because, on average, members bought down to cheaper medical aid options, and there were more exits than expected since the last valuation.

The history of fair values are as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	26 566 000	28 284 000	25 695 000	24 983 000	33 208 000
Deficit	**26 566 000**	**28 284 000**	**25 695 000**	**24 983 000**	**33 208 000**
Experienced adjustments on Plan Liabilities	(3 021 000)	65 000	(1 139 000)	(1 941 000)	(736 000)

	2022 R	2021 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	3 742 000	3 452 000
Effect on the defined benefit obligation	30 036 000	32 005 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2 836 000	2 627 000
Effect on the defined benefit obligation	23 692 000	25 213 000

The District Municipality expects to make a contribution of R1 552 000 (2021: R1 789 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 40, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the District Municipality's other retirement funds that is Provincially and Nationally administered.

	2022 R	2021 R
15.2 Long Service Awards Liability		
Opening Balance	7 450 000	7 160 000
Payments Made	(864 088)	(713 746)
Actuarial losses / (gains)	32 088	(61 254)
Increases (Passage of Time/Discounted Rate)	650 000	543 000
Increases (Outflow of Economic Benefits)	541 000	522 000
Balance at end of Year	7 809 000	7 450 000
Transfer to Current Provisions	(782 000)	(1 159 000)
Total Long Service Awards Liability	**7 027 000**	**6 291 000**

The District Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 102 (2021: 104) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2022 is estimated to be R541 000, whereas the cost for the ensuing year is estimated to be R550 000.

The Interest Cost for the year ending 30 June 2022 is estimated to be R650 000, whereas the cost for the ensuing year is estimated to be R829 000.

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

Discount Rate	11.16%	9.44%
Net Effective Discount Rate	3.57%	3.40%
Expected Rate of Salary Increase	4.90%	4.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

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

Opening Balance	7 450 000	7 160 000
Payments Made	(864 088)	(713 746)
Actuarial losses / (gains)	32 088	(61 254)
Increases (Passage of Time/Discounted Rate)	650 000	543 000
Increases (Outflow of Economic Benefits)	541 000	522 000
Total Recognised Benefit Liability	**7 809 000**	**7 450 000**

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

Present value of fund obligations	7 809 000	7 450 000
	7 809 000	7 450 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	7 809 000	7 450 000
Total Benefit Liability	**7 809 000**	**7 450 000**

	2022 R	2021 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	541 000	522 000
Senior Management	13 600	8 100
Municipal Staff	527 400	513 900
Interest cost	650 000	543 000
Senior Management	6 100	8 300
Municipal Staff	643 900	534 700
Payments Made	(864 088)	(713 746)
Senior Management	(173 417)	(71 272)
Municipal Staff	(690 671)	(642 474)
Actuarial losses / (gains)	32 088	(61 254)
Senior Management	120 217	(17 628)
Municipal Staff	(88 129)	(43 626)
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**359 000**	**290 000**
Contribution to Actuarial losses / (gains):	**32 088**	**(61 254)**
Basis changes:		
Decreases/(Increase) in net discount rates	(76 000)	4 000
Salary increases higher than assumed	-	-
Increase in assumed average retirement age	-	-
Application of revised withdrawal rates	-	-
Earnings increases higher than assumed	89 000	57 000
Changes to employee profile different from assumed	314 000	(211 000)
Actual benefits vesting, greater than expected	(294 912)	88 746

The history of experienced adjustments is as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	7 809 000	7 450 000	7 160 000	6 757 000	3 804 000
Deficit	**7 809 000**	**7 450 000**	**7 160 000**	**6 757 000**	**3 804 000**
Experienced adjustments on Plan Liabilities	108 088	(65 254)	496 048	310 090	343 530

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

	2022 R	2021 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 291 000	1 156 000
Effect on the defined benefit obligation	8 387 000	8 011 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1 100 000	982 000
Effect on the defined benefit obligation	7 288 000	6 946 000

The District Municipality expects to make a contribution of R782 000 (2021: R1 159 000) to the defined benefit plans during the next financial year.

16 ACCUMULATED SURPLUS

	2022 R	2021 R
Accumulated Surplus / (Deficit) due to the results of Operations	(19 315 223)	(21 709 961)
Total Accumulated Surplus	**(19 315 223)**	**(21 709 961)**
Reconciliation of Accumulated Surplus:		
Opening Balance	(21 709 961)	(22 027 492)
Correction of Prior Period Error - Opening Balance	-	1 882
Published Surplus for the year	2 394 737	315 650
Surplus for the year (previously published)		374 512
Correction of Error (Note 32)		(58 862)
Total Accumulated Surplus	**(19 315 223)**	**(21 709 961)**

17 TRANSFERS AND SUBSIDIES RECEIVED

	2022 R	2021 R
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	82 846 906	80 137 977
Allocations Not Gazetted	1 618 906	555 977
Allocations Gazetted	81 228 000	79 582 000
Total Government Grants and Subsidies	**82 846 906**	**80 137 977**

17.1 Operational Grants

	2022 R	2021 R
National Revenue Fund:	**74 698 000**	**74 092 000**
Equitable Share Grant	74 698 000	74 092 000
National Governments:		
Allocations Gazetted:	**6 280 000**	**4 890 000**
Expanded Public Works Programme Integrated Grant	2 150 000	1 000 000
Local Government Financial Management Grant	1 200 000	1 000 000
Road Asset Management Systems Grant	2 930 000	2 890 000
Allocations Not Gazetted:	**1 084 923**	**306 427**
National Treasury Subsidy for External Audit Fees	1 084 923	306 427
Provincial Government:		
Allocations Gazetted:	**250 000**	**600 000**
Housing Grant	250 000	600 000
Allocations Not Gazetted:	**533 983**	**249 550**
HIV and AIDS Grant (Provincial Health Department)	533 983	249 550
	82 846 906	**80 137 977**

17.2 Capital Grants and subsidies

	2022 R	2021 R
Provincial Government:		
Allocations Gazetted:	**-**	**-**
Other	-	-
Total Operational Grants Received	**82 846 906**	**80 137 977**

17.3 Reconciliation per Grant Source

17.3.1 National Governments: Financial Management Grant

	2022 R	2021 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 000 000
Conditions met for 2017/18 - transferred tc	-	-
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

17.3.2 National Governments: Rural Road Asset Management Systems Grant

	2022 R	2021 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	2 930 000	2 890 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	-
Conditions met - transferred to Revenue: Operating Expenses	(2 443 952)	(2 799 656)
Conditions met - transferred to Revenue: Capital Expenses	(486 048)	(90 344)
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

17.3.3 National Governments: EPWP Incentive Grant

	2022 R	2021 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	2 150 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	(2 150 000)	(1 000 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.4 Provincial Government: Housing Accreditation DPLG National Grant

	2022 R	2021 R
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	600 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(600 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

17.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)

	2022 R	2021 R
Allocations Not Gazetted:		
Balance unspent at beginning of year	533 983	283 533
Current year receipts	-	500 000
Conditions met - transferred to Revenue: Operating Expenses	(533 983)	(249 550)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**533 983**

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

17.3.6 Summary of Conditional Grants:

	2022 R	2021 R
Balance unspent at beginning of year	533 983	283 533
Current year receipts	6 530 000	5 990 000
Conditions met - transferred to Revenue: Operating Expenses	(6 577 935)	(5 649 207)
Conditions met - transferred to Revenue: Capital Expenses	(486 048)	(90 344)
Conditions still to be met - transferred to Liabilities	**(0)**	**533 983**
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 13)	-	**533 983**

18 RENTAL FROM FIXED ASSETS

	2022 R	2021 R
Straight-lined Operating Lease Revenue		
Other Fixed Assets	8 730	2 078
Property Plant and Equipment	8 730	2 078
Ad-hoc Rental Income from Other Fixed Assets	-	-
Total Rental of Facilities and Equipment	**8 730**	**2 078**

Rental income generated are at market related premiums. All rental income recognised is therefore market related.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

19 FINANCE INCOME

	2022 R	2021 R
External Investments:		
Bank Account	76 639	67 870
Call Accounts	610 220	494 234
Non-current Investments	12 048	-
	698 907	**562 104**
Outstanding Exchange Receivables:		
Long-term Debtors		
Housing & Housing Selling Schemes	659	765
	659	**765**
Total Exchange Interest Earned	**699 566**	**562 869**

20 OPERATIONAL REVENUE

	2022 R	2021 R
LGSETA Skills Programmes and Learnerships	406 365	50 494
Commission	55 137	70 257
Merchandising, Jobbing and Contracts	270 650	254 313
Skills Development Levy Refund	102 469	167 161
Total Operational Revenue	**834 620**	**542 225**

LGSETA Skills Programmes and Learnerships were received for Student Education Programmes which were fully spent during 2021/22 financial year.

21 EMPLOYEE RELATED COSTS

	2022 R	2021 R
Salaries and Wages		
Basic	36 980 926	36 005 050
Senior Management	2 195 713	2 582 288
Municipal Staff	34 785 213	33 422 761
Bonuses	552 472	525 207
Senior Management - Performance Bonus	552 472	525 207
Shift Work Allowance	890 246	894 560
Municipal Staff	890 246	894 560
Allowances		
Acting and Post Related Allowances	682 512	209 155
Senior Management	11 111	19 534
Municipal Staff	671 402	189 621
Annual Bonus Allowance	3 092 337	2 780 089
Senior Management	153 500	-
Municipal Staff	2 938 837	2 780 089
Cellular and Telephone	325 012	246 908
Senior Management	26 700	8 800
Municipal Staff	298 312	238 108
Housing Benefits	349 127	371 017
Senior Management	16 900	26 556
Municipal Staff	332 227	344 462
Scarcity Allowance	-	56 693
Senior Management	-	56 693
Standby Allowance	10 200	10 200
Municipal Staff	10 200	10 200
Travel or Motor Vehicle	4 186 075	4 663 885
Senior Management	1 244 037	1 285 417
Municipal Staff	2 942 038	3 378 467
Uniform/Special/Protective Clothing	1 326	1 394
Municipal Staff	1 326	1 394
Social Contributions		
Bargaining Council	8 850	7 694
Senior Management	298	298
Municipal Staff	8 552	7 395
Medical	2 123 833	2 185 538
Senior Management	96 839	105 833
Municipal Staff	2 026 994	2 079 705
Pension	6 252 411	6 183 711
Senior Management	306 165	196 009
Municipal Staff	5 946 247	5 987 703
Unemployment Insurance	216 535	204 575
Senior Management	8 147	5 609
Municipal Staff	208 388	198 966
Total Employee Cost	**55 671 863**	**54 345 674**

	2022 R	2021 R
Post-retirement Benefit		
Current Service Cost	566 000	542 000
Senior Management	39 300	57 800
Municipal Staff	526 700	484 200
Interest Cost	2 675 000	2 455 000
Senior Management	82 400	92 200
Municipal Staff	2 592 600	2 362 800
Actuarial Gains and Losses	(3 369 056)	1 307 275
Senior Management	(30 600)	(266 800)
Municipal Staff	(3 338 456)	1 574 075
Leave Gratuity	27 914	591 891
Senior Management	47 649	40 111
Municipal Staff	(19 734)	551 781
Long Term Service Awards	1 266 306	1 003 746
Senior Management	139 917	(1 228)
Municipal Staff	1 126 389	1 004 974
Total Post-retirement Benefit	**1 166 165**	**5 899 913**
Total Employee Related Costs	**56 838 028**	**60 245 587**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

Remuneration of Section 57 Employees:

	2022	2021
Remuneration of the Municipal Manager		
Annual Remuneration	892 000	888 887
Performance Bonus	164 719	164 719
Car, Cell phone and Housing Allowance	375 066	378 179
Total	**1 431 785**	**1 431 785**

	2022	2021
Remuneration of Director: Financial Services		
Annual Remuneration	542 435	511 952
Acting Allowance	11 111	19 534
Annual Bonus	48 500	-
Scarce Skills Allowance	-	56 693
Performance Bonus	94 385	134 526
Car, Cell phone and Housing Allowance	146 432	180 794
Company Contributions to Medical and Pension Funds	129 572	37 859
Total	**972 435**	**941 357**

The post was vacant as from 15 March 2021 to 31 August 2021. Acting Allowances were paid for the period. The post was filled from 01 September 2021.

	2022	2021
Remuneration of the Director: Corporate Services		
Annual Remuneration	638 343	618 937
Annual Bonus	60 000	-
Performance Bonus	154 382	145 301
Car, Cell phone and Housing Allowance	461 025	504 238
Company Contributions to Medical and Pension Funds	172 179	163 344
Total	**1 485 929**	**1 431 820**

	2022 R	2021 R
Remuneration of the Director: Planning & Development		
Annual Remuneration	615 660	562 513
Annual Bonus	45 000	-
Performance Bonus	110 816	-
Car, Cell phone and Housing Allowance	305 114	257 562
Company Contributions to Medical and Pension Funds	101 252	100 639
Total	**1 177 843**	**920 714**

The post was filled from 01 August 2020. No acting allowances were paid for the period.

Summary of Remuneration of Section 57 Employees:

	2022 R	2021 R
Annual Remuneration	2 688 438	2 582 288
Annual Bonus	153 500	-
Scarce SkillsAllowance	-	56 693
Acting Allowance	11 111	19 534
Performance Bonus	524 302	444 546
Car, Cell phone and Housing Allowance	1 287 637	1 320 773
Company Contributions to Medical and Pension Funds	403 004	301 841
Total Remuneration of Section 57 Employees	**5 067 993**	**4 725 675**

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:

	2022 R	2021 R
Staff Leave Benefits:-		
Municipal Manager	124 770	79 143
Director: Financial Services	30 104	-
Director: Planning & Development	10 800	28 080
Director: Corporate Services	26 126	4 751
Total	**191 801**	**111 975**

22 REMUNERATION OF COUNCILLORS

	2022 R	2021 R
Executive Mayor	837 419	860 859
Speaker	533 649	583 163
Chief Whip	128 460	-
Executive Committee	2 907 920	2 290 552
Section 79 committee chairperson	151 964	66 748
Total for All Other Councillors	60 676	173 398
Total Councillors' Remuneration	**4 620 087**	**3 974 721**

Remuneration of Councillors:

In-kind Benefits

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

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has used a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

	2022 R	2021 R
23 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	904 808	655 986
Amortisation: Intangible Assets	138 145	138 447
Total Depreciation and Amortisation	**1 042 953**	**794 433**
23.1 Depreciation: Property, Plant and Equipment		
Other Assets	82 214	82 213
Computer Equipment	241 788	227 995
Furniture and Office Equipment	26 523	34 129
Machinery and Equipment	381 080	200 070
Own	28 625	8 500
Leased	352 455	191 570
Transport Assets	173 204	111 578
	904 808	**655 986**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

	2022 R	2021 R
24 IMPAIRMENT LOSSES / (GAINS)		
Impairment (Gains) on Financial Assets	-	-
Impairment Losses on Financial Assets	53 246	13 137
Total Impairment Losses / (Gains)	**53 246**	**13 137**
24.1 Impairment Losses on Financial Assets		
Impairment Losses	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
Reversal of Impairment Losses	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
Impairment Losses Recognised (written off during the current year):	53 246	13 137
Trade and Other Receivables from Exchange Transactions	53 246	13 137
Long Term Receivables	-	-
	53 246	**13 137**

	2022 R	2021 R
25 FINANCE COSTS		
Finance Leases	509 749	47 835
Overdue Accounts	3 120	134
Total Interest Expense	512 869	47 969
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Finance Cost	**512 869**	**47 969**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

26 CONTRACTED SERVICES

Included in Contracted Services are the following:

Business and Advisory	1 167 916	605 132
Catering Services	314 225	181 276
Cleaning Services	782 304	225 718
Clearing and Grass Cutting Services	-	486 950
Graphic Designers	20 920	107 399
Infrastructure and Planning	1 716 354	1 707 176
Legal Cost	40 803	-
Maintenance of Buildings and Facilities: Operational Buildings	1 696 360	255 184
Maintenance of Equipment	191 417	159 746
Furniture and Office Equipment	85 203	89 601
Transport Assets	106 214	70 145
Maintenance of Unspecified Assets: Intangible Assets	1 070 274	1 542 773
Photographer	4 435	-
Plants, Flowers and Other Decorations	32 280	4 900
Sewerage Services	-	333 550
Stage and Sound Crew	8 150	-
Transportation	14 000	41 000
Water Takers	28 000	-
	7 087 439	**5 650 804**

27 INVENTORY CONSUMED

Consumables	173 019	128 750
Materials and Supplies	461 164	330 057
	634 183	**458 807**

28 TRANSFERS AND SUBSIDIES PAID

Operational Grants	304 250	594 159
Allocations In-kind	304 250	594 159
Total Transfers and Subsidies Paid	**304 250**	**594 159**

28.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2022	**2021**	**2022**	**2021**
Households	304 250	566 605	-	-
Non-profit Institutions	-	-	-	-
Higher Educational Institutions	-	-	-	-
Total Operational Grants Paid	**304 250**	**594 159**	**-**	**-**

29 OPERATING LEASES

	2022 R	2021 R
Computer Equipment	19 950	12 000
Other Assets	606 950	914 678
Total for Operating Leases	**626 900**	**926 678**

30 OPERATIONAL COSTS

Included in Operational Costs are the following:

	2022	2021
Achievements and Awards	236 364	244 541
Advertising, Publicity and Marketing	122 265	107 647
External Audit Fees	2 202 845	1 812 945
Bank Charges, Facility and Card Fees	91 429	64 427
Bargaining Council	601 626	590 929
Courier and Delivery Services	643	400
Communication	526 182	1 060 805
Entertainment	28 949	6 495
External Computer Service	415 440	272 048
Insurance Underwriting	920 995	667 931
Learnerships and Internships	445 519	260 874
Licences	-	9 275
Municipal Services	608 372	632 899
Registration Fees	35 013	-
Printing, Publications and Books	-	-
Professional Bodies, Membership and Subscription	89 367	81 629
Skills Development Fund Levy	557 374	467 546
Search Fees	2 000	-
Storage of Files (Archiving)	135 000	-
Transport Provided as Part of Departmental Activities	41 750	-
Travel and Subsistence	2 208 459	1 329 634
Uniform and Protective Clothing	255 512	18 758
Vehicle Tracking	8 379	11 940
Wet Fuel	369 941	242 530
Workmen's Compensation Fund	242 321	89 733
Samples and Specimens	82 363	70 273
Hire Charges	4 348	-
Fines and Penalties	6 787	23 640
Entrance Fees	46 550	-
Total Operational Costs	**10 285 796**	**8 066 899**

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

30.1 Travel and Subsistence

	2022 R	2021 R
Accommodation & Daily Allowance	999 845	592 747
Accommodation	893 224	528 281
Daily Allowance	106 321	64 466
Transport without Operator	1 119 832	659 562
Transport with Operator	5 064	6 141
Domestic	**2 124 741**	**1 258 450**
Non-employees	**83 719**	**71 184**
Total of Travel and Subsistence	**2 208 459**	**1 329 634**

No other extra-ordinary expenses were incurred.

31 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS

	2022 R	2021 R
Gains/(Losses) on write-offs of Property, Plant and Equipment	10 667	(156 305)
Gains/(Losses) on write-offs of Intangible Assets	-	-
Total Gains / (Losses) on Disposal of Capital Assets	**10 667**	**(156 305)**
Total Gains on Disposal of Capital Assets	**10 667**	**-**
Total Losses on Disposal of Capital Assets	**-**	**156 305**

32 CORRECTION OF ERROR

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of mSCOA as stated above resulted in certain descriptions and figures being restated.
Other corrections were also made during the previous financial years. Details of the corrections are described below:

32.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the District Municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus R
Balances published as at 30 June 2020		**(22 027 492)**
Correction of Error:		1 882
Correction of VAT Receivable	(1 479)	
Correction of Trade and Other Payable Exchange Transactions	3 360	
Restated Balances as at 30 June 2020		**(22 025 611)**
Transactions incurred for the Year 2020/21		374 512
Correction of Error:-		(58 862)
Correction of VAT Receivable	(3 178)	
Correction of Intangible Assets	71 543	
Correction of Trade and other Receivables from Exchange Transactions	(56 789)	
Correction of Trade and Other Payable Exchange Transactions	(70 438)	
Restated Balances as at 30 June 2021		**(21 709 961)**

32.2 Reclassification of Revenue

No prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated.

32.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the District Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Correction of Error	Restated Amount 2020/21
Employee Related Costs	60 176 818	68 769	60 245 587
Remuneration of Councillors	3 974 721	-	3 974 721
Depreciation and Amortisation	785 628	8 805	794 433
Impairment Losses	13 137	-	13 137
Finance Costs	48 814	(845)	47 969
Contracted Services	5 650 804	-	5 650 804
Inventory Consumed	458 807	-	458 807
Transfers and Subsidies Paid	594 159	-	594 159
Operating Leases	926 678	-	926 678
Operational Costs	8 084 767	(17 867)	8 066 899
Loss on Disposal of PPE	156 305	-	156 305
	80 870 637	**58 862**	**80 929 499**

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

Employee Related Costs:

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality made a duplicate pension payment to an official. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R3 370 and Employee Related Cost were decreased by R3 370 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recognised medical aid premiums. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R6 799, Trade and Other Payable Exchange Transactions were decreased by R9 872 and Employee Related Cost were decreased by R3 073 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose 2020/21 SARS SDL as Trade and Other Payable Exchange Transactions on 30 June 2021. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R30 310 and Employee Related Cost was increased by R30 310 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from 1 September 2019 as Trade and Other Payable Exchange Transactions on 30 June 2021. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R44 902 and Employee Related Cost was increased by R44 902 on 30 June 2021.

Depreciation and Amortisation:

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Anti-virus Software was disclosed as Operational Cost and not Intangible Assets. Therefore Intangible Assets were retrospectively increased by R71 543, Operational Cost was decreased by R80 348 and Depreciation and Amortisation was increased by R8 805 on 30 June 2021.

Finance Cost:

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Compensation Commissioner reversed the 2020/21 penalties and interest. Therefore Trade and Other Payable Exchange Transactions were retrospectively decreased by R980 and Finance Cost was decreased by R980 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R6 077, VAT Receivables were decreased by R3 178, Operational Cost was increased by R9 121 and Finance Cost was increased by R134 on 30 June 2021.

Operational Costs:

During the preparation of the 2020/21 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly disclosed SALGA as a debtor on 30 June 2021. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R53 360 and Operational Cost were increased by R53 360 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R6 077, VAT Receivables were decreased by R3 178, Operational Cost was increased by R9 121 and Interest, Dividends and Rent on Land was increased by R134 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Anti-virus Software was disclosed as Operational Cost and not Intangible Assets. Therefore Intangible Assets were retrospectively increased by R71 543, Operational Cost was decreased by R80 348 and Depreciation and Amortisation was increased by R8 805 on 30 June 2021.

32.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Correction of Error	Restated Amount 2020/21
Current Assets			
Receivables from Exchange Transactions	353 292	(56 789)	296 503
Receivables from Non-exchange Transactions	121 515	-	121 515
VAT Receivable	953 999	(4 656)	949 343
Cash and Cash Equivalents	2 281 203	-	2 281 203
Current Portion of Long-term Receivables	6 402	-	6 402
Non-Current Assets			
Property, Plant and Equipment	20 358 109	-	20 358 109
Intangible Assets	137 347	71 543	208 890
Long-term Receivables	14 297	-	14 297
Current Liabilities			
Provisions	3 473 207	-	3 473 207
Payables from Exchange Transactions	8 970 324	67 078	9 037 402
Unspent Conditional Grants and Receipts	533 983	-	533 983
Current Portion of Long-term Liabilities	82 592	-	82 592
Non-Current Liabilities			
Long-Term Liabilities	33 039	-	33 039
Retirement Benefit Liabilities	32 786 000	-	32 786 000
Net Assets			
Accumulated Surplus / (Deficit)	(21 652 980)	(56 980)	(21 709 961)
	-	-	-

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Receivables from Exchange Transactions:

During the preparation of the 2020/21 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly disclosed SALGA as a debtor on 30 June 2021. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R53 360 and Operational Cost were increased by R53 360 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recognised medical aid premiums. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R6 799, Trade and Other Payable Exchange Transactions were decreased by R9 872 and Employee Related Cost were decreased by R3 073 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recognised medical aid premiums. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R6 799, Trade and Other Payable Exchange Transactions were decreased by R9 872 and Employee Related Cost were decreased by R3 073 on 30 June 2021.

VAT Receivable:

<u>Opening Balance adjustment</u>

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R3 541, VAT Receivables were decreased by R1 479 and Accumulated Surplus was increased by R5 020 on 30 June 2020.

Closing Balance adjustment

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R6 077, VAT Receivables were decreased by R3 178, Operational Cost was increased by R9 121 and Interest, Dividends and Rent on Land was increased by R134 on 30 June 2021.

Intangible Assets

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Anti-virus Software was disclosed as Operational Cost and not Intangible Assets. Therefore Intangible Assets were retrospectively increased by R71 543, Operational Cost was decreased by R80 348 and Depreciation and Amortisation was increased by R8 805 on 30 June 2021.

Payables from Exchange Transactions:

Opening Balance adjustment

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly calculated a deceased Councillor's amount owed to the estate during 2015. Therefore Trade and Other Payable Exchange Transactions were retrospectively decreased by R5 459 and Accumulated Surplus was increased by R5 459 on 30 June 2020.

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Compensation Commissioner reversed the 2017/18 & 2018/19 & 2019/20 penalties and interest. Therefore Trade and Other Payable Exchange Transactions were retrospectively decreased by R38 861 and Accumulated Surplus was increased by R38 861 on 30 June 2020.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R3 541, VAT Receivables were decreased by R1 479 and Accumulated Surplus was increased by R5 020 on 30 June 2020.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from 1 September 2019 as Trade and Other Payable Exchange Transactions on 30 June 2020. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R37 419 and Accumulated Surplus was decreased by R37 419 on 30 June 2020.

Closing Balance adjustment

During the preparation of the 2021/22 Annual Financial Statements it was noted that the Compensation Commissioner reversed the 2020/21 penalties and interest. Therefore Trade and Other Payable Exchange Transactions were retrospectively decreased by R980 and Interest, Dividends and Rent on Land was decreased by R980 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not reallocated municipal services to the correct financial year. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R6 077, VAT Receivables were decreased by R3 178, Operational Cost was increased by R9 121 and Interest, Dividends and Rent on Land was increased by R134 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly recognised medical aid premiums. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R6 799, Trade and Other Payable Exchange Transactions were decreased by R9 872 and Employee Related Cost were decreased by R3 073 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose 2020/21 SARS SDL as Trade and Other Payable Exchange Transactions on 30 June 2021. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R30 310 and Employee Related Cost was increased by R30 310 on 30 June 2021.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from 1 September 2019 as Trade and Other Payable Exchange Transactions on 30 June 2021. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R44 902 and Employee Related Cost was increased by R44 902 on 30 June 2021.

	2022 R	2021 R

33 CHANGE IN ACCOUNTING ESTIMATES

33.1 Depreciation Expenditure:

The estimated useful lives and depreciation method were reviewed at 30 June 2022 and no changes were made for the 2021/22 financial year.
Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2021/22 financial year. The adjustments are as follows:

	2022 R	2021 R
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	-	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	(49 864)	(128 361)
Increase / (Decrease) in Depreciation of PPE	**(49 864)**	**(128 361)**
Depreciation as previously stated	1 092 817	922 794
Adjustment due to Change in Accounting Estimate	(49 864)	(128 361)
Depreciation as per Note 23	**1 042 953**	**794 433**

34 CASH GENERATED BY OPERATIONS

	2022 R	2021 R
Surplus / (Deficit) for the Year	2 394 737	315 650
Adjustment for:		
Depreciation and Amortisation	1 042 953	794 433
Losses / (Gains) on Disposal of Property, Plant and Equipment	(10 667)	156 305
Contribution to Post-retirement Employee Benefits	(128 056)	4 304 275
Expenditure incurred from Post-retirement Employee Benefits	(1 589 944)	(1 715 275)
Contribution to Long Service Awards Liability	1 223 088	1 003 746
Expenditure incurred from Long Service Awards Liability	(864 088)	(713 746)
Contribution to Provisions - Current: Performance Bonus	552 472	525 207
Expenditure incurred from Provisions - Current: Performance Bonus	(524 303)	(444 546)
Bad Debts Written-off: Receivables from Exchange Transactions	53 246	13 137
Operating surplus before working capital changes	**2 149 439**	**4 239 185**
Decrease/(Increase) in Receivables from Exchange Transactions	45 329	(18 815)
Decrease/(Increase) in Receivables from Non-exchange Transactions	121 515	(121 515)
Decrease/(Increase) in VAT Receivable	395 710	(360 077)
Decrease/(Increase) in Current Portion of Long-term Receivables	(11 316)	2 500
Increase/(Decrease) in Payables from Exchange Transactions	(892 992)	(1 476 886)
Increase/(Decrease) in Conditional Grants and Receipts	(533 983)	250 450
Increase/(Decrease) in Operating Lease Liabilities	(33 039)	(45 271)
Cash generated by / (utilised in) Operations	**1 240 663**	**2 469 571**

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Unauthorised Expenditure

	2022 R	2021 R
Reconciliation of Unauthorised Expenditure:		
Opening balance	-	-
Unauthorised Expenditure identified in current year	1 643 237	-
Approved by Council	(1 643 237)	-
Transfer to receivables for recovery (see Note 2)	-	-
Unauthorised Expenditure awaiting authorisation	**-**	**-**

Unauthorised Expenditures incurred for 2021/22 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Budgeted Capital votes exceeded:		
- Finance and Administration	*Written off by Council during 2021/22*	1 643 237
	Total:	**1 643 237**

The reasons for the unauthorised expenditure during 2021/22 financial year:

1) ZFM budgeted for Copiers under operational expenditure but the copiers were recognised as Finance Lease Liabilities. Therefore, ZFM did not budget for Leased Assets (R1 610 000) which were classified as Property, Plant and Equipment.
2) ZFM budgeted for the Anti-virus Software License under operational expenditure but the software was recognised as Intangible Assets. Therefore ZFM did not budget for the Software License (R33 237) which was classified as Intangible Assets.

ZFM cannot approve a virement between operational expenditure and capital expenditure according to the virement policy.

No Unauthorised Expenditures incurred for 2020/21 financial year:

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.
Recoverability of expenditures:
ZF Mgcawu District Municipality has investigated all unauthorised expenditures. Each instance and reason for the items that lead to unauthorised expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these unauthorised expenditures and must be written off during the 2019/20 financial year.

35.2 Fruitless and Wasteful Expenditure

	2022 R	2021 R
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	-	-
Fruitless and Wasteful Expenditure identified in current year	9 439	522 722
Expenditure investigated and approved by Council	-	(401 208)
To be recovered – Receivables from Exchange Transactions (refer Note 2.)	-	-
To be recovered – Long-term Receivables (refer Note 10)	-	(121 515)
Recouped from Salaries Payable	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**9 439**	**-**

Fruitless and Wasteful expenditure summary for 2021/22 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2021/22 assessments.	Under Investigation	8 062
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2021/22 SARS assessments.	Under Investigation	1 377
	Total:	**9 439**

Fruitless and Wasteful expenditure summary for 2020/21 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2017/18 assessments.	Written of by Council in 2020/21	8 683
Compensation Commissioner: Penalties & Interest on the late payment of 2018/19 assessments.	Written of by Council in 2020/21	15 322
Compensation Commissioner: Penalties & Interest on the late payment of 2019/20 assessments.	Written of by Council in 2020/21	14 856
Compensation Commissioner: Penalties & Interest on the late payment of 2020/21 assessments.	Written of by Council in 2020/21	980
Debit orders deducted from bank account without ZFM's approval. The total amount of the various debit orders was R240 942 of which R132 978 was recovered by ABSA. This was reported as fraud and the investigation by SAPS & ZFM is still in progress.	To be recovered – Long-term Receivables	107 964
A duplicate payment were made to Mr. Khumula. The payment will be recovered.	To be recovered – Long-term Receivables	13 551
TV License: Penalties paid on outstanding account.	Written of by Council in 2020/21	901
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2017/18 SARS assessments.	Written of by Council in 2020/21	149 156
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2018/19 SARS assessments. R80 651 written off during 2019/20 financial year.	Written of by Council in 2020/21	193 916
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2019/20 SARS assessments. R220158 written off during 2019/20 financial year.	Written of by Council in 2020/21	17 393
	Total:	**522 722**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.
Recoverability of expenditures:
ZF Mgcawu District Municipality has investigated all fruitless and wasteful expenditures. Each instance and reason for the items that lead to fruitless and wasteful expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these fruitless and wasteful expenditures and must be written off during the 2019/20 financial year.

35.3 Irregular Expenditure

	2022	**2021**
	R	**R**
Reconciliation of Irregular Expenditure:		
Opening balance	-	37 821
Irregular Expenditure identified in current year	2 203 641	3 040 507
Written off by Council	(2 203 641)	(3 078 328)
Irregular Expenditure awaiting condonement	-	-

Irregular Expenditure summary for 2021/22 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Extension of contract: Non-compliance with SCM Regulation 29(2). Crystal Lagoon - Rental of office for the Executive Mayor and Environmental Health.	Written of by Council during 2021/22	450 983
Non-compliance with SCM Regulation 29(2). Extension of contract: ITEC - Rental of Copier Machines.	Written of by Council during 2021/22	98 079
Extension of contract: Non-compliance with SCM Regulation 29(2). ITEC - Rental of Copier Machines.	Written of by Council during 2021/22	261 544
Extension of contract: Non-compliance with SCM Regulation 29(2). Aganang - Appointment of Engineering Consultants to render implementation and management of the Rural Roads Assets Management System Grant for the ZF Mgcawu District Municipality.	Written of by Council during 2021/22	1 393 036
	Total:	**2 203 641**

Irregular Expenditure summary for 2020/21 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Non-compliance with SCM Regulation 29(2). Crystal Lagoon - Rental of office for the Executive Mayor and Environmental Health.	Written of by Council during 2020/21	1 043 233
Non-compliance with SCM Regulation 29(2). ITEC - Rental of Copier Machines.	Written of by Council during 2020/21	392 316
Non-compliance with SCM Regulation 29(2). Aganang - Appointment of Engineering Consultants to render implementation and management of the Rural Roads Assets Management System Grant for the ZF Mgcawu District Municipality.	Written of by Council during 2020/21	1 604 957
	Total:	**3 040 507**

Irregular Expenditure summary for 2019/20 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Non-compliance with Paragraph 11(2) of the Preferential Procurement Regulations (PPR) 2017 . Mapulane Stationery & Books - License.	Written of by Council during 2020/21	37 821
	Total:	**37 821**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.
Recoverability of expenditures:
ZF Mgcawu District Municipality has investigated all irregular expenditures. Each instance and reason for the items that lead to irregular expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these irregular expenditure and must be written off during the 2019/20 financial year.

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2022 R	2021 R
36.1 Contributions to organised local government - SALGA (incl.VAT)		
Opening Balance	8 250	(53 360)
Council Subscriptions	593 376	590 929
Subscriptions Amount Paid - current year	(601 626)	(537 569)
Subscriptions Amount Paid - previous years	-	-
Council Members Assembly and Levies	-	8 250
Balance Unpaid (included in Payables from Exchange Transactions)	**-**	**8 250**
36.2 Audit Fees (incl. VAT)		
Opening Balance	1 712 495	1 213 722
Current year Audit Fee	2 533 272	2 084 886
Amount Paid by National Treasury	(1 247 662)	(352 391)
Amount Paid - current year	(1 285 610)	(20 000)
Amount Paid - previous years	(1 712 495)	(1 213 722)
Balance Unpaid (included in Payables from Exchange Transactions)	**-**	**1 712 495**

36.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

	2022 R	2021 R
36.4 PAYE, Skills Development Levy and UIF		
Opening Balance	(114 268)	1 126 874
Current year Payroll Deductions	10 950 196	9 377 549
Amount Paid - current year	(10 678 315)	(9 491 817)
Amount Paid - previous years	114 268	(1 126 874)
Balance Unpaid (included in Payables from Exchange Transactions)	**271 881**	**(114 268)**

	2022 R	2021 R
Balance Unpaid - June	271 881	(114 268)
Balance Unpaid (included in Payables from Exchange Transactions)	**271 881**	**(114 268)**

36.5 Pension and Medical Aid Deductions

	2022 R	2021 R
Opening Balance	102 719	1 189 776
Current year Payroll Deductions and Council Contributions	13 383 392	11 725 337
Amount Paid - current year	(13 249 703)	(11 622 618)
Amount Paid - previous years	(102 719)	(1 189 776)
Balance Unpaid (included in Payables from Exchange Transactions)	**133 689**	**102 719**

The unpaid balance refer to June month's outstanding balance and is payable before 7 July.

36.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

36.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
EXECUTIVE AND COUNCIL	Various	55	Impractical for procurement processes	512 303
	Various	7	Single provider only	661 640
	JH Pest Control	1	Emergency	162 520
63 Occasions during the year amounts to R1 336 462				
FINANCE AND ADMINISTRATION	Various	62	Impractical for procurement processes	1 941 565
	Various	10	Single provider only	1 625 383
	Various	2	Emergency	132 215
74 Occasions during the year amounts to R2 073 780				
PLANNING AND DEVELOPMENT	Various	3	Impractical for procurement processes	28 384
	Various	2	Single provider only	2 845
5 Occasions during the year amounts to R31 229				
ENVIRONMENTAL HEALTH	Pathcare	1	Single provider only	275 012
1 Occasions during the year amounts to R275 012				
OTHER: TOURISM	Green Kalahari	1	Impractical for procurement processes	20 000
	Green Kalahari	1	Single provider only	26 550
2 Occasions during the year amounts to R46 550				
			Total:	**5 388 416**

36.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the Local Municipalities. Thus no material Electricity and Water Losses occurred.

37 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

	2022	2021
	R	R

38 COMMITMENTS FOR EXPENDITURE

38.1 Capital Commitments

The District Municipality had no capital commitments at year-end.

38.2 Operational Commitments

	2022	2021
- Approved and Contracted for:-	**4 197 029**	**6 009 836**
General Voice Equipment	1 395 450	-
Office Space Rentals	-	450 983
LGSETA Learnerships Programmes - TAG443	1 193 800	1 895 640
LGSETA Learnerships Programmes - Summat Training Institute	107 730	107 730
LGSETA Learnerships Programmes - Gomolemo's Consultation	-	33 111
Copier Machine Rentals	878 255	98 079
PMS System	353 893	757 850
Skills Programme - ARMS	-	981 125
Skills Programme - KGOLO Trading	-	1 667 000
Outstanding orders	267 901	18 318
- Approved but Not Yet Contracted for:-	**-**	**2 192 850**
General Voice Equipment	-	2 192 850
Total Operational Commitments	**4 197 029**	**8 202 686**

	2022	2021
This expenditure will be financed from:		
Government Grants	-	-
LGSETA	1 301 530	4 684 606
Own Resources	2 895 499	3 518 080
	4 197 029	**8 202 686**

General Voice Equipment:

The District Municipality has an agreement with ITEC to rent and maintenance a telephone system from 1 July 2021 to 30 June 2024. There are no annual escalations and the total tender value of R2 194 200 (incl. VAT) was awarded in April 2021 . An advance payment of R182 850 was made during 2020/21 for the installation of the system.

On 30 June 2022 the outstanding commitment to ITEC was R1 395 450 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Office Space Rentals:

The District Municipality had a lease agreement with Crystal Lagoon to rent office space from 1 December 2018 to 30 November 2021. There were annual escalations which were included in the total tender value of R2 974 220 (incl. VAT). The tender was awarded in November 2018 .

On 30 June 2022 the outstanding commitment to Crystal Lagoon was R0 (incl. VAT). Crystal Lagoon was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

LGSETA Skills Programmes and Learnerships - TAG443:

The District Municipality has a contracted value of R5 828 000 (incl. VAT) with LGSETA which will be payable to ZF Mgcawu District Municipality in tranches from 2018/19 to 2020/20 financial years. During 2019/20 financial year LGSETA terminated programs and therefore the tender value was reduced by R2 154 400. During 2020/21 financial year LGSETA terminated programs and therefore the tender value was further reduced by R1 292 700. During 2021/22 financial year LGSETA terminated programs and therefore the tender value was further reduced by R845 600.

The District Municipality has awarded a tender to TAG443 to implement a skills programme and learnerships in the ZF Mgcawu District from May 2018 until June 2020. There are no annual escalations and the total tender value of R5 643 500 (incl. VAT) was awarded in April 2018. The new approved tender value is R1 350 800 (incl. VAT) until 30 June 2023.

On 30 June 2022 the outstanding commitment to TAG443 was R1 193 800 (incl. VAT). TAG 443 was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

LGSETA Skills Programmes and Learnerships - Summat Training Institute:

The District Municipality has a contracted value of R988 800 (incl. VAT) with LGSETA which will be payable to ZF Mgcawu District Municipality in tranches from 2018/19 to 2020/20 financial years. During 2019/20 financial year LGSETA terminated programs and therefore the tender value was reduced by R438 240 during 2019/20 financial year.

The District Municipality has awarded a tender to Summat Training Institute to implement a skills programme and learnerships in the ZF Mgcawu District from January 2018 until June 2020. There are no annual escalations and the total tender value of R557 940 (incl. VAT) was awarded in December 2017. The new approved tender value is R119 700 (incl. VAT) until 30 June 2023.

On 30 June 2022 the outstanding commitment to Summat Training Institute was R107 730 (incl. VAT). Summat Training Institute was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

LGSETA Skills Programmes and Learnerships - Gomolemo's Consultation:

The District Municipality has a contracted value of R43 200 (incl. VAT) with LGSETA which will be received by ZF Mgcawu District Municipality in tranches from 2018/19 to 2020/20 financial years. During 2021/22 financial year LGSETA terminated the total programs and therefore the tender value was further reduced by R0.

The District Municipality has awarded a tender to Gomolemo's Consultation to implement a skills programme and learnerships in the ZF Mgcawu District from January 2018 until June 2020. There are no annual escalations and the total tender value of R36 790 (incl. VAT) was awarded in December 2017. The tender was extended to 30 June 2023 but was terminated by LGSETA.

On 30 June 2022 the outstanding commitment to Gomolemo's Consultation was R0 (incl. VAT). Gomolemo's Consultation was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Copier Machines:

The District Municipality has an rental and maintenance agreement with ITEC for copier machines from 1 October 2018 to 30 September 2021. There are no annual escalations and the total tender value of R1 176 948 (incl. VAT) was awarded in September 2018.

On 30 June 2022 the outstanding commitment to ITEC was R0 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

The District Municipality has an rental and maintenance agreement with ITEC for copier machines from 1 June 2022 to 31 May 2025. There are no annual escalations and the total tender value of R903 348 (incl. VAT) was awarded in June 2022.

On 30 June 2022 the outstanding commitment to ITEC was R878 255 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

PMS System:

The District Municipality has an rental and maintenance agreement with Action IT for a PMS System from 9 February 2021 to 8 February 2022. There are no annual escalations and the total tender value of R943 805 (incl. VAT) was awarded in February 2021.

On 30 June 2022 the outstanding commitment to Action IT was R353 893 (incl. VAT). Action IT was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

During the preparation of the 2021/22 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not include the creditor amount in the Tender Register on 30 June 2021. Therefore, Commitments were retrospectively decreased by R80 455 on 30 June 2021.

LGSETA Skills Programmes and Learnerships - ARMS:

The District Municipality has a contracted value of R981 125 (incl. VAT) with LGSETA which will be received by ZF Mgcawu District Municipality in tranches from 2020/21 to 2021/22 financial years. The tender was extended to 30 June 2023 during the 20221/22 financial year.

The District Municipality has awarded a tender to ARMS to implement a skills programme and learnerships in the ZF Mgcawu District from February 2021 until June 2022. There are no annual escalations and the total tender value of R981 125 (incl. VAT) was awarded in February 2021.

On 30 June 2022 the outstanding commitment to ARMS was R0 (incl. VAT). ARMS was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

LGSETA Skills Programmes and Learnerships - KGOLO Trading:

The District Municipality has a contracted value of R1 667 000 (incl. VAT) with LGSETA which will be received by ZF Mgcawu District Municipality in tranches from 2020/21 to 2021/22 financial years. The tender was extended to 30 June 2023 during the 20221/22 financial year.

The District Municipality has awarded a tender to KGOLO Trading to implement a skills programme and learnerships in the ZF Mgcawu District from February 2021 until June 2022. There are no annual escalations and the total tender value of R1 667 000 (incl. VAT) was awarded in February 2021.

On 30 June 2022 the outstanding commitment to KGOLO Trading was R0 (incl. VAT). KGOLO Trading was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Outstanding Orders:

The District Municipality has outstanding orders at year-end for services and goods not yet delivered. Therefore the District Muncipality has a commitment with suppliers to render services or goods after year-end.

39 FINANCIAL INSTRUMENTS

39.1 Classification

FINANCIAL ASSETS:
In accordance with GRAP 104.13 the Financial Assets of the District Municipality are classified as follows:

Financial Assets	Classification	2022 R	2021 R
Non-current Investments			
Fixed Deposits	Amortised cost	512 048	-
Long-term Receivables			
Finance Lease Receivable	Amortised cost	8 833	10 774
Staff Related Long Term Receivables	Amortised cost	99 753	3 523
CPMD Debtors	Amortised cost	90 600	-
SCM Debtors	Amortised cost	8 029	-
Maternity Leave Debtors	Amortised cost	1 123	3 523
Receivables from Exchange Transactions			
Merchandising, Jobbing and Contracts	Amortised cost	197 928	48 240
Prepayments and Advances	Amortised cost	-	248 263
Receivables from Non-exchange Transactions			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	-	121 515
Cash and Cash Equivalents			
Call Deposits	Amortised cost	24 278	20 382
Bank Balances	Amortised cost	2 100 512	2 260 378
Cash Floats and Advances	Fair value	1 616	443
Current Portion of Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	14 118	2 802
CPMD Debtors	Amortised cost	7 200	-
SCM Debtors	Amortised cost	4 518	-
Maternity Leave Debtors	Amortised cost	2 400	2 400
Acting Allowance Debtors	Amortised cost	-	402

SUMMARY OF FINANCIAL ASSETS

		2022 R	2021 R
Financial Assets at Amortised Cost:			
Non-current Investments	Fixed Deposits	512 048	-
Long-term Receivables	Finance Lease Receivable	8 833	10 774
Long-term Receivables	Staff Related Long Term Receivables	99 753	3 523
Receivables from Exchange Transactions	Property Rental Debtors	197 928	48 240
Receivables from Exchange Transactions	Prepayments and Advances	-	248 263
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	-	121 515
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	14 118	2 802
Cash and Cash Equivalents	Call Deposits	24 278	20 382
Cash and Cash Equivalents	Bank Balances	2 100 512	2 260 378
		2 961 069	2 719 478
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	1 616	443
		1 616	443
Total Financial Assets		**2 962 685**	**2 719 921**

		2022	2021
		R	R
FINANCIAL LIABILITIES:			

In accordance with GRAP 104.13 the Financial Liabilities of the District Municipality are classified as follows:

Financial Liabilities	**Classification**	2022 R	2021 R
Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	803 350	-
Payables from Exchange Transactions			
Advance Payments	Amortised cost	50 550	127 681
Other Payables: Salary Clearing and Control	Amortised cost	1 444 909	648 161
Salary Related Payables	Amortised cost	233 173	(46 911)
Trade Creditors	Amortised cost	843 254	2 711 913
Payables from Non-exchange Transactions			
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	496 885	82 592

SUMMARY OF FINANCIAL LIABILITIES

		2022 R	2021 R
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	803 350	-
Payables from Exchange Transactions	Advance Payments	50 550	127 681
Payables from Exchange Transactions	Other Payables	1 444 909	648 161
Payables from Exchange Transactions	Salary Related Payables	233 173	(46 911)
Payables from Exchange Transactions	Trade Creditors	843 254	2 711 913
Current Portion of Long-term Liabilities	Finance Lease Liabilities	496 885	82 592
		3 872 121	3 523 436
Total Financial Liabilities		**3 872 121**	**3 523 436**

39.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the District Municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratio's of the District Municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2022, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2022		30 June 2021	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	2 961 069	2 961 069	2 719 478	2 719 478
Fixed Deposits	512 048	512 048	-	-
Call Deposits	24 278	24 278	20 382	20 382
Bank Balances	2 100 512	2 100 512	2 260 378	2 260 378
Short-term Portion of Investments	-	-	-	-
Long-term Receivables	108 585	108 585	14 297	14 297
Trade Receivables from Exchange Transactions	197 928	197 928	296 503	296 503
Trade Receivables from Non-exchange Transactions	-	-	121 515	121 515
Current Portion of Long-term Receivables	17 718	17 718	6 402	6 402

	30 June 2022		30 June 2021	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
Measured at Fair Value	1 616	1 616	443	443
Cash and Cash Equivalents	1 616	1 616	443	443
Total Financial Assets	2 962 685	2 962 685	2 719 921	2 719 921
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	3 872 121	3 872 121	3 523 436	3 523 436
Finance Lease Liabilities	803 350	803 350	-	-
Trade and Other Payables:				
- Payables from Exchange Transactions	2 571 886	2 571 886	3 440 844	3 440 844
- Current Portion of Long-term Liabilities	496 885	496 885	82 592	82 592
Total Financial Liabilities	3 872 121	3 872 121	3 523 436	3 523 436
Total Financial Instruments	(909 436)	(909 436)	(803 516)	(803 516)
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the District Municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2022

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	1 616	-	1 616
Total Financial Assets	-	1 616	-	1 616
Total Financial Instruments	-	1 616	-	1 616

30 June 2021

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	443	-	443
Total Financial Assets	-	443	-	443
Total Financial Instruments	-	443	-	443

39.3 Capital Risk Management

The District Municipality manages its capital to ensure that the District Municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The District Municipality's overall strategy remains unchanged from 2021.

The capital structure of the District Municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

Gearing Ratio

	2022 R	2021 R
The gearing ratio at the year-end was as follows:		
Debt	1 300 236	82 592
Cash and Cash Equivalents	(2 126 406)	(2 281 203)
Net Debt	(826 170)	(2 198 611)
Equity	(19 315 223)	(21 709 961)
Net debt to equity ratio	**4.28%**	**10.13%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the District Municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

39.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the District Municipality's Risk Management Framework. The District Municipality's Risk Management policies are established to identify and analyse the risks faced by the District Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

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

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

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the District Municipality’s Audit Committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

39.5 Significant Risks

It is the policy of the District Municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the District Municipality is exposed on the reporting date.

The District Municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

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

Credit Risk

Credit Risk is the risk of financial loss to the District Municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the District Municipality's receivables from customers and investment securities.

Liquidity Risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 39.8 to the Annual Financial Statements.

39.6 Market Risk

The District Municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 39.7 below). No formal policy exists to hedge volatilities in the interest rate market.

39.6.1 Foreign Currency Risk Management

The District Municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

39.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 39.8 below:

39.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the District Municipality. The District Municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The District Municipality uses its own trading records to assess its major customers. The District Municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

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

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the District Municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors were transferred to the Local Municipalities.

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

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

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

The District Municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The District Municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2022 **R**	**2021** **R**
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the District Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	512 048	-
Long-term Receivables	126 303	20 699
Receivables from Exchange Transactions	197 928	296 503
Receivables from Non-exchange Transactions	-	121 515
Bank, Cash and Cash Equivalents	2 126 406	2 281 203
Maximum Credit and Interest Risk Exposure	**2 962 685**	**2 719 921**

39 FINANCIAL INSTRUMENTS (Continued)

39.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the District Municipality's short, medium and long-term funding and liquidity management requirements. The District Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67is a listing of additional undrawn facilities that the District Municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The District Municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the District Municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the District Municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2022								
Non-interest Bearing		0%	8 144 410	8 144 410	-	-	-	-
- Payables from Exchange transactions	12	0%	8 144 410	8 144 410	-	-	-	-
Fixed Interest Rate Instruments		48.20%	1 300 236	496 885	-	803 350	-	-
- Long-term Liabilities	14	48.20%	1 300 236	496 885	-	803 350	-	-
			9 444 646	**8 641 296**	**-**	**803 350**	**-**	**-**
30 June 2021								
Non-interest Bearing		0%	9 037 402	9 037 402	-	-	-	-
- Payables from Exchange transactions	12	0%	9 037 402	9 037 402	-	-	-	-
Fixed Interest Rate Instruments		19.40%	82 592	41 296	41 296	-	-	-
- Long-term Liabilities	14	19.40%	82 592	41 296	41 296	-	-	-
			9 119 994	**9 078 698**	**41 296**	**-**	**-**	**-**

The following table details the District Municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the District Municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2022								
Non-interest Bearing		0%	324 231	206 787	8 859	17 718	90 867	-
- Long-term Receivables			126 303	8 859	8 859	17 718	90 867	-
- Trade Receivables from Exchange Transactions			197 928	197 928	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	2 124 789	2 124 789	-	-	-	-
- Call Deposits		5.0%	24 278	24 278	-	-	-	-
- Bank Account		2.5%	2 100 512	2 100 512	-	-	-	-
Fixed Interest Rate Instruments		**8.2%**	512 048	512 048	-	-	-	-
- Fixed Deposits		8.2%	512 048	512 048	-	-	-	-
			2 961 069	**2 843 624**	**8 859**	**17 718**	**90 867**	**-**
30 June 2021								
Non-interest Bearing		0%	438 717	421 219	3 201	6 402	7 896	-
- Long-term Receivables			20 699	3 201	3 201	6 402	7 896	-
- Trade Receivables from Exchange Transactions			296 503	296 503	-	-	-	-
- Trade Receivables from Non-exchange Transactions			121 515	121 515	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	2 280 760	2 280 760	-	-	-	-
- Call Deposits		5.0%	20 382	20 382	-	-	-	-
- Bank Account		2.5%	2 260 378	2 260 378	-	-	-	-
			2 719 478	**2 701 979**	**3 201**	**6 402**	**7 896**	**-**

39.9 Other Price Risks

The District Municipality is not exposed to equity price risks arising from equity investments as the District Municipality does not trade these investments.

40 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the District Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the District Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 589 944 (2021: R1 715 275) represents contributions payable to these plans by the District Municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

LA Retirement Fund/Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181,000 (30 June 2017 : R1,859,077,000), with a nett accumulated surplus of R63,423,000 (2017 : R46,989,000), with a funding level of 103.7% (30 June 2017 : 102.6%).

Consolidated Retirement Fund::

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The valuator stated that Cape Retirement Fund is in a sound financial condition as at 30 June 2017.

The last statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R21,359,000,000 (30 June 2016: R20,075,000,000), with funding levels of 127.3% and 100% (30 June 2016 118.0% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%.From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members’ Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%.The Fund’s assets are sufficient to cover the members’ Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members’ Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

41 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

41.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
T Van Der Steen	Councillor	Director at Loodgieter Van Der Steen
		Member at Van Der Steen Pomp en Pyp
		Member at Jesu Nkosi Monuments
J Esau	Councillor	Director at Green Bird Construction and General
		Director at Jacks enterprise services
		Director at On Spot Construction and General
S Esau	Councillor	Director at Setonha Khaya Enterprise
M Daniels	Councillor	Director at Danma Future Construction business solutions
		Director at Jaylinne General Trading
		Member at Tirisanang Mining and Resources
		Member at Zelke 66
E Phete	Councillor	Director at Keorapetsi Avenue
		Director at Gaoba consultants and general trading
		Member at JH Phete General Traders
		Member at World Focus 1509

Name of Related Person	Designation	Description of Related Party Relationship
D Pienaar	Councillor	Director at Adonai Enterprize
		Director at Halala enterprise
		Director at Denha Cash loans
		Director at DRP Property Investments
		Director at Futu Holdings
		Director at Futu Investments
		Director at JHD Enterprise
		Director at Kgatelopele Business forum
		Director at Likade trading
		Director at Phatsimo
		Director at Phutanang Recycling Primary Corporative Limited
		Director at Wonderers Youth Academy
E Fritz	Councillor	Director at Umelikaya Supplies
M Bosman	Councillor	Director at Kalksloot Bakery
		Director at Kalklsloot Rural Development
P Matthys	Councillor	Director at CFH Solutions
B Bock	Councillor	Member at BM Bock Construction and community development
L Lankalebalela	Audit Committee	Director at Access Information Management Services
		Member at Final Score
		Member at Fita Consultancy
		Member at Halala Driving School
		Director at King Golfers
		Director at Xabiso Consulting
		Director at Storm Cup Trading
M Venter	Audit Committee	Director at Inkqbelo
GB Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
CM Mathe	Middle Manager	Director at O Mogolo Homes
		Director at Our Solid Foundation
M Manyehe	Middle Manager	Director at Brownsugar Communications
E Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
JA Kitching	Middle Manager	Director ar Ablaze Trading 258
J Linden	Middle Manager	Director at Hazfree Waste Management
J Visagie	Middle Manager	Director at Sakiwi5 Trading
FJ Strauss	Middle Manager	W J P Strauss Boerdery
K Kitching	Manager's Spouse	Director at ANSEC 133
		Director at Hemiprox
A Van Zyl	Manager's Spouse	Director at ANSEC 133
		Director at Hemiprox
J Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
AK Tieties	Middle Manager	Director at A and t Development
		Director at Khanya Solar solutions
JG Van Wyk	Managers Spouse	Director at JVW Group
G Booysen	SCM Official	Member at GSNF Construction

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
M Daniels	Councillor	Member at Tsansabane Recycling waste management and civils
D Pienaar	Councillor	Director at Futu Mining
		Director at Kgosi Fire Engineers
		Director at Vision Valley technologies
N Prince	Councillor	Director at Grand Bridge Trading 95
		Member at Yinhla Training and business consulting firm
		Director at Moreteng Investments
E Phete	Councillor	Member at Nepego construction and primary corporative limited
ML September	Councillor	Director at Tumelo NJ General services

Name of Related Person	Designation	Description of Related Party Relationship
PJ George	Councillor	Director at Doods and George Trading
		Director at Philander and George Trading
L Langalebalela	Audit Committee	Director at Definada Trading
		Member at EL Computers
		Director at Numbersecure
		Director at Zamori 63
		Director at Blue rose investments
J Nengome	Middle Manager	Member at Sedzaphanda Building Construction
JB Van Wyk	Middle Manager	Director at JVW
A Van Zyl	Directors Spouse	Strauss Van Zyl

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
S Abel	Councillor	No relationship with businesses
P Mgcera	Councillor	No relationship with businesses
A Kotzee	Councillor	No relationship with businesses
M Basson	Councillor	No relationship with businesses
S Sandlana	Councillor	No relationship with businesses
M Mashila	Councillor	No relationship with businesses
J Balies	Councillor	No relationship with businesses
AC Kotzee	Councillor	No relationship with businesses
K Kearomotswe	Councillor	No relationship with businesses
D De Koker	Councillor	No relationship with businesses
A Mashimo	Councillor	No relationship with businesses
D Esau	Councillor	No relationship with businesses
S Dubeni	Councillor	No relationship with businesses
A De Bruin	Councillor	No relationship with businesses
A Johnson	Councillor	No relationship with businesses
K Esau	Councillor	No relationship with businesses
FL Witbooi	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
H Ross	Councillor	No relationship with businesses
WD Klim	Councillor	No relationship with businesses
A Ruiters	Councillor	No relationship with businesses
M Maasdorp	Councillor	No relationship with businesses
MC Basson	Councillor	No relationship with businesses
J Lodewyk	Councillor	No relationship with businesses
J Silo	Councillor	No relationship with businesses
A Viljoen	Audit Committee	No relationship with businesses
JG Lategan	Municipal Manager	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
E Britz/Isaacs	Director	No relationship with businesses
I De Waal	Direcor	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
J Willemse	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Van Kradenburg	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
F Rupping	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses

Name of Related Person	Designation	Description of Related Party Relationship
S Berend	Middle Manager	No relationship with businesses
D Lekanyane	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
T Louw	Middle Manager	No relationship with businesses
H Mchlauli	Middle Manager	No relationship with businesses
S Botha	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses
L De Klerk	SCM intern	No relationship with businesses
M Bosman	Learnership	No relationship with businesses
A Lategan	Director's Spouse	No relationship with businesses
M Theron	Managers Spouse	No relationship with businesses
R Galloway	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
B Feris	Managers Spouse	No relationship with businesses
NE Mclauli	Managers Spouse	No relationship with businesses
EE Job	Managers Spouse	No relationship with businesses
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	Manager's Spouse	No relationship with businesses
AM Shorty	Manager's Spouse	No relationship with businesses

41.2 Services rendered to Related Parties

The District Municipality did not render any services during the year to anyone that can be considered as a related party.

41.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

41.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

41.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

41.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

42 CONTINGENT LIABILITIES

	2022 R	2021 R
42.1 Court Proceedings:	**115 000**	**465 000**
(i) April Jacobs: Claim against the District Municipality handled by Becker, Bergh & More regarding an unfair dismissal. Commissioner found no unfair dismissal and application for rescission is pending. Possible obligation to the District Municipality.	115 000	115 000
(ii) Jolene van Wyk: Claim against the District Municipality handled by Lulama Lobi Inc regarding a review of an appointment . Possible obligation to the District Municipality.	-	350 000
42.2 Disputes:	**-**	**-**
Total Contingent Liabilities	**115 000**	**465 000**

43 CONTINGENT ASSETS

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

44 IN-KIND DONATIONS AND ASSISTANCE

The District Municipality did not receive any In-kind Donations and Assistance during the year under review.

45 PRIVATE PUBLIC PARTNERSHIPS

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

46 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2022.

47 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

48 SEGMENT REPORTING

For management purposes the District Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has the following primary reportable segments:

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Other*

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management does not monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The segmental information for Capital Assets of the Municipality is disclosed in Note 50. It is not practical to segmentise Financial Position and Cash Flow operations.

49 GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the Going Concern position of ZF Mgcawu:

(i) On 30 May 2022 Council adopted the 2022/23 to 2024/25 annual final budget.. This three-year Medium Term Revenue and Expenditure Framework (MTREF) fund the elementary operations of the District Municipality to perform its legal mandate and reflected that the budget was unfunded for 2022/23, 2023/24 and 2024/25. The second adjustments budget for the financial year 2021/22 was tabled to Council on 30 June 2022.

(ii) The District Municipality's draft budget of 2022/23 was subjected to an independent assessment process by Provincial Treasury to assess its cash-backing status and other budgetary key performance indicators. The outcome of the cash back assessment was negative for 2022/23 as well as negative for the two outer years 2023/24 and 2024/25.

(iii) Strict daily cash management processes are embedded in the District Municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. Cash flow reporting has been refined by building in cash back figures to portray the net cash flow positions on a bi-weekly basis.

(iv)The District Municipality developed a cost containment and budget monitoring yardstick in order to measure operational and capital budget performance on a monthly basis. The cost containment policy had been adopted by Council on 30 May 2022. Cash flow challenges are experienced because cash flow projections are compiled for the payment sequences of the equitable share which is our largest portion of operational revenue source.

(v) The District Municipality is in a material sense grant dependent and renders mainly mandatory support to local municipalities in the ZF Mgcawu district. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions are instituted.

(vi) An operational efficiency plan has been develop by management to ensure that operations are effected in the most cost-effective manner possible whilst still ensuring that quality is not compromised.

(vii) Business plans have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.

(viii) Alternative sourcing of funding and the attainment of projects by ZF Mgcawu District Municipality is a high priority to address the shortage of funding that is a legacy challenge of the past.

(ix) Innovative strategic management is deployed to better the financial health of ZF Mgcawu District Municipality in the long term.

(x) All outstanding creditors up to 30 June 2022 were included in ZFM's 2022/23 cash management report.

(xi) Council has also adopted an implementation plan on how to get from an unfunded budget to a funded budget.

(xii) To address above mentioned challenges a budget implementation plan was adopted by Council and the recommendations are implemented.

(xiii) Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of ZF Mgcawu District Municipality to sustain the financial health of the District Municipality.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on a going concern basis.

ZF MGCAWU DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

50 SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2022

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council											
Council Administration	90 970	26 500	-	(6 650)	110 820	(79 344)	(6 416)	-	5 993	(79 767)	31 053
Council Services	1 537 253	-	-	(27 200)	1 510 053	(593 077)	(225 902)	-	24 584	(794 394)	715 659
Municipal Manager	286 263	26 857	-	-	313 119	(249 968)	(11 432)	-	-	(261 401)	51 719
Finance and Administration											
Administration	141 386	53 170	-	(8 000)	186 556	(123 369)	(12 912)	-	7 360	(128 921)	57 635
Asset Management Unit	32 781	-	-	-	32 781	(29 869)	(261)	-	-	(30 130)	2 650
Budget & Treasury Office	21 516	8 952	-	(15 483)	14 985	(19 732)	(2 291)	-	14 235	(7 788)	7 197
Expenditure Unit	231	17 904	-	-	18 136	(199)	(4 489)	-	-	(4 688)	13 448
Financial Services	710 062	110 000	-	(42 658)	777 404	(607 562)	(37 467)	-	38 832	(606 197)	171 207
Human Resources	129 681	17 904	-	(2 341)	145 244	(117 266)	(4 546)	-	2 154	(119 658)	25 586
Information Technology	2 905 945	1 834 803	-	(1 017 105)	3 723 643	(2 346 689)	(578 780)	-	903 491	(2 021 978)	1 701 665
Property Services	20 375 449	-	-	(6 197)	20 369 252	(1 737 105)	(88 717)	-	5 589	(1 820 233)	18 549 020
Risk Management	3 832	-	-	-	3 832	(3 446)	(12)	-	-	(3 458)	374
Supply Chain Management	6 809	8 952	-	-	15 761	(6 259)	(2 244)	-	-	(8 504)	7 257
Vehicles	195 600	-	-	-	195 600	(126 636)	(13 264)	-	-	(139 900)	55 700
Health											
Environmental Health	100 522	-	-	(15 062)	85 461	(86 134)	(3 304)	-	13 088	(76 350)	9 111
Planning and Development											
Communication & Liaison	10 426	-	-	-	10 426	(2 032)	(3 780)	-	-	(5 812)	4 614
Engineering Services	196 224	-	-	(48 953)	147 271	(143 598)	(17 678)	-	44 371	(116 905)	30 366
Housing Accreditation	48 594	-	-	-	48 594	(43 959)	(73)	-	-	(44 032)	4 562
LED	1 444	-	-	-	1 444	(1 294)	(2)	-	-	(1 296)	148
PIMMS	9 957	-	-	-	9 957	(5 635)	(2 952)	-	-	(8 587)	1 370
Performance Management	381 638	-	-	(126 063)	255 575	(324 782)	(10 931)	-	111 454	(224 259)	31 316
Technical Support Services	61 307	-	-	(5 289)	56 017	(55 332)	(74)	-	4 790	(50 615)	5 402
Internal Audit											
Internal Audit	113 804	50 291	-	(5 789)	158 306	(100 799)	(13 095)	-	5 325	(108 569)	49 736
Other											
Tourism	86 655	-	-	(13 413)	73 242	(78 006)	(75)	-	12 179	(65 903)	7 339
Public Safety											
Disaster Management	8 794	8 952	-	(924)	16 822	(8 051)	(2 257)	-	831	(9 478)	7 345
Total Asset Register	**27 457 143**	**2 164 287**	**-**	**(1 341 128)**	**28 280 301**	**(6 890 144)**	**(1 042 953)**	**-**	**1 194 276**	**(6 738 821)**	**21 541 480**

51 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

2021 Actual Income	2021 Budgeted Income	2021 Actual Expenditure	2021 Budgeted Expenditure	2021 Surplus/ (Deficit)	Description	2022 Actual Income	2022 Budgeted Income	2022 Actual Expenditure	2022 Budgeted Expenditure	2022 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
249 550	500 000	15 088 563	15 103 350	(14 839 013)	Executive and Council	533 983	500 000	16 044 984	16 614 854	(15 511 001)
76 505 599	78 427 000	42 736 504	43 038 810	33 769 094	Finance and Administration	78 525 840	80 121 000	39 066 629	40 902 882	39 459 210
-	-	3 338 304	3 505 128	(3 338 304)	Internal Audit	-	-	3 466 161	3 602 140	(3 466 161)
					Community and Public Safety					
-	259 000	2 752 344	2 804 306	(2 752 344)	Public Safety	-	-	3 163 278	3 356 155	(3 163 278)
-	-	6 361 461	6 368 269	(6 361 461)	**Health**	-	-	6 940 816	7 051 482	(6 940 816)
					Economic and Environmental Services					
4 490 000	4 490 000	9 553 842	9 554 499	(5 063 842)	Planning and Development	5 330 000	5 330 000	12 161 488	12 313 862	(6 831 488)
-	-	942 176	1 039 016	(942 176)	**Other**	-	-	1 162 396	1 228 385	(1 162 396)
81 245 149	**83 676 000**	**80 773 194**	**81 413 378**	**471 955**	Sub-Total	**84 389 823**	**85 951 000**	**82 005 752**	**85 069 760**	**2 384 071**
-	656 000	156 305	603 000	(156 305)	Gains and Losses	10 667	381 000	-	154 000	10 667
81 245 149	**84 332 000**	**80 929 499**	**82 016 378**	**315 650**	**Total**	**84 400 490**	**86 332 000**	**82 005 752**	**85 223 760**	**2 394 737**

APPENDIX A

ZF MGCAWU DISTRICT MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2021	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2022	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
CAPITAL LEASE LIABILITIES										
COPIERS - Old Contract	783 000	19.4%	-	01/09/2021	82 592	-	(82 592)	(0)	-	-
COPIERS - New Contract	660 000	12.4%	-	01/05/2025	-	660 000	(15 328)	644 672	641 667	-
TELEHONE SYSTEM	950 000	73.1%	-	01/06/2024	-	950 000	(294 436)	655 564	633 333	-
Total Capital Lease Liabilities	**2 393 000**				**82 592**	**1 610 000**	**(392 357)**	**1 300 236**	**1 275 000**	**-**

Copier Machine Leases:

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R783 000 as at 1 October 2018. The effective interest rate on Finance Leases is 19.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality’s obligations under Finance Leases are secured by the lessors’ title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

APPENDIX B
ZF MGCAWU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2022

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Land:											
Land	17 976 000	-	-	-	17 976 000	-	-	-	-	-	17 976 000
Other Assets:											
Buildings	2 056 000	-	-	-	2 056 000	(1 439 399)	(82 213)	-	-	(1 521 612)	534 388
Land and Buildings	**20 032 000**	**-**	**-**	**-**	**20 032 000**	**(1 439 399)**	**(82 213)**	**-**	**-**	**(1 521 612)**	**18 510 388**
Computer Equipment											
Computer Hardware	2 278 848	466 503	-	(348 761)	2 396 590	(1 801 815)	(241 788)	-	311 772	(1 731 831)	664 759
Furniture and Office Equipment											
Cabinets And Cupboards	293 419	-	-	(10 689)	282 730	(263 188)	(519)	-	9 605	(254 103)	28 628
Chairs	336 860	4 231	-	(12 250)	328 841	(299 679)	(1 667)	-	11 020	(290 325)	38 516
Furniture	12 164	-	-	-	12 164	(10 368)	(387)	-	-	(10 755)	1 410
Office Machines & Other	285 680	-	-	(5 832)	279 848	(239 349)	(12 377)	-	5 366	(246 360)	33 488
Other Furniture	493 921	26 500	-	(22 440)	497 981	(403 056)	(24 950)	-	19 720	(408 287)	89 694
Printer, Fax, Copier	269 915	-	-	(108 686)	161 229	(243 112)	(3 642)	-	99 988	(146 766)	14 464
Tables And Desks	468 686	-	-	(8 840)	459 846	(418 821)	(1 571)	-	7 952	(412 441)	47 405
Machinery and Equipment											
Fire Fighting Equipment	1 200	-	-	-	1 200	(1 080)	(0)	-	-	(1 080)	120
Medical Equipment	6 300	-	-	-	6 300	(5 668)	(1)	-	-	(5 669)	631
Other Equipment	1 391	-	-	-	1 391	(1 230)	(12)	-	-	(1 241)	149
Radio Equipment	20 493	-	-	(17 493)	3 000	(18 444)	-	-	15 744	(2 700)	300
Security Equipment	174 465	15 444	-	(2 000)	187 909	(132 091)	(10 024)	-	1 800	(140 314)	47 595
Leased Assets	783 000	1 610 000	-	(783 000)	1 610 000	(672 468)	(352 455)	-	690 173	(334 749)	1 275 251
Transport Assets											
Motor Cars	1 109 072	-	-	-	1 109 072	(259 541)	(173 204)	-	-	(432 744)	676 328
	6 535 416	**2 122 678**	**-**	**(1 319 991)**	**7 338 103**	**(4 769 909)**	**(822 595)**	**-**	**1 173 139**	**(4 419 364)**	**2 918 739**
Total PPE	**26 567 416**	**2 122 678**	**-**	**(1 319 991)**	**27 370 103**	**(6 209 307)**	**(904 808)**	**-**	**1 173 139**	**(5 940 977)**	**21 429 126**
Intangible Assets											
Computer Software	889 727	41 609	-	(21 137)	910 198	(680 837)	(138 145)	-	21 137	(797 844)	112 354
Total Intangible Assets	**889 727**	**41 609**	**-**	**(21 137)**	**910 198**	**(680 837)**	**(138 145)**	**-**	**21 137**	**(797 844)**	**112 354**
Total Asset Register	**27 457 143**	**2 164 287**	**-**	**(1 341 128)**	**28 280 301**	**(6 890 144)**	**(1 042 953)**	**-**	**1 194 276**	**(6 738 821)**	**21 541 480**

APPENDIX E(1)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2022

Description	2021/22												2020/21
	Original Budget	**Budget Adjustments**	**Adjustment Budget**	**Special Budget Adjustments**	**Special Adjustment Budget**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised Expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Restated Outcome**
	R	**R**	**R**	**R**	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**
REVENUE - STANDARD													
Municipal Governance and Administration													
Executive and Council	500 000	-	500 000	-	500 000	-	500 000	533 983	-	33 983	106.80	106.80	249 550
Finance and Administration	79 623 000	(750 000)	78 873 000	1 248 000	80 121 000	-	80 121 000	78 525 840		(1 595 160)	98.01	98.62	76 505 599
Community and Public Safety													
Public Safety	-	-	-	-	-	-	-	-		-	0.00	0.00	-
Economic and Environmental Services													
Planning and Development	3 530 000	(350 000)	3 180 000	2 150 000	5 330 000	-	5 330 000	5 330 000		-	100.00	150.99	4 490 000
Total Revenue - Standard	83 653 000	(1 100 000)	82 553 000	3 398 000	85 951 000	-	85 951 000	84 389 823	-	(1 561 177)	0.00	100.88	81 245 149
EXPENDITURE - STANDARD													
Municipal Governance and Administration													
Executive and Council	17 118 293	(1 489 850)	15 628 443	1 076 695	16 705 138	(90 284)	16 614 854	16 044 984	-	(569 870)	96.57	93.73	15 088 563
Finance and Administration	37 771 289	3 226 702	40 997 991	(388 977)	40 609 014	293 868	40 902 882	39 066 629	-	(1 836 253)	95.51	103.43	42 736 504
Internal Audit	4 271 202	(610 729)	3 660 473	(58 333)	3 602 140	-	3 602 140	3 466 161	-	(135 979)	96.23	81.15	3 338 304
Community and Public Safety													
Public Safety	2 792 929	172 051	2 964 980	401 679	3 366 659	(10 504)	3 356 155	3 163 278	-	(192 877)	94.25	113.26	2 752 344
Health	6 292 054	788 950	7 081 004	(29 522)	7 051 482	-	7 051 482	6 940 816	-	(110 666)	98.43	110.31	6 361 461
Economic and Environmental Services													
Planning and Development	11 784 808	(2 140 895)	9 643 913	2 864 029	12 507 942	(194 080)	12 313 862	12 161 488	-	(152 374)	98.76	103.20	9 553 842
Other	550 528	545 694	1 096 222	132 163	1 228 385	-	1 228 385	1 162 396	-	(65 989)	94.63	211.14	942 176
Total Expenditure - Standard	80 581 103	491 923	81 073 026	3 997 734	85 070 760	(1 000)	85 069 760	82 005 752	-	(3 064 008)	0.00	101.77	80 773 194
Gains and Losses	(228 000)	-	(228 000)	-	(228 000)	1 000	(227 000)	(10 667)	-	216 333	0.00	0.00	156 305
Surplus/(Deficit) for the year	**3 299 897**	**(1 591 923)**	**1 707 974**	**(599 734)**	**1 108 240**	**1 000**	**1 108 240**	**2 394 737**	**-**	**1 502 831**	**239 473.73**	**72.57**	**315 650**

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2022

Description	2021/22												2020/21
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD													
Executive & Council	500 000	-	500 000	-	500 000	-	500 000	533 983	-	33 983	106.80	106.80	249 550
Council Services	500 000	-	500 000	-	500 000	-	500 000	533 983	-	33 983	106.80	106.80	249 550
Internal Audit	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Budget and treasury office	78 773 000	(750 000)	78 023 000	1 248 000	79 271 000	-	79 271 000	78 017 006	-	(1 253 994)	98.42	99.04	76 287 944
Budget & Treasury Office	500 000	700 000	1 200 000	-	1 200 000	-	1 200 000	299 776	-	(900 224)	24.98	59.96	279 971
Financial Services	78 273 000	(1 450 000)	76 823 000	1 248 000	78 071 000	-	78 071 000	77 717 231	-	(353 769)	99.55	99.29	76 007 973
Corporate services	850 000	-	850 000	-	850 000	-	850 000	508 834	-	(341 166)	59.86	59.86	217 654
Human Resources	850 000	-	850 000	-	850 000	-	850 000	508 834	-	(341 166)	59.86	59.86	217 654
Planning & Development	3 530 000	(350 000)	3 180 000	2 150 000	5 330 000	-	5 330 000	5 330 000	-	-	100.00	150.99	4 490 000
Disaster Mangement	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Engineering Services	2 930 000	-	2 930 000	2 150 000	5 080 000	-	5 080 000	5 080 000	-	-	100.00	173.38	3 890 000
Housing Accreditation	600 000	(350 000)	250 000	-	250 000	-	250 000	250 000	-	-	100.00	41.67	600 000
Total Revenue - Standard	83 653 000	(1 100 000)	82 553 000	3 398 000	85 951 000	-	85 951 000	84 389 823	-	(1 561 177)	0.00	100.88	81 245 149

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2022

Description	2021/22												2020/21
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
EXPENDITURE - STANDARD													
Executive & Council	20 397 983	(1 310 354)	19 087 629	1 041 092	20 128 721	(90 284)	20 038 437	19 694 819	-	(343 618)	98.29	96.55	17 798 655
Council Administration	4 992 540	(421 235)	4 571 305	722 550	5 293 855	(54 465)	5 239 390	5 220 842	-	(18 548)	99.65	104.57	4 562 888
Council Services	5 306 385	612 558	5 918 943	558 832	6 477 775	189 819	6 667 594	6 603 420	-	(64 174)	99.04	124.44	5 465 792
Internal Audit	4 271 202	(610 729)	3 660 473	(58 333)	3 602 140	-	3 602 140	3 466 161	-	(135 979)	96.23	81.15	3 338 304
Municipal Manager	4 547 769	(864 888)	3 682 881	(201 100)	3 481 781	(225 638)	3 256 143	3 124 200	-	(131 943)	95.95	68.70	3 219 326
Risk Management	1 280 087	(26 060)	1 254 027	19 143	1 273 170	-	1 273 170	1 280 197	-	7 027	100.55	100.01	1 212 344
Budget and treasury office	14 081 184	4 046 695	18 127 879	(381 572)	17 746 307	634 561	18 380 868	16 804 380	-	(1 576 488)	91.42	119.34	19 716 898
Asset Management Unit	2 476 152	990 014	3 466 166	(29 771)	3 436 395	912 085	4 348 480	4 265 400	-	(83 080)	98.09	172.26	3 408 354
Budget & Treasury Office	1 717 070	(124 608)	1 592 462	37 141	1 629 603	(94 000)	1 535 603	1 581 996	-	46 393	103.02	92.13	1 523 637
Expenditure Unit	1 988 241	296 921	2 285 162	(510 385)	1 774 777	(17 169)	1 757 608	1 757 577	-	(31)	100.00	88.40	1 756 963
Financial Services	5 641 921	3 359 606	9 001 527	168 339	9 169 866	(166 355)	9 003 511	7 494 742	-	(1 508 769)	83.24	132.84	11 520 354
Supply Chain Management	2 257 800	(475 238)	1 782 562	(46 896)	1 735 666	-	1 735 666	1 704 664	-	(31 002)	98.21	75.50	1 507 592
Corporate services	21 268 122	(886 596)	20 381 526	99 894	20 481 420	(250 843)	20 230 577	20 000 813	-	(229 764)	98.86	94.04	20 067 605
Administration	6 614 338	17 667	6 632 005	179 497	6 811 502	-	6 811 502	6 809 103	-	(2 399)	99.96	102.94	6 483 579
Human Resources	4 688 896	(600 000)	4 088 896	292 693	4 381 589	352 177	4 733 766	5 563 251	-	829 485	117.52	118.65	5 180 372
Information Technology	5 346 032	(166 068)	5 179 964	(268 932)	4 911 032	(507 100)	4 403 932	3 572 486	-	(831 446)	81.12	66.82	3 576 019
Property Services	2 105 000	(270 000)	1 835 000	(115 500)	1 719 500	(95 920)	1 623 580	1 417 590	-	(205 990)	87.31	67.34	2 088 632
Security Services	2 513 856	131 805	2 645 661	12 136	2 657 797	-	2 657 797	2 638 382	-	(19 415)	99.27	104.95	2 739 002
Planning & Development	24 833 814	(1 357 822)	23 475 992	3 238 320	26 714 312	(294 434)	26 419 878	25 505 741	-	(914 137)	96.54	102.71	23 190 036
Communication & Liaison	1 166 896	92 663	1 259 559	(151 442)	1 108 117	(89 850)	1 018 267	981 240	-	(37 027)	96.36	84.09	1 739 657
Disaster Mangement	2 792 929	172 051	2 964 980	401 679	3 366 659	(10 504)	3 356 155	3 163 278	-	(192 877)	94.25	113.26	2 752 344
Engineering Services	7 101 853	(1 739 386)	5 362 467	2 699 160	8 061 627	(194 080)	7 867 547	7 860 351	-	(7 196)	99.91	110.68	5 530 630
Environmental Health	6 267 054	788 950	7 056 004	(4 522)	7 051 482	-	7 051 482	6 940 816	-	(110 666)	98.43	110.75	6 361 461
Housing Accreditation	2 790 866	(552 974)	2 237 892	37 561	2 275 453	-	2 275 453	2 162 342	-	(113 111)	95.03	77.48	2 149 030
LED	829 589	161 465	991 054	(48 197)	942 857	-	942 857	899 291	-	(43 566)	95.38	108.40	863 612
PIMMS	1 062 500	(10 000)	1 052 500	175 505	1 228 005	-	1 228 005	1 239 504	-	11 499	100.94	116.66	1 010 570
PMS	2 271 599	(816 285)	1 455 314	(3 587)	1 451 727	-	1 451 727	1 096 523	-	(355 204)	75.53	48.27	1 840 556
Tourism	550 528	545 694	1 096 222	132 163	1 228 385	-	1 228 385	1 162 396	-	(65 989)	94.63	211.14	942 176
Total Expenditure - Standard	80 581 103	491 923	81 073 026	3 997 734	85 070 760	(1 000)	85 069 760	82 005 752	-	(3 064 008)	0.00	101.77	80 773 194
Gains and Losses	(228 000)	-	(228 000)		(228 000)	1 000	(227 000)	(10 667)	-	216 333	0.00	0.00	156 305
Surplus/(Deficit) for the year	**3 299 897**	**(1 591 923)**	**1 707 974**	**(599 734)**	**1 108 240**	**-**	**1 108 240**	**2 394 737**	**-**	**1 286 497**	**0.00**	**(0.89)**	**315 650**

APPENDIX E (3)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Description	2021/22												2020/21
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
Revenue from Non-exchange Transactions													
Transfers and Subsidies	82 178 000	(1 850 000)	80 328 000	3 398 000	83 726 000	-	83 726 000	82 846 906	-	(879 094)	98.95	100.81	80 137 977
Impairment Gains	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Revenue from Exchange Transactions													
Rental from Fixed Assets	10 000	-	10 000	-	10 000	-	10 000	8 730	-	(1 270)	87.30	87.30	2 078
Finance Income	800 000	50 000	850 000	-	850 000	-	850 000	699 566	-	(150 434)	82.30	87.45	562 869
Operational Revenue	665 000	700 000	1 365 000	-	1 365 000	-	1 365 000	834 620	-	(530 380)	61.14	125.51	542 225
Gains on Disposal of Capital Assets	381 000	-	381 000	-	381 000	-	381 000	10 667	-	(370 333)	2.80	2.80	-
Total Revenue (excluding Capital Transfers &	84 034 000	(1 100 000)	82 934 000	3 398 000	86 332 000	-	86 332 000	84 400 490	-	(1 931 510)	0.00	100.44	81 245 149
EXPENDITURE													
Employee Related Costs	56 969 949	1 172 386	58 142 335	329 235	58 471 570	(369 243)	58 102 327	56 838 028	-	(1 264 299)	97.82	99.77	60 245 587
Remuneration of Councillors	3 773 302	438 191	4 211 493	219 257	4 430 750	189 819	4 620 569	4 620 087	-	(482)	99.99	122.44	3 974 721
Depreciation and Amortisation	594 640	113 600	708 240	-	708 240	438 638	1 146 878	1 042 953	-	(103 925)	90.94	175.39	794 433
Impairment Losses	20 000	-	20 000	-	20 000	38 000	58 000	53 246	-	(4 754)	91.80	266.23	13 137
Finance Costs	-	-	-	-	-	513 500	513 500	512 869	-	(631)	99.88	0.00	47 969
Contracted Services	5 742 750	(80 150)	5 662 600	2 097 445	7 760 045	(144 865)	7 615 180	7 087 439	-	(527 741)	93.07	123.42	5 650 804
Inventory Consumed	565 427	(66 000)	499 427	236 351	735 778	(43 961)	691 817	634 183	-	(57 634)	91.67	112.16	458 807
Transfers and Subsidies Paid	150 000	175 000	325 000	(5 045)	319 955	-	319 955	304 250	-	(15 705)	95.09	202.83	594 159
Operating Leases	650 000	(350 000)	300 000	116 000	416 000	244 080	660 080	626 900	-	(33 180)	94.97	96.45	926 678
Operational Costs	12 115 035	(911 104)	11 203 931	1 004 491	12 208 422	(866 968)	11 341 454	10 285 796	-	(1 055 658)	90.69	84.90	8 066 899
Loss on Disposal of Capital Assets	153 000	-	153 000	-	153 000	1 000	154 000	-	-	(154 000)	0.00	0.00	156 305
Total Expenditure	80 734 103	491 923	81 226 026	3 997 734	85 223 760	-	85 223 760	82 005 752	-	(3 218 008)	0.00	101.58	80 929 499
Surplus/(Deficit) for the Year	**3 299 897**	**-**	**1 707 974**	**-**	**1 108 240**	**-**	**1 108 240**	**2 394 737**	**-**	**-**	**-**	**72.57**	**315 650**

APPENDIX E(4)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	2021/22											2020/21
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R				R	R	R
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Transfers and Subsidies	82 178 000	(3 225 000)	78 953 000	3 038 950	81 991 950	-	81 991 950	82 312 923	320 973	100.39	100.16	80 388 427
Rental from Fixed Assets	-	-	-	-	-	-	-	8 730	8 730	0.00	0.00	2 078
External Interest and Dividends Received	800 000	50 000	850 000	-	850 000	-	850 000	699 566	(150 434)	82.30	87.45	562 869
Other Receipts	675 000	700 000	1 375 000	-	1 375 000	-	1 375 000	1 385 858	10 858	100.79	205.31	44 319
Payments												
Employee Related Costs	(80 217 981)	(1 482 019)	(81 700 000)	81 700 000	-	-	-	(58 197 028)	(58 197 028)	0.00	0.00	(57 366 587)
Remuneration of Councillors	-	-	-	-	-	-	-	(4 620 087)	(4 620 087)	0.00	0.00	(3 974 721)
External Interest and Dividends Paid	-	-	-	-	-	-	-	(512 869)	(512 869)	0.00	0.00	(47 969)
Suppliers Paid	-	-	-	-	-	-	-	(9 241 514)	(9 241 514)	0.00	0.00	(8 513 176)
Other Payments	-	-	-	-	-	-	-	(10 594 916)	(10 594 916)	0.00	0.00	(8 625 668)
NET CASH FROM / (USED) OPERATING ACTIVITIE	3 435 019	(3 957 019)	(522 000)	84 738 950	84 216 950	-	84 216 950	1 240 663	(82 976 287)	99.38	2 451.72	2 469 571
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Property, Plant and Equipment	(2 210 000)	545 000	(1 665 000)	1 665 000	-	-	-	(512 678)	(512 678)	0.00	0.00	(840 613)
Purchase of Intangible Assets	-	-	-	-	-	-	-	(41 609)	(41 609)	0.00	0.00	(80 348)
Proceeds on Disposal of Property, Plant and Equipme	-	-	-	-	-	-	-	157 519	157 519	0.00	0.00	-
Decrease / (Increase) in Non-current Investments	-	-	-	(500 000)	(500 000)	-	(500 000)	(512 048)	(12 048)	0.00	0.00	-
Decrease / (Increase) in Long-term Receivables	-	(14 297)	(14 297)	14 297	-	-	-	(94 288)	(94 288)	0.00	0.00	4 335
NET CASH FROM / (USED) INVESTING ACTIVITIES	(2 210 000)	530 703	(1 679 297)	1 179 297	(500 000)	-	(500 000)	(1 003 104)	(503 104)	0.00	0.00	(916 626)
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Repayment of Borrowings	-	-	-	-	-	-	-	(392 357)	(392 357)	0.00	0.00	(293 310)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	(392 357)	(392 357)	0.00	0.00	(293 310)
												0
NET INCREASE / (DECREASE) IN CASH HELD	(1 225 019)	3 426 316	2 201 297	(85 918 247)	(83 716 950)	-	(83 716 950)	154 798	83 871 748	0.00	0.00	(1 259 636)
Cash / Cash Equivalents at the Year begin:	3 367 113	(1 085 910)	2 281 203	-	2 281 203	-	2 281 203	2 281 203	0	100.00	67.75	1 021 568
Cash / Cash Equivalents at the Year end:	4 592 132	(4 512 226)	79 906	85 918 247	85 998 153	-	85 998 153	2 126 406	(83 871 747)	2.47	46.31	2 281 203

APPENDIX F
ZF MGCAWU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
		R	R	R	R	R	R	R	R	R	R	R	R			
Monetary Allocations:																
Financial Management Grant	National Treasury	1 200 000	-	-	-	175 354	108 309	117 489	798 848	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Manage Systems Grant	National Treasury	2 051 000	-	879 000	-	620 495	802 188	683 709	823 608	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	National Treasury	-	-	2 150 000	-	-	-	-	2 150 000	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	250 000	-	-	14 608	10 148	59 781	165 463	-	-	-	-	N/A	Yes	N/A
In-kind Allocations:		-	-	-	-											
Aids Health	Department of Health Provincial	-	-	-	-	108 891	238 304	12 872	173 916	-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		**3 251 000**	**250 000**	**3 029 000**	**-**	**919 348**	**1 158 949**	**873 851**	**4 111 836**	**-**	**-**	**-**	**-**			

(*) Did your District Municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2022

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
PM MGCERA	353 903	-	-	-	-	117 968	23 586	-	-	-	**495 457**
MC BASSON	15 134	-	-	-	-	5 045	12 693	-	-	-	**32 872**
MM LOUW	276 197	-	-	-	-	92 066	-	-	-	-	**368 262**
Speaker											
MC BASSON	198 258	-	-	-	-	66 086	-	-	-	-	**264 344**
WRS PETERSON	180 765	-	-	-	-	67 662	-	-	-	-	**248 427**
Executive Committee											
A MATSHIMO	282 156	-	-	-	-	94 052	40 800	-	-	-	**417 008**
J SILO	178 467	-	-	-	-	59 489	26 157	-	-	-	**264 112**
J LODEWYK	103 690	-	-	-	-	34 563	14 643	-	-	-	**152 896**
PM MGCERA	121 895	-	-	-	-	40 632	17 214	-	-	-	**179 740**
MM Louw	4 789	-	-	-	-	1 596	-	-	-	-	**6 386**
K ESAU	78 427	-	-	-	-	26 142	14 643	-	-	-	**119 212**
J ESAU	140 090	-	-	-	-	46 697	26 157	-	-	-	**212 944**
A DE BRUIN	78 427	-	-	-	-	26 142	14 643	-	-	-	**119 212**
H DE KOKER	140 090	-	-	-	-	46 697	26 157	-	-	-	**212 944**
FL WITBOOI	218 517	-	-	-	-	72 839	40 800	-	-	-	**332 156**
PH MATTHYS	140 090	-	-	-	-	46 697	26 157	-	-	-	**212 944**
MHB VAN ZYL	218 517	-	-	-	-	72 839	40 800	-	-	-	**332 156**
EE PHETE	51 823	-	-	-	-	17 274	8 272	-	-	-	**77 369**
A JOHNSON	52 134	-	-	-	-	17 378	-	-	-	-	**69 512**
N PRINCE	12 926	-	-	-	-	4 309	-	-	-	-	**17 235**
M BOSMAN/MAASDORP	3 042	-	-	-	-	1 014	-	-	-	-	**4 056**
Councillors Section 79											
MC BASSON	167 700	-	-	-	-	55 900	-	-	-	-	**223 600**
SD DUBENI	22 221	-	-	-	-	7 407	-	-	-	-	**29 628**
Other Councillors											
M DANIELS	7 702	-	-	-	-	2 567	-	-	-	-	**10 269**
D ESAU	7 702	-	-	-	-	2 567	-	-	-	-	**10 269**
KG KEOROMETSWE	13 757	-	-	-	-	4 586	-	-	-	-	**18 343**
AJ RUITERS	13 757	-	-	-	-	4 586	-	-	-	-	**18 343**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2022

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
E FRITZ	7 231	-	-	-	-	2 410	-	-	-	-	**9 642**
CFP MAASDORP	21 459	-	-	-	-	7 153	-	-	-	-	**28 612**
AC KOTZEE	13 757	-	-	-	-	4 586	-	-	-	-	**18 343**
J BALIES	13 757	-	-	-	-	4 586	-	-	-	-	**18 343**
Other Councillors (Sitting)											
DR PIENAAR	-	-	-	-	6 818	-	-	-	-	-	**6 818**
S ESAU	-	-	-	-	1 136	-	-	-	-	-	**1 136**
B BOCK	-	-	-	-	4 545	-	-	-	-	-	**4 545**
PT VAN DER STEEN	-	-	-	-	19 317	-	-	-	-	-	**19 317**
H ROSS	-	-	-	-	4 545	-	-	-	-	-	**4 545**
S SANDLANA	-	-	-	-	12 500	-	-	-	-	-	**12 500**
S ABEL	-	-	-	-	11 363	-	-	-	-	-	**11 363**
ML SEPTEMBER	-	-	-	-	1 136	-	-	-	-	-	**1 136**
PJ GEORGE	-	-	-	-	13 636	-	-	-	-	-	**13 636**
F BASSON	-	-	-	-	15 909	-	-	-	-	-	**15 909**
F OLIFANT	-	-	-	-	4 545	-	-	-	-	-	**4 545**
Total for Councillors	**3 138 380**	**-**	**-**	**-**	**95 451**	**1 053 534**	**332 722**	**-**	**-**	**-**	**4 620 087**

30 June 2022

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
J.G. Lategan	892 000	-	-	164 719	-	375 066	-	-	-	-	**1 431 785**
Director: Financial Services											
E. Isaacs	542 435	-	48 500	94 385	-	133 432	-	13 000	129 572	-	**961 325**
J.A. Kitching	-	-	-	-	-	-	-	-	-	11 111	**11 111**
	542 435	-	48 500	94 385	-	133 432	-	13 000	129 572	11 111	**972 435**
Director: Planning & Development											
I.G.A De Waal	615 660	-	45 000	110 816	-	278 414	26 700	-	101 252	-	**1 177 843**
Director: Corporate Services											
D. Van Zyl	638 343	-	60 000	154 382	-	457 125	-	3 900	172 179	-	**1 485 929**
Total for Senior Managers	**2 688 438**	**-**	**153 500**	**524 302**	**-**	**1 244 037**	**26 700**	**16 900**	**403 004**	**11 111**	**5 067 993**
Total for Management	**5 826 819**	**-**	**153 500**	**524 302**	**95 451**	**2 297 572**	**359 422**	**16 900**	**403 004**	**11 111**	**9 688 080**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2021

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
PM MGCERA	645 644	-	-	-	-	215 215	-	-	-	-	**860 859**
Speaker											
M. MOALOSI	351 286	-	-	-	-	117 096	-	-	-	-	**468 382**
MC BASSON	86 086	-	-	-	-	28 695	-	-	-	-	**114 781**
Executive Committee											
A MATSHIMO	270 228	-	-	-	-	90 048	44 400	-	-	-	**404 676**
MC BASSON	225 121	-	-	-	-	75 040	37 000	-	-	-	**337 161**
J LODEWYK	231 748	-	-	-	-	77 250	44 400	-	-	-	**353 398**
A DE BRUIN	204 322	-	-	-	-	68 108	44 400	-	-	-	**316 830**
FL WITBOOI	204 322	-	-	-	-	68 108	44 400	-	-	-	**316 830**
MHB Van Zyl	204 322	-	-	-	-	68 108	44 400	-	-	-	**316 830**
K ESAU	65 903	-	-	-	-	21 968	11 100	-	-	-	**98 971**
M DANIELS	51 400	-	-	-	-	17 134	-	-	-	-	**68 534**
M BOSMAN	57 992	-	-	-	-	19 331	-	-	-	-	**77 323**
Councillors Section 79											
S DUBENI	50 061	-	-	-	-	16 687	-	-	-	-	**66 748**
Other Councillors											
WD KLIM	10 837	-	-	-	-	3 612	-	-	-	-	**14 449**
CFP MAASDORP	11 582	-	-	-	-	3 407	-	-	-	-	**14 989**
N PRINCE	9 665	-	-	-	-	3 222	-	-	-	-	**12 887**
D ESAU	4 451	-	-	-	-	1 484	-	-	-	-	**5 934**
MY BASSON	474	-	-	-	-	-	-	-	-	-	**474**
Other Councillors (Sitting)											
S ESAU	-	-	-	-	22 065	-	-	-	-	-	**22 065**
B BOCK	-	-	-	-	18 755	-	-	-	-	-	**18 755**
PT VAN DER STEEN	-	-	-	-	17 652	-	-	-	-	-	**17 652**
S SANDLANA	-	-	-	-	18 755	-	-	-	-	-	**18 755**
H ROSS	-	-	-	-	17 652	-	-	-	-	-	**17 652**
N PRINCE	-	-	-	-	11 032	-	-	-	-	-	**11 032**
F OLIFANT	-	-	-	-	14 342	-	-	-	-	-	**14 342**
EE FRITZ	-	-	-	-	4 413	-	-	-	-	-	**4 413**
Total for Councillors	**2 685 446**	**-**	**-**	**-**	**124 665**	**894 509**	**270 100**	**-**	**-**	**-**	**3 974 721**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2021

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
J.G. Lategan	888 887	-	-	164 719	-	378 179	-	-	-	-	**1 431 785**
Director: Financial Services											
P. Beukes	511 952	56 693	-	134 526	-	169 838	-	10 956	37 859	-	**921 823**
J.A. Kitching	-	-	-	-	-	-	-	-	-	19 534	**19 534**
	511 952	56 693	-	134 526	-	169 838	-	10 956	37 859	19 534	**941 357**
Director: Planning & Development											
I.G.A De Waal	562 513	-	-	-	-	248 762	8 800	-	100 639	-	**920 714**
Director: Corporate Services											
D. Van Zyl	618 937	-	-	145 301	-	488 638	-	15 600	163 344	-	**1 431 820**
Total for Senior Managers	**2 582 288**	**56 693**	**-**	**444 546**	**-**	**1 285 417**	**8 800**	**26 556**	**301 841**	**19 534**	**4 725 675**
Total for Management	**5 267 735**	**56 693**	**-**	**444 546**	**124 665**	**2 179 927**	**278 900**	**26 556**	**301 841**	**19 534**	**8 700 396**

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2022

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2022 R	Data Inputs and Results 2021 R	Interpretation	Management Comments (#)
1.	**FINANCIAL POSITION**								
A.	**Asset Management / Utilisation**								
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		2.57%	1.13%	*Refer to Page 2 of MFMA Circular No 71*	The majority of Capital Expenditure is financed with finance lease liabilities.
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
					Total Capital Expenditure	2 164 287	920 961		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.00%	0.00%	*Refer to Page 3 of MFMA Circular No 71*	No Impairment of PPE during the 2021/22 financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 429 126	20 358 109		
					IP at Carrying Value	-	-		
					Intangible Assets at Carrying Value	112 354	208 890		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		7.92%	1.25%	*Refer to Page 4 of MFMA Circular No 71*	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	1 696 360	255 184		
					PPE at Carrying Value	21 429 126	20 358 109		
					Investment Property at Carrying Value	-	-		
B.	**Debtors Management**								
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		45.66%	97.09%	*Refer to Page 5 of MFMA Circular No 71*	ZFM has written off all former Councillors debt during 2021/22.
					Gross Debtors Closing Balance	197 928	296 503		
					Gross Debtors Opening Balance	296 503	290 825		
					Bad Debts Written-off	53 246	13 137		
					Billed Revenue	279 380	256 391		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	0.00%	*Refer to Page 5 of MFMA Circular No 71*	ZFM has written off all former Councillors debt during 2021/22.
					Debtors Bad Debts Written-off	53 246	13 137		
					Debtors Current Bad Debt Provision	-	-		
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		259 Days	422 Days	*Refer to Page 6 of MFMA Circular No 71*	Advance payments were received and decreased Gross Debtors."
					Gross Debtors	197 928	296 503		
					Bad Debts Provision	-	-		
					Billed Revenue	279 380	256 391		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2022

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results 2022 R	Data Inputs and Results 2021 R	Interpretation	Management Comments (#)
C.	**Liquidity Management**								
1.	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		0 Months	0 Months	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 49, Management's Going Concern Assessment for more detail.
					Cash and Cash Equivalents	2 126 406	2 281 203		
					Unspent Conditional Grants	-	533 983		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	80 909 553	79 965 624		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.25	0.28	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 49, Management's Going Concern Assessment for more detail.
					Current Assets	2 895 685	3 654 966		
					Current Liabilities	11 528 672	13 127 184		
C.	**Liability Management**								
1.	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		1.10%	0.42%	*Refer to Page 8 of MFMA Circular No 71*	ZFM leased copier machines and a telephone system during 2021/22 financial year.
					Interest Paid	512 869	47 969		
					Redemption	392 357	293 310		
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		83.69%	10.44%	*Refer to Page 9 of MFMA Circular No 71*	ZFM leased copier machines and a telephone system during 2021/22 financial year.
					Total Debt	1 300 236	115 632		
					Total Operating Revenue	84 400 490	81 245 149		
					Operational Conditional Grants	82 846 906	80 137 977		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2022

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2022 R	2021 R		
C.	**Sustainability**								
1.	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		13.66%	8.05%	*Refer to Page 9 of MFMA Circular No 71*	The level of Cash Backed of Reserves has improved but will be addressed by Management's Going Concern Assessment, refer to Note 49.
					Cash and Cash Equivalents	2 126 406	2 281 203		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	512 048	-		
					Unspent Grants	-	533 983		
					Net Assets	-	-		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	(19 315 223)	(21 709 961)		
2.	**FINANCIAL PERFORMANCE**								
A.	**Efficiency**								
1.	Net Operating Surplus Margin	((Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue) x 100	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		2.84%	0.39%	*Refer to Page 10 of MFMA Circular No 71*	The Net Operating Surplus Margin is above 0% due to the implementation of cost containment controls.
					Total Operating Revenue	84 400 490	81 245 149		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
B.	**Distribution Losses**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								
C.	**Revenue Management**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2022

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2022 R	2021 R		
D.	**Expenditure Management**								
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		16 Days	60 Days	Refer to Page 16 of MFMA Circular No 71	The Creditors Payment Period has decreased due to savings realised during the 2021/22 financial year and creditors could be paid before year-end. Refer to Note 17.
					Trade Creditors	843 254	2 711 913		
					Contracted Services	7 087 439	5 650 804		
					Inventory Consumed	634 183	458 807		
					Operational Costs	10 285 796	8 066 899		
					Transfers and Subsidies Paid	304 250	594 159		
					Operating Leases	626 900	926 678		
					Capital Credit Purchases	554 287	920 961		
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		4.70%	4.40%	Refer to Page 16 of MFMA Circular No 71	Refer to Note 35 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	3 856 317	3 563 229		
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		74.94%	79.35%	Refer to Page 17 of MFMA Circular No 71	Remuneration has decreassed due to vacant positions not filled and Post-Employment Benefit Laibility actuarial gains. The high remuneration % will be addressed by Management's Going Concern Assessment. Refer to Note 49.
					Employee / Personnel Related Cost	56 838 028	60 245 587		
					Councillors Remuneration	4 620 087	3 974 721		
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		8.64%	6.98%	Refer to Page 17 of MFMA Circular No 71	Contracted services are affected by grant spending, refer to Note 26 for more detail.
					Contracted Services	7 087 439	5 650 804		
					Total Operating Expenditure	82 005 752	80 929 499		
					Taxation Expense	-	-		
E.	**Grant Dependency**								
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		77.54%	90.19%	Refer to Page 18 of MFMA Circular No 71	Capital Expenditures funded from Borrowings relates to Finance Lease Liabilities.
					Internally Generated Funds	68 239	830 617		
					Borrowings	1 610 000	-		
					Total Capital Expenditure	2 164 287	920 961		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2022

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2022 R	2021 R		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		3.15%	90.19%	*Refer to Page 18 of MFMA Circular No 71*	The majority of Capital Expenditures were funded from Borrowings which relates to Finance Lease Liabilities.
					Internally Generated Funds	68 239	830 617		
					Total Capital Expenditure	2 164 287	920 961		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		1.84%	1.36%	*Refer to Page 18 of MFMA Circular No 71*	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
					Total Revenue	84 400 490	81 245 149		
					Government Grant and Subsidies	82 846 906	80 137 977		
					Public Contributions and Donations	-	-		
					Capital Grants	-	-		
3.	**BUDGET IMPLEMENTATION**								
A.	**Efficiency**								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		415.37%	86.72%	*Refer to Page 19 of MFMA Circular No 71*	Refer to Note 35 for detailed explanations.
					Actual Capital Expenditure	2 164 287	920 961		
					Budgeted Capital Expenditure	521 050	1 062 000		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		96.22%	98.67%	*Refer to Page 20 of MFMA Circular No 71*	Spending was in line with budgeted figures.
					Actual Operating Expenditure	82 005 752	80 929 499		
					Budgeted Operating Expenditure	85 223 760	82 016 378		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		97.76%	96.34%	*Refer to Page 20 of MFMA Circular No 71*	Only realistic revenue was included in the budget.
					Actual Operating Revenue	84 400 490	81 245 149		
					Budgeted Operating Revenue	86 332 000	84 332 000		

Interpretation of Results:

The green colour indicates that the result is within the norm and is acceptable.
The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.