POPULAR PARTICIPATION FOR SUSTAINABLE DEVELOPMENT

INTSIKA YETHU

MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2023

INTSIKA YETHU LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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Abbreviations used in the document

COVID	Coronavirus disease
GRAP	General Recognised Accounting Practice
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act (Act 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
INEG	Integrated National Electrification Grant
IPSAS	International Public Sector Accounting Standards
MDRF	Municipal Disaster Relief Fund

General Information

Legal form of Entity

Intsika Yethu Municipality is a South African Category B Municipality (Local municipality) established under paragraph 151 of the constitution of the Republic of South Africa as defined by the Municipal Structures Act, 1998 (Act No. 117 of 1998).

The municipality's operations are governed by the:

- Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- Municipal Systems Act of 2000; and
- Various other Acts and Regulations.

Nature of business and principal activities

The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying services to the community.

Executive Committee

Honorable Mayor Khanyiswa Florence Mdleleni

Speaker of the Council Yanga Zicina

Chief Whip Noloyiso Ntsaluba

Councillors

Portfolio Heads

Bongani Divilias Mpengesi - Corporate Services
Vuyokazi Gladys Matomela - LED
Myolisi Toni - Budget & Treasury
Azipheli Tshangana Nkota - Planning & Development
Nozuko Sygnoria Mafanya - Community Services
Melekile Skotana - Infrastructure
Mlokoti - Governance & Administration

Section 79 Committees

Nophelo Magaga - Women's Caucus Committee Chairperson
Lusanda Makade - MPAC Chairperson
Mthimkhulu S - Rules & Ethics Chairperson
Yamile M - Public Participation Chairperson

Ordinary

Ngwane M
Mini X
Magazi P
Bhomoyi X
Xoxo N
Danster V
Mcaleni N
Mdumata M
Gadeni NP
Malusi Z
Twani S
Nyandana N
Cekiso Z
Ngamlana L
Mrwetyana M
Ndondo S
Mnqanqeni NG
Jada N
Sonkosi N
Gulubela M
Mfamana M
N Mzizana
Mfana L
Mpofu N
Sindile N
Ludaka NM
Mgqamqho NT

General Information (Continued)

Grading of Local Authority	Grade 3
Accounting Officer	Mr Mthembu Mabono
Chief Finance Officer (CFO)	Ms Nondyebo Xashimba (Acting)
Main Office	ERF. 201 Main Street Cofimvaba 5380
Satellite Office	ERF. 72 Main Street Tsomo 5400
Postal Address	Private Bag X 1251 Cofimvaba 5380
Telephone Number	(047) 874 8700
Facsimile Number	(047) 874 0010
Auditors	Auditor-General of South Africa (Registered Auditors)
Bankers Information	First National Bank
Attorneys Information	Fezidinga Mavata

INTSIKA YETHU LOCAL MUNICIPALITY

Approval of Annual Financial Statements

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

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 7 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed by him:

Mr Mthembu Mabono
Municipal Manager

31-Aug-23
Date

Report of the Auditor General

These Financial Statements have not been audited

INTSIKA YETHU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual 2023 R	2022 R
REVENUE			
Revenue from Non-exchange Transactions		**274 948 251**	**235 547 284**
Property Rates	**18**	13 596 233	10 945 943
Fines, Penalties and Forfeits	**19**	540 922	189 325
Licences and Permits	**20**	173 690	50 130
Transfers and Subsidies	**21**	256 944 375	222 065 879
Interest, Dividends and Rent on Land Earned	**26**	3 693 031	2 296 007
Revenue from Exchange Transactions		**13 158 357**	**10 054 786**
Licences and Permits	**20**	1 793 397	1 838 844
Service Charges	**22**	1 379 875	1 316 361
Sales of Goods and Rendering of Services	**23**	647 505	389 243
Income from Agency Services	**24**	890 164	1 033 931
Rental from Fixed Assets	**25**	1 335 244	1 304 533
Interest, Dividends and Rent on Land Earned	**26**	6 633 712	3 316 833
Operational Revenue	**27**	478 461	855 041
Total Revenue		**288 106 608**	**245 602 069**
EXPENDITURE		**280 550 667**	**249 133 749**
Employee Related Costs	**29**	137 897 335	133 835 555
Remuneration of Councillors	**30**	17 821 014	17 515 192
Depreciation and Amortisation	**31**	31 160 728	30 721 714
Impairment Losses	**32**	10 588 328	10 126 403
Interest, Dividends and Rent on Land	**33**	6 938	234 933
Construction Contracts Expenditure	**34**	8 240 459	886 997
Contracted Services	**35**	20 195 537	16 143 895
Inventory Consumed	**36**	2 802 933	2 442 780
Transfers and Subsidies Paid	**37**	3 795 992	3 015 002
Operational Costs	**38**	33 405 485	31 835 543
Losses on Other Operations	**39**	-	71 753
Loss on Disposal of Property, Plant and Equipment	**40**	14 635 918	2 303 983
Total Expenditure		**280 550 667**	**249 133 749**
SURPLUS / (DEFICIT) FOR THE YEAR		**7 555 941**	**(3 531 680)**

Refer to Budget Statement for explanation of budget variances

INTSIKA YETHU LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Note	Actual 2023 R	2022 R
ASSETS			
Current Assets		**121 775 918**	**120 204 429**
Inventories	2	53 137 849	53 210 714
Receivables from Exchange Transactions	3	2 239 280	2 049 807
Statutory Receivables from Non-exchange Transactions	4	5 329 915	3 778 250
Cash and Cash Equivalents	5	61 022 328	61 083 042
Operating Lease Receivables	6	46 546	82 617
Non-Current Assets		**579 966 793**	**580 242 475**
Property, Plant and Equipment	8	498 556 534	498 200 478
Investment Property	9	81 410 258	82 041 997
Total Assets		**701 742 710**	**700 446 904**
LIABILITIES			
Current Liabilities		**43 506 145**	**50 902 277**
Consumer Deposits	10	3 734 326	3 700 726
Provisions	11	2 344 507	2 365 193
Payables from Exchange Transactions	12	29 967 617	31 614 091
Payables from Non-exchange Transactions	13	1 773 516	254 468
Unspent Conditional Grants and Receipts	14	4 226 983	10 744 303
VAT Payable	15	1 459 196	2 223 497
Non-Current Liabilities		**18 031 844**	**16 895 847**
Employee Benefit Liabilities	16	15 404 000	14 405 000
Non-current Provisions	17	2 627 844	2 490 847
Total Liabilities		**61 537 989**	**67 798 124**
Total Assets and Liabilities		**640 204 721**	**632 648 780**
NET ASSETS		**640 204 720**	**632 648 780**
Accumulated Surplus / (Deficit)		640 204 720	632 648 780
Total Net Assets		**640 204 720**	**632 648 780**

INTSIKA YETHU LOCAL MUNICIPALITY

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

	Accumulated Surplus/ (Deficit)	Total Net Assets
41.	**R**	**R**
2022		
Balance at 30 June 2021	682 717 362	682 717 362
Correction of Error (Note 41)	(46 536 902)	(46 536 902)
Restated Balance	**636 180 460**	**636 180 460**
Surplus / (Deficit) as per prior 2020/22 AFS	*(21 926 089)*	*(21 926 089)*
Correction of Error (Note 41)	*18 394 409*	*18 394 409*
Balance at 30 June 2022	**632 648 780**	**632 648 780**
2023		
Surplus / (Deficit) for the year	7 555 941	7 555 941
Balance at 30 June 2023	**640 204 721**	**640 204 721**

INTSIKA YETHU LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Actual 2023	2022
	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Cash received from customers	14 259 578	12 374 136
Cash received from Grants	250 427 055	228 504 114
Interest Received	5 336 310	2 229 452
VAT Received	-	1 766 254
Payments		
Cash paid to Employees and Suppliers	(223 791 455)	(203 352 898)
External Interest and Dividends Paid	(6 938)	(234 933)
VAT Paid	(764 301)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**45 460 249**	**41 286 125**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(45 740 963)	(43 206 916)
Proceeds on Disposal of Property, Plant and Equipment	220 000	786 204
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(45 520 963)**	**(42 420 712)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(60 714)**	**(1 134 586)**
Cash and Cash Equivalents at Beginning of Period	61 083 042	62 217 628
Cash and Cash Equivalents at End of Period	61 022 328	61 083 042

INTSIKA YETHU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

30 June 2023

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	%	%
FINANCIAL POSITION										
Current Assets										
Inventories	38 645 105	(3 000 000)	35 645 105	-	35 645 105	53 137 849	-	17 492 744	49,07	137,50
Receivables from Exchange Transactions	5 000 000	-	5 000 000	-	5 000 000	2 239 280	-	(2 760 720)	(55,21)	44,79
Receivables from Non-exchange Transactions	14 101 000	-	14 101 000	-	14 101 000	5 329 915	-	(8 771 085)	(62,20)	37,80
VAT Receivable	1 739 709	969 444	2 709 153	-	2 709 153	-	-	(2 709 153)	0.00	0.00
Cash and Cash Equivalents	72 217 628	9 803 337	82 020 965	-	82 020 965	61 022 328	-	(20 998 637)	(25,60)	84,50
Operating Lease Receivables	3 000 000	-	3 000 000	-	3 000 000	46 546	-	(2 953 454)	(98,45)	1,55
Non-Current Assets										
Property, Plant and Equipment	592 592 099	4 889 697	597 481 796	-	597 481 796	498 556 534	-	(98 925 262)	(16,56)	84,13
Intangible Assets	500 000	(100 000)	400 000	-	400 000	-	-	(400 000)	0.00	0.00
Investment Property	82 240 000	-	82 240 000	-	82 240 000	81 410 258	-	(829 742)	(1,01)	98,99
Total Assets	810 035 541	12 562 478	822 598 019	-	822 598 019	701 742 710	-	(120 855 309)	(14,69)	86,63
Current Liabilities										
Consumer Deposits	5 601 000	(601 000)	5 000 000	-	5 000 000	3 734 326	-	(1 265 674)	(25,31)	66,67
Provisions	2 629 333	(72 333)	2 557 000	-	2 557 000	2 344 507	-	(212 493)	(8,31)	89,17
Payables from Exchange Transactions	25 427 799	-	25 427 799	3 400 000	25 427 799	29 967 617	-	4 539 818	17,85	117,85
Payables from Non-exchange Transactions	(5 000 000)	10 000 000	5 000 000	(3 400 000)	1 600 000	1 773 516	-	173 516	110,84	0.00
Unspent Conditional Grants and Receipts	4 306 000	-	4 306 000	-	4 306 000	4 226 983	-	(79 017)	98,16	98,16
VAT Payable	4 223 000	-	4 223 000	-	4 223 000	1 459 196	-	(2 763 804)	34,55	34,55
Non-Current Liabilities				-						
Employee Benefit Liabilities	13 933 000	-	13 933 000	-	13 933 000	15 404 000	-	1 471 000	10,56	110,56
Non-current Provisions	2 361 000	-	2 361 000	-	2 361 000	2 627 844	-	266 844	11,30	111,30
Total Liabilities	53 481 132	9 326 667	62 807 799	-	59 407 799	61 537 989	-	2 130 190	3,59	115,06
Total Assets and Liabilities	**756 554 409**	**3 235 811**	**759 790 220**	**-**	**763 190 220**	**640 204 720**	**-**	**(122 985 499)**	(16,11)	**84,62**
Net Assets (Equity)										
Reserves	-	5 584 448	5 584 448	-	5 584 448	-	-	(5 584 448)	(100,00)	0.00
Accumulated Surplus / (Deficit)	753 554 635	651 363	754 205 998	-	754 205 998	640 204 720	-	(114 001 278)	(15,12)	84,96
Total Net Assets	**753 554 635**	**6 235 811**	**759 790 446**	**-**	**759 790 446**	**640 204 720**	**-**	**(119 585 726)**	**(15,74)**	**84,96**

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:

Inventories:

Increase is as a result of land parcels identified by Council for resale and transferred from IP to Inventory land.

Receivables from Exchange Transactions:

Due to reduction in debt collection in the debtors book and its ageing of the debt this resulted to an increase in the impairment hence the decrease in the receivables ba

Receivables from Non-exchange Transactions:

The variance is due to reduction in debt collection in the debtors book and its ageing of the debt this resulted to an increase in the impairment hence the decrease in the

Cash and Cash Equivalents:

The variance is largely due to low collection from the municipal debtors as our debt collection dropped by more than half of our collection in the previous year.

Investment Property:

The decrease is as a result of land parcels identified by Council for resale and transferred from IP to Inventory land.

Consumer Deposits:

This was as a result of low payments received for sale of land than expected.

Provisions:

The was due to a reduction in the number of employees and thus the drop in the provisions for employee benefits.

Payables from Exchange Transactions:

Increased creditors accrual as major projects were paid after year end and increase in the number of leave days still due to employees.

Unspent Conditional Grants and Receipts:

The variance is due to the fact that the municipality did not anticipate that will be having the unspent grant. Abeyance to procure by Treasury and termination of contract due to no performance had a negative impact on the spending.

VAT Payable:

The is largely due to input vat that was incorrectly claimed on supplies from non VAT vendors,

Current Portion of Long-term Liabilities:

The variance is due to the budget amount being included under trade payables.

Retirement Benefit Liabilities:

The increase is as a result increased staff who are provided for retirement benefit

Non-current Provisions:

It was under-budgeted for Provision for Rehabilitation of Landfill Sites, which were restated during the current financial year.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

30 June 2023

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE										
Revenue from Non-exchange Transactions										
Property Rates	11 128 000	2 135 000	13 263 000	-	13 263 000	13 596 233		- 333 233	102,51	122,18
Fines, Penalties and Forfeits	1 100 000	- 930 000	170 000	-	170 000	540 922		- 370 922	318,19	49,17
Licences and Permits	291 000	- 140 000	151 000	-	151 000	173 690		- 22 690	115,03	59,69
Transfers and Subsidies	253 036 000	7 033 000	260 069 000	-	260 069 000	256 944 375		3 124 625	98,80	101,54
Interest, Dividends and Rent on Land Earned	826 000	3 023 000	3 849 000	-	3 849 000	3 693 031		155 969	95,95	0.00
Revenue from Exchange Transactions		-								
Licences and Permits	2 000 000	-	2 000 000	-	2 000 000	1 793 397		206 603	89,67	89,67
Service Charges	2 088 000	-	2 088 000	-	2 088 000	1 379 875		708 125	66,09	0.00
Sales of Goods and Rendering of Services	1 000 000	-	1 000 000	-	1 000 000	647 505		352 495	64,75	64,75
Income from Agency Services	1 000 000	-	1 000 000	-	1 000 000	890 164		109 836	89,02	89,02
Rental from Fixed Assets	1 912 000	- 1 154 000	758 000	-	758 000	1 335 244		- 577 244	176,15	69,83
Interest, Dividends and Rent on Land Earned	5 032 000	- 1 000 000	4 032 000	-	4 032 000	6 633 712		- 2 601 712	164,53	131,83
Operational Revenue	18 737 000	- 3 877 000	14 860 000	-	14 860 000	478 461		14 381 539	3,22	2,55
Gains on Disposal of Property, Plant and Equipment	522 000	- 222 000	300 000	-	300 000	-	-	300 000	0.00	0.00
Total Revenue	298 672 000	4 868 000	303 540 000	-	303 540 000	288 106 608	-	15 433 392	94,92	96,46
Expenditure								-		
Employee Related Costs	141 374 000	- 5 318 000	136 056 000	-	136 056 000	137 897 335	1 841 335	- 1 841 335	101,35	97,54
Remuneration of Councillors	19 621 815	- 149 935	19 471 880	-	19 471 880	17 821 014	-	1 650 866	91,52	90,82
Depreciation and Amortisation	18 975 000	11 025 000	30 000 000	-	30 000 000	31 160 728	1 160 728	- 1 160 728	103,87	164,22
Impairment Losses	1 566 000	2 131 000	3 697 000	-	3 697 000	10 588 328	6 891 328	- 6 891 328	286,40	676,14
Interest, Dividends and Rent on Land		-	-	-	-	6 938	6 938	-	0.00	0.00
Contracted Services	19 975 000	548 000	20 523 000	-	20 523 000	20 195 537	-	327 463	98,40	101,10
Inventory Consumed	3 361 000	-	3 361 000	-	3 361 000	2 802 933	-	558 067	83,40	83,40
Transfers and Subsidies Paid	3 000 000	1 000 000	4 000 000	-	4 000 000	3 795 992	-	204 008	94,90	126,53
Operational Costs	32 263 000	2 410 000	34 673 000	-	34 673 000	33 405 485	-	1 267 515	96,34	103,54
Losses on Other Operations		-		-		-	-	-	0.00	0.00
Loss on Disposal of Property, Plant and Equipment		15 270 000	15 270 000	-	15 270 000	14 635 918	-	634 082	95,85	0.00
				-				-		
Total Expenditure	240 135 815	26 916 065	267 051 880	0	267 051 880	272 310 209	9 900 329	- 5 251 390	101,97	113,40
Surplus/(Deficit for the Year	**58 536 185**	**(22 048 065)**	**36 488 120**	**(0)**	**36 488 120**	**15 796 399**	**(9 900 329)**	**20 684 782**	**43,29**	**26,99**

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:

Property Rates:

The variance is due to the implementation of the increase of tariff for the period under review and the fact the Eskom was previously renting property but now they are owning the properties..

Fines, Penalties and Forfeits:

This is due to the increased number of traffic fines during the year.

Licences and Permits:

This is due to a increase in the number of Hawkers & Trading Licenses.

Interest, Dividends and Rent on Land Earned:

Due to non payment of debtors, resulting to a low collection rate thus the increase in interest.

Service Charges:

Delays in the transfer of properties in the name of the municipality to beneficiaries which the municipality had projected that it would bill individuals

Sales of Goods and Rendering of Services:

Due to non affordability as a result of consequences of Covid 19 / changing marketing demands / inflation resulting in communities are not developing their properties

Rental from Fixed Assets:

The decrease is due in the decreased number of properties being leased out, e.g. Eskom has not bought the property their were leasing from the Municipality.

Interest, Dividends and Rent on Land Earned:

The income from external investments was slightly less in the current year as the Municipality did not receive any additional funding for projects.

Operational Revenue

Budgeted for cash back reserves which was initially non funding segment however a new SCOA Version required that its cash backed through investments & proceeds

Employee Related Costs:

n/a

Remuneration of Councillors:

n/a

Depreciation and Amortisation:

The depreciation & amortisation on assets was higher than expected due to acquisition of new assets and change of useful lifes. The municipality did a virement to address that.

Impairment Loss

Assessment of roads was conducted in the year under review and the outcome was the bad condition of roads which needed to be impaired and this resulted to unauthorised expenditure

Inventory Consumed:

The increase was due to the fact the Municipality procured two backup generators and the increase in diesel prices.

Transfer & Subsidies

Indigent verification conducted resulted to an increase in the number of beneficiaries

Loss on Disposal of Property, Plant and Equipment

Write off of roads previously in the AR but did not belong to IYM & write off of duplicated roads in the AR

30 June 2023

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	%	%
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Property Rates	6 379 000	2 963 000	9 342 000	-	9 342 000	14 259 578		4 917 578	152,64	223,54
Transfers and Subsidies	251 779 000	6 554 482	258 333 482	-	258 333 482	250 427 055		(7 906 427)	96,94	99,46
Service Charges	1 357 000	-	1 357 000	-	1 357 000	-		(1 357 000)	0.00	0.00
External Interest and Dividends Received	-	5 032 000	5 032 000	-	5 032 000	5 336 310		304 310	106,05	0.00
Other Receipts	34 231 000	(6 805 000)	27 426 000	-	27 426 000	-		(27 426 000)	0.00	0.00
VAT Receivable / Payable	-	-	-	-	-	-		-	0.00	0.00
Employee Related Costs	(141 374 000)	5 318 000	(136 056 000)	-	(136 056 000)	(223 791 455)		(87 735 455)	0.00	0.00
Remuneration of Councillors	(19 472 000)	-	(19 472 000)	-	(19 472 000)	-		19 472 000	0.00	0.00
External Interest and Dividends Paid	-	-	-	-	-	(6 938)		(6 938)	0.00	0.00
Suppliers Paid	(18 915 000)	(8 906 000)	(27 821 000)	-	(27 821 000)	-		27 821 000	0.00	0.00
Other Payments	(32 263 000)	(2 410 000)	(34 673 000)	-	(34 673 000)	-		34 673 000	0.00	0.00
VAT Receivable / Payable	(500 000)	-	(500 000)	-	(500 000)	(764 301)		(264 301)	0.00	0.00
				-						
Cash Flows from/(used in) Investing Activities				-						
Purchase of Property, Plant and Equipment	(67 422 000)	2 055 000	(65 367 000)	-	(65 367 000)	(45 740 963)		19 626 037	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipmen	10 000 000	-	10 000 000	-	10 000 000	220 000		(9 780 000)	2,20	2,20
Cash and Cash Equivalents at End of the Year	**23 800 000**	**3 801 482**	**27 601 482**	**-**	**27 601 482**	**(60 714)**	**-**	**(27 662 196)**	**0.00**	**0.00**

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

The Statement of Financial Performance has been prepared using the Nature of Expense Method. The Cash Flow Statement has been prepared using the Direct Method.

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

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

GRAP 1 -Presentation if Financial Statement
GRAP 2 - Cash Flow Statement
GRAP 3 -Accounting Policies, Change in Accounting Estimates and Errors
GRAP 4 - The Effect of Changes in Foreign Exchange Rates
GRAP 5 - Borrowing Cost
GRAP 9 - Revenue from Exchange Transaction
GRAP 10 - Financial Reporting in Hyper inflationary Economies
GRAP 11 - Construction Contracts
GRAP 12 - Inventories
GRAP 13 - Leases
GRAP 14 - Events after the Reporting Date
GRAP 16 - Investment Property
GRAP 17 - Property, Plant and Equipment
GRAP 18 - Segmental Reporting
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 - Related Party Disclosures
GRAP 21 - Impairment of Non-cash-generating Assets
GRAP 23 -Revenue from Non-exchange Transaction
GRAP 24 - Presentation of Budget Information in Financial Statements
GRAP 25 - Employee Benefits
GRAP 26 - Impairment of Cash-generating Assets
GRAP 27 - Agriculture
GRAP 31 - Intangible Assets
GRAP 32 - Service Concession Arrangement Grantor
GRAP 34 - Separate Financial Statements
GRAP 35 - Consolidated FInancial Statements
GRAP 36 - Investments in Associates and Joint Ventures
GRAP 37 - Joint Arrangements
GRAP 38 - Disclosure of Interests in Other Entities
GRAP 100 -Discontinued Operations
GRAP 103 -Heritage Assets
GRAP 104 -Financial Instrument
GRAP 105 -Transfer of Function between Entities under Common Control
GRAP 106 -Transfer of Function between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 108 - Statutory Receivables
GRAP 109 - Accounting by Principals and Agents
GRAP 110 - Living and Non-living Resources

Interpretations:

IGRAP 1 - Applying the probability test in initial recognition of exchange revenue
IGRAP 2 - Change in existing decommissioning, restoration and similar liabilities
IGRAP 3 - Determining whether an arrangement contains a lease
IGRAP 4 - Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 5 - Apply the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6 - Loyalty Programmes
IGRAP 7 - The limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction
IGRAP 8 - Agreement for the construction of assets from exchange transactions
IGRAP 9 - Distributions of Non-cash Assets to Owners
IGRAP 10 - Assets received from customers
IGRAP 13 - Operating leases - incentive
IGRAP 14 - Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15 - Revenue- Barter Transactions Involving Advertising Services
IGRAP 16 - Intangible assets - Website costs (effective 1 April 2013)
IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18 - Recognition and Derecognition of Land
IGRAP 19 - Liabilities to Pay Levies
IGRAP 20 - Accounting for Adjustments to Revenue

1.1 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been published but are not yet effective and have not been early adopted by the municipality - additionally, these standards and interpretations are not always relevant to the entities' operations and are indicated as such below:

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Planned Date for Application by Municipality
• **GRAP 1**	**Presentation of Financial Statements (Amended)** Unlikely that there will be a material impact	01-04-2023	30/06/2024
• **GRAP 25**	**Employee Benefits (Revised)** Unlikely that there will be a material impact	01-04-2024	30/06/2025
• **GRAP 103**	**Heritage Assets** Unlikely that there will be a material impact	Not yet determined	Not yet determined
• **GRAP 104**	**Financial Instruments (Revised)** Unlikely that there will be a material impact	01-04-2025	30/06/2026
• **General GRAP**	**Improvement to the Standards of GRAP (2021)** Unlikely that there will be a material impact	01-04-2023	30/06/2024
• **IGRAP 21**	**The Effect of Past Decisions on Materiality** Unlikely that there will be a material impact	01-04-2023	30/06/2024
• **Guideline**	**Accounting for Landfill Sites** Unlikely that there will be a material impact	Not yet determined	Not yet determined
• **Guideline**	**The Application of Materiality to Financial Statements** Unlikely that there will be a material impact and guide will not have mandatory status	Not yet determined	Not yet determined

1.2 Presentation Currency

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

2. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

3. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In application municipality's Accounting Policies and the preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information, historical experience and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. 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 municipality's Accounting Policies while preparing the annual financial statements and that have the most significant effect on the amounts recognised in Annual Financial Statements:

Revenue recognition

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 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 municipality is satisfied that recognition of the revenue in the current year is appropriate.

Trade and other receivables

The municipality assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of the assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

Impairment of non-cash-generating asset

Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost. In making the estimates and judgement, management considers 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.

Defined benefit plan liabilities

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and 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.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

4. INVESTMENT PROPERTY

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	Indefinite
Property - buildings	30 - 50 years

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality does not have separate records of repairs and maintenance on investment property. The combined repairs and maintenance expenditure on property plant and equipment and investment property is included in note 7.6.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up. When significant components of items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item		Average useful life
Landfill sites	Straight line	25 - 30 years
Buildings	Straight line	
- Mobile offices		10 - 20 years
- Other		30 - 50 years
Computer equipment	Straight line	5 - 15 years
Plant and machinery	Straight line	5 - 25 years
Furniture and office equipment	Straight line	7 - 20 years
Motor vehicles	Straight line	10 - 15 years
Infrastructure assets	Straight line	
- Roads and paving		5 - 135 years
Community assets	Straight line	
- Halls		15 - 50 years
- Libraries		15 - 30 years
Parks and recreation	Straight line	15 - 70 years
Wastewater network	Straight line	10 - 30 years
Electricity	Straight line	20 - 30 years
Land	Not depreciated	Indefinite

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (See note 7.5).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (See note 7).

6. SITE RESTORATION AND DISMANTLING COST

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of non-cash-generating assets.

7. FINANCIAL INSTRUMENTS

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non - exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at fair value

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost. Financial instruments at cost.
- All financial assets measured at amortised cost, or cost, are subject to an impairment review.
- All financial assets are recognised using a trade date accounting

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

8. INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories sold are valued at the lower of cost and net realisable value (net amount that the municipality expects to realise from the sale on Inventory in the ordinary course of business).

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost (the cost the municipality would incur to acquire the asset on the reporting date).

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Inventories identified to be sold by public auction are written down from cost to net realisable value with regard to their estimated economic or realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

9. IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the depreciated replacement cost approach.

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating assets revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

10. EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity 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. A present obligation exists when the entity has no realistic alternative but to make the payments.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes:

- the location, function, and approximate number of employees whose services are to be terminated; the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

Post-employment benefits

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

- Defined Contribution Plans:
  The 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 municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

- Defined Benefit Plans:

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

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

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

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

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

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

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

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

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

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

11. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and accounting for any impairment loss, in accordance with the accounting policy on impairment.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

12. REVENUE FROM EXCHANGE TRANSACTIONS

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

municipality;

- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Finance income

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Tariff charges, licences and permits

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

Rentals

Revenue from rental of facilities and equipment classified as operating leases is recognised over the term of the lease agreement, where such terms spans over more than one year a straight line basis is used.

Revenue from Agency Services

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

13. REVENUE FROM STATUTORY NON-EXCHANGE TRANSACTIONS

Measurement

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

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

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises.

Collection charges are recognised when such amounts are legally enforceable.

Penalty interest on unpaid rates is recognised on a Time-proportionate Basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system charging different rate tariffs is employed.

Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Government grants

Income received from conditional grants, donations and funding recognised as revenue in the statement of financial performance to the extent that the municipality has complied with all the criterias or conditions attached to the funding. Where the conditions or criterias are not fully met, a liability is recognised in the statement of financial position.

Government grants that are received as compensation for expenses or losses incurred or for the purpose of giving immediate financial support with no future related conditions to be fulfilled are recognised in the statement of financial performance in the year in which they have been received.

Interest earned from investment of grant money is treated in accordance with the grant conditions. If it is payable to the funder it is recognised as a liability in the statement of financial position. If the interest is not payable to the funder it will be recognised as interest income or other income in the statement of financial performance of the period to which it was earned.

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of revenue can be measured reliably; and
- to the extent that the conditions have been discharged and there has been compliance with any restrictions associated with the grant.

14. INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

15. BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

16. DISCONTINUED OPERATIONS

Discontinued operations is a component with separate operations and cash flows that can be clearly distinguishable, operationally and for financial reporting purposes, that has been disposed of and represents a distinguishable activity, group of activities or geographical are of operations, or is a controlled entity acquired exclusively with the view to resale.

Discontinued operations are shown separately from continued operations on the face of the statement of financial performance.

Comparative figures are also reflected accordingly.

17. COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. The nature and reason for the reclassification are disclosed in the comparative figure note to the financial statements.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- expenditure not in accordance with the purpose of the conditional grant.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

20. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the MFMA, the Municipal Systems Act, 2000 (Act No.32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. EVENTS AFTER REPORTING PERIOD

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. Non-adjusting events have been disclosed in the notes to the financial statements.

22. OFFSETTING

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

23. COMMITMENTS

Items are classified as commitments when the Municipality has committed itself to future transactions that will normally result in an outflow of resources, embodying economic benefits or service potential. A commitment is disclosed to the extent that it has not already been recognised anywhere else in the financial statements.

At the end of each financial reporting period the Municipality determines commitments is respect of capital expenditure that has been approved and contracted for which is then disclosed in the commitment note to the financial statements.

24. BUDGET INFORMATION

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

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

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

Comparative information is not required.

25. RELATED PARTIES

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

26. VALUE ADDED TAX (VAT)

Revenue, expenses and assets are recognised net of VAT. The net amount of VAT recoverable from, or payable to SARS is included as part of receivables or payables in the statement of financial position. The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

27. CHANGES IN ACCOUNTING POLICY, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 - Accounting policies, changes in accounting estimates and errors, requirements except to the extent that it is impracticable to determine the period- specific effects or the accumulated effect of the change in policy. In such cases the municipality shall restate the opening balances of the assets and liabilities and net assets for the earliest period for which a retrospective restatement is practicable. Details of the change in accounting policy are disclosed in the notes to the financial statements where applicable.

Changes in accounting estimates are applied prospectively in accordance wit GRAP 3 requirements. Details of change in estimates are disclosed in the notes 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 except to the extent it is impracticable to determine the period specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of the assets and liabilities and net assets for the earliest period for which retrospective treatment is practicable. Details of the prior errors are disclosed in the notes to the financial statements where applicable.

With the adoption of mSCOA the 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.

28. 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 and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Community and Social Services
- Public Safety.
- Health
- Planning and Development.
- Road Transport
- Energy Sources.
- Waste Management
- Finance and Administration

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.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

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

29. LEASES

29.1 The Municipality as Lessee

29.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

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

29.1.2 Operating Leases

The 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.

29.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the 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 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.

	2023 R	2022 R

1. GENERAL INFORMATION

Intsika Yethu Local Municipality is a local government institution in Cofimvaba, Eastern Cape Province, and is one of the local municipalities under the jurisdiction of the Chris Hani District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

	2023 R	2022 R
Land	52 943 356	52 943 356
Materials and Supplies	194 493	267 358
Total Inventories	**53 137 849**	**53 210 714**

Land Inventory relates to properties for sale. No Inventories have been pledged as collateral for Liabilities of the municipality.

The Municipality received, as a donation, ERF 181 which is known as Joe Slovo in Cofimvaba, from Department of Rural Development (forestry) which is disclosed as part of Inventory Land. The property is yet to be transferred into the Municipalities name by the Deeds office.
No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2023	**Gross Balances** **R**	**Provision for Impairment** **R**	**Net Balances** **R**
Service Debtors:	9 779 484	9 184 048	595 436
Refuse	9 719 060	9 184 048	535 012
Other Receivables	4 650 902	4 134 345	516 558
Property Rental Debtors	4 483 104	4 134 345	348 760
Failed Payments Received	167 798	-	167 798
Prepayments and Advances	709 678	-	709 678
Insurance	709 678	-	709 678
Sundry Debtors	417 609	-	417 609
Total Receivables from Exchange Transactions	**15 557 673**	**13 318 393**	**2 239 280**

As at 30 June 2022	**Gross Balances** **R**	**Provision for Impairment** **R**	**Net Balances** **R**
Service Debtors:	9 331 573	8 405 303	926 270
Refuse	9 331 573	8 405 303	926 271
Other Receivables	3 564 271	2 858 343	705 928
Property Rental Debtors	3 567 525	2 858 343	709 183
Sundry Debtors	417 609	-	417 609
Total Receivables from Exchange Transactions	**13 313 452**	**11 263 645**	**2 049 807**

Credit Quality of Receivables from Exchange Transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information into its credit risk credit control. No external credit rating is performed.
Consumer receivables from service charges are billed monthly. Interest is charged on 60 day + overdue receivables from exchange transactions at a rate of 16.5% per annum.

The municipality enforces its approved credit control policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

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

More notes on credit risk and quality of receivables are disclosed in Note 46.7.

The management of the 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 municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Refuse:					
Gross Balances	195 380	197 434	182 154	9 144 092	9 719 060
Less: Provision for Impairment	142 685	151 619	144 647	8 745 096	9 184 048
Net Balances	**52 695**	**45 815**	**37 507**	**398 996**	**535 012**
Other Receivables:					
Gross Balances	103 097	101 751	93 745	4 352 309	4 650 902
Less: Provision for Impairment	59 988	53 091	54 676	3 966 590	4 134 345
Net Balances	**43 109**	**48 660**	**39 069**	**385 719**	**516 558**
Prepayments and Advances:					
Insurance	709 678	-	-	-	709 678
Net Balances	**709 678**	**-**	**-**	**-**	**709 678**
Sundry Debtors:					
Other Debtors	417 609				417 609 -
Net Balances	**417 609**	**-**	**-**	**-**	**417 609**

As at 30 June Receivables of R955 766 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	1 486 188	299 185	275 899	13 496 401	15 557 673
Less: Provision for Impairment	202 673	204 710	199 323	12 711 686	13 318 393
Net Balances	**1 283 514**	**94 475**	**76 576**	**784 715**	**2 239 280**

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Refuse:					
Gross Balances	161 904	179 834	171 310	8 818 525	9 331 573
Less: Provision for Impairment	126 287	126 485	125 550	8 026 981	8 405 303
Net Balances	**35 617**	**53 349**	**45 760**	**791 545**	**926 271**
Other Receivables:					
Gross Balances	(221 170)	110 318	102 669	3 572 454	3 564 271
Less: Provision for Impairment	(24 981)	77 756	73 018	2 732 550	2 858 343
Net Balances	**(196 189)**	**32 562**	**29 651**	**839 904**	**705 928**
Sundry Debtors:					
Other debtors:	417 609				417 609
Net Balances	**417 609**	**-**	**-**	**-**	**417 609**

As at 30 June Receivables of R1 792 771 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	358 343	290 152	273 979	12 390 979	13 313 452
Less: Provision for Impairment	101 306	204 241	198 568	10 759 530	11 263 645
Net Balances	**257 037**	**85 911**	**75 411**	**1 631 449**	**2 049 807**

	2023 R	2022 R
3.2 Reconciliation of the Provision for Impairment		
Balance at beginning of year	11 263 645	8 313 675
	2 054 747	2 949 970
Balance at end of year	**13 318 393**	**11 263 645**

4. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2023	Gross Balances R	Provision for Impairment R	Net Balances R
Property Rates	36 350 656	32 257 559	4 093 097
Fines	2 473 637	1 236 819	1 236 818
Total Statutory Receivables from Non-exchange Transactions	**38 824 293**	**33 494 377**	**5 329 915**

As at 30 June 2022	Gross Balances R	Provision for Impairment R	Net Balances R
Property Rates	26 722 861	23 952 704	2 770 157
Fines	2 016 187	1 008 094	1 008 093
Total Statutory Receivables from Non-exchange Transactions	**28 739 048**	**24 960 797**	**3 778 250**

Credit Quality of Receivables from Non-exchange Transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information in to its credit risk control. No external credit rating is performed.
Traffic fines are recognised in accordance with IGRAP 1.

Consumer receivables from rates are billed monthly. Interest is charged on 60 days + overdue consumer receivables at a rate of 16.5% per annum. No interest is charged on overdue traffic fines debtors.

The municipality enforces its approved credit control policy to ensure the recovery of receivables. None of the financial assets that are fully performing have been renegotiated in the last year.

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.

More notes on credit risk and quality of receivables are disclosed in Note 46.7.

The management of the 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 municipality and National / Provincial Departments as well as Other Debtors. The current payment ratios of Other Debtors were also taken into account for fair value determination.

4.1 Ageing of the Statutory Receivables from Non-exchange Transactions

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
Property Rates:					
Gross Balances	1 959 782	1 048 512	974 024	32 368 338	36 350 656
Less: Provision for Impairment	1 468 552	778 940	776 403	29 233 665	32 257 559
Net Balances	**491 230**	**269 572**	**197 621**	**3 134 673**	**4 093 097**
Fines:					
Gross Balances	2 473 637				2 473 637
Less: Provision for Impairment	1 236 819				1 236 819
Net Balances	**1 236 818**	-	-	-	**1 236 818**

As at 30 June Receivables of R3 601 867 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	
All Receivables:					
Gross Balances	4 433 419	1 048 512	974 024	32 368 338	38 824 293
Less: Provision for Impairment	2 705 370	778 940	776 403	29 233 665	33 494 377
Receivables with credit balance	0				
Net Balances	**1 728 048**	**269 572**	**197 621**	**3 134 673**	**5 329 915**

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	*31 - 60 Days*	*61 - 90 Days*	*+ 90 Days*	

	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	815 342	769 391	722 584	24 415 544	26 722 861
Less: Provision for Impairment	626 262	645 128	616 855	22 064 459	23 952 704
Net Balances	**189 080**	**124 263**	**105 729**	**2 351 085**	**2 770 157**
Fines:					
Gross Balances	2 016 187	-	-	-	2 016 187
Less: Provision for Impairment	1 008 094	-	-	-	1 008 094
Net Balances	**1 008 093**	**-**	**-**	**-**	**1 008 093**

As at 30 June Receivables of R2 581 077 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	2 831 529	769 391	722 584	24 415 544	28 739 048
Less: Provision for Impairment	1 634 356	645 128	616 855	22 064 459	24 960 797
Net Balances	**1 197 173**	**124 263**	**105 729**	**2 351 085**	**3 778 250**

	2023	2022
	R	R
4.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	24 960 797	18 249 478
Impairment Losses recognised	8 533 580	6 711 319
Balance at end of year	**33 494 377**	**24 960 797**

5. CASH AND CASH EQUIVALENTS

	2023	2022
Bank Accounts	61 022 328	61 083 042
Total Bank, Cash and Cash Equivalents	**61 022 328**	**61 083 042**

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

5.1 Bank Accounts

	2023	2022
Cash in Bank	61 022 328	61 083 042
Total Bank Accounts	61 022 328	61 083 042

The Municipality has the following operational bank accounts:

	Bank Statement Balances		Cash Book Balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
FNB - Primary Bank- 62022331003 (Primary)	2 216 619	1 994 963	2 350 670	2 082 817
FNB - 62101651398 (MIG)	2 965 567	8 972 287	2 965 567	8 972 287
FNB - Money Market - 62022332316 (INEP)	475 438	6 735 501	475 438	6 735 501
FNB -Money Market- 62090678320 (FMG)	6 340	8 937	6 340	8 937
ABSA - 32 Day Call Account -961149096 (32 Days)	893 149	860 948	893 149	860 948
FNB - Money Market - 62027101245 (RETENTION)	5 151 699	4 821 521	5 151 699	4 821 521
FNB - Money Market - 62160167500 (OPERATING)	7 019 713	25 750 425	7 019 713	25 750 425
FNB - Money Market - 62026740549 (RESERVES)	21 850 605	11 850 605	21 850 605	11 850 605
FNB - Traffic Account - 63054019617 (TRAFFIC)	213 312	-	213 312	-
NEDBANK FIXED DEPOSIT - 037881052066	10 095 836		10 095 836	
STANDARD BANK FIXED DEPOSIT - 088795101	10 000 000		10 000 000	
	60 888 277	**60 995 187**	**61 022 329**	**61 083 041**

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

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

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

The management of the 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 municipality and financial institutions.

6. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	82 617	128 861
Operating Lease - Straight lining	1 049	5 901
Operating Lease - Reversal	(37 120)	(52 146)
Total Operating Lease Receivables	**46 546**	**82 617**

6.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 1 to 3 years (2022/23: 1 to 3 years), with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The average escalation % of leases is between 5% to 10%, on a yearly basis.

6.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	315 408	554 159
2 to 5 years	18 264	281 704
Total Operating Lease Arrangements	**333 672**	**835 863**

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been a decrease of R36 071 (2022: decrease of R46 244) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

7. CONSTRUCTION CONTRACTS AND RECEIVABLES

Retention Control	-	-
Receivables Due	-	-
Total Construction Contracts and Receivables	**-**	**-**

7.1 Allocation for Cash Flow

Other Receipts:-		
Construction Contracts and Receivables - Opening Balance	-	-
Construction Contracts and Receivables - Closing Balance	-	-
Total Construction Contracts and Receivables allocated to Other Receipts	-	-
Total Construction Contracts and Receivables allocated to Cash Flow	**-**	**-**
Amounts recognised in the Statement of Financial Performance		
Contract Revenue recognised during the period	-	-

[Disclose the methods used to determine the contract revenue recognised in the period.]
[Disclose the methods used to determine the stage of completion of contracts in progress]

Amounts relating to construction contracts in progress at the end of the period:		
Aggregate amount of costs incurred plus recognised surpluses (less recognised deficits) to date	-	-
Total amount of advances received	-	-
Total amount of retentions	-	-

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2023

Reconciliation of PPE

Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R
Carrying values at 01 July 2022	**27 540 539**	**364 094 908**	**73 444 915**	**10 646 689**	**22 473 426**	**498 200 478**
Cost	35 976 140	548 974 217	84 620 104	17 015 944	45 961 638	732 548 042
- *Completed Assets*	*35 976 140*	*516 934 712*	*84 620 104*	*17 015 944*	*45 961 638*	*700 508 537*
- *Under Construction*	-	*32 039 505*	*(0)*	-	-	*32 039 505*
Accumulated Impairment Losses	-	(3 568)	(360 540)	(337)	(100 668)	(465 114)
Accumulated Depreciation	(8 435 601)	(184 875 740)	(10 814 648)	(6 368 917)	(23 387 543)	(233 882 450)
Acquisition of Assets						
- Cost	-	(30)	-	4 748 479	487 035	5 235 484
- Capital Under Construction	-	40 505 479	-	-	-	40 505 479
Depreciation	(851 186)	(23 124 712)	(2 280 698)	(1 587 517)	(2 684 877)	(30 528 989)
Carrying value of Disposals:	-	(9 354 458)	(4 481 290)	(327 842)	(692 329)	(14 855 918)
- Cost	-	(17 156 345)	(6 578 392)	(938 864)	(1 286 334)	(25 959 935)
- Accumulated Impairment Losses	-	-	360 540	130	-	360 670
- Accumulated Depreciation	-	7 801 887	1 736 563	610 892	594 005	10 743 347
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed		(37 512 904)	-	-		(37 512 904)
- Transfers Received from WIP	-	37 512 905	-	-	-	37 512 905
Carrying values at 30 June 2023	**26 689 353**	**372 121 188**	**66 682 927**	**13 479 810**	**19 583 256**	**498 556 534**
Cost	35 976 140	572 323 322	78 041 711	20 825 559	45 162 338	752 329 070
- *Completed Assets*	*35 976 140*	*537 291 241*	*78 041 711*	*20 825 559*	*45 162 338*	*717 296 990*
- *Under Construction*	-	*35 032 080*	- *0*	-	-	*35 032 080*
Accumulated Impairment Losses	-	(3 568)	(0)	(207)	(100 668)	(104 444)
Accumulated Depreciation	(9 286 787)	(200 198 565)	(11 358 784)	(7 345 542)	(25 478 414)	(253 668 092)

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2022

Reconciliation of PPE

Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R
Carrying values at 01 July 2021	**28 402 084**	**353 752 951**	**74 936 126**	**6 105 963**	**25 443 445**	**488 640 568**
Cost	35 976 140	515 637 668	83 947 765	12 194 313	51 003 711	698 759 597
- *Completed Assets*	35 976 140	485 612 831	*65 080 345*	*12 194 313*	51 003 711	*649 867 340*
- *Under Construction*		30 024 837	*18 867 420*	-		*48 892 258*
Accumulated Impairment Losses	-	-	-	-	(130 111)	(130 111)
Accumulated Depreciation	(7 574 056)	(161 884 717)	(9 011 639)	(6 088 350)	(25 430 155)	(209 988 918)
Acquisition of Assets						
- Cost	-	-	0	6 593 181	2 604 848	9 198 029
- Capital Under Construction	-	33 583 848	425 039	-	-	34 008 887
Depreciation	(861 545)	(22 991 023)	(1 803 010)	(1 535 077)	(2 901 051)	(30 091 706)
Carrying value of Disposals:	-	-	-	(517 040)	(2 573 147)	(3 090 187)
- Cost	-	-	-	(1 771 551)	(7 646 921)	(9 418 472)
- Accumulated Impairment Losses	-	-	-	-	130 111	130 111
- Accumulated Depreciation	-	-	-	1 254 511	4 943 663	6 198 174
Impairment Losses	-	(3 568)	(360 540)	(337)	(100 668)	(465 114)
Capital under Construction - Completed		(31 569 181)	(19 292 459)	-		(50 861 640)
- Transfers Received from WIP	-	31 321 881	19 539 759	-	-	50 861 640
Carrying values at 30 June 2022	**27 540 539**	**364 094 908**	**73 444 915**	**10 646 689**	**22 473 426**	**498 200 478**
Cost	35 976 140	548 974 217	84 620 104	17 015 944	45 961 638	732 548 042
- *Completed Assets*	*35 976 140*	*516 934 712*	*84 620 104*	*17 015 944*	*45 961 638*	*700 508 537*
- *Under Construction*	-	*32 039 505*	*(0)*	-	-	*32 039 505*
Accumulated Impairment Losses	-	(3 568)	(360 540)	(337)	(100 668)	(465 114)
Accumulated Depreciation	(8 435 601)	(184 875 740)	(10 814 648)	(6 368 917)	(23 387 543)	(233 882 450)

Property, Plant and Euipment was restated to correct various of descrepancies found. Please see note 41 on the correctrion of previous years errors for the detail.

	2023	2022
	R	R

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

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

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

8.3 Assets pledged as security

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

8.4 Delayed Projects

The municipality has projects that are currently experiencing delays or were halted. For each project, the reason for the delay or halting of the project

Both the additional office building and the water tanker have experienced some delays in completing the project by the projected due date. These delays are beyond the control of the municipality, however the projects will be completed within the cost limits of the original contract amounts.

Project Details	Delayed or Halted	2023	2022
Infrastructure Unit:			
Project 1: Tenza Bridge	Delayed		
Reason: - As per initial Design/Plan the project cost amounted to R11,266,110.50 but the amount approved by MIG was R2,800,000.00. Due to financial constraints the project has been delayed and will be completed when financial resources are available.			
Infrastructure Unit:			
Project 2: Upgrading of Cofimvaba Roads Phase 2	Delayed	-	-
Reason: Delays were caused by forensic investigation that was conducted.			
Infrastructure Unit:			
Project 3: Electrification	Delayed		
Reason: Delays were caused by insufficient funds allocated however an application to DOE has been done to request additional funding to complete these projects.			

Total Carrying Amounts of Delayed or Halted Projects is as per WIP balance per project

8.5 Expenditure incurred to repair and maintain

	2023	2022	2023	2022
	R	R	R	R
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:				
Electrical Infrastructure			209 039	161 054
- Contracted Services	209 039	161 054		
Roads Infrastructure			968 226	103 248
- Contracted Services	968 226	103 247		
- Inventory Consumed	-	1		
Solid Waste Disposal			58 571	108 070
- Contracted Services	58 571	108 070		
Community Assets			317 168	192 847
- Contracted Services	317 168	192 847		
Machinery and Equipment			3 314 534	3 989 750
- Contracted Services	3 314 534	3 989 750		
Other Assets - Buildings			418 285	281 343
- Contracted Services	418 285	281 343		
Total Expenditure related to Repairs and Maintenance Projects			**5 285 822**	**4 836 313**

9. INVESTMENT PROPERTY

At Cost less Accumulated Depreciation	**81 410 258**	**82 041 997**

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July	**82 041 997**	**106 955 373**
Cost	90 208 361	114 491 729
Accumulated Depreciation	(8 166 364)	(7 536 356)
Depreciation during the Year	(631 739)	(630 008)
Transfers during the Year:	-	(24 283 369)
At Cost	-	(24 283 369)
Carrying values at 30 June	**81 410 258**	**82 041 997**
Cost	90 208 361	90 208 361
Accumulated Depreciation	(8 798 102)	(8 166 364)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	1 309 978	1 269 710

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

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

During the year erven which were previously determined were transferred to inventory for disposal.

There are no contractual obligations on Investment Property.

9.1 Investment Property carried at Fair Value

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

9.2 Impairment of Investment Property

The assessment was done and there was no impairment losses recognised on Investment Property of the municipality at the reporting date.

	2023 R	2022 R

10. CONSUMER DEPOSITS

Land Sales	3 734 326	3 700 726
Total Consumer Deposits	**3 734 326**	**3 700 726**

CONSUMER DEPOSITS - LAND SALES
Deposits for Land Sales comprise deposits for properties sold, but not yet transferred. Transfer of these properties will be done on receipt of total payments.

No interest is paid on Consumer Deposits held.

11. PROVISIONS

Performance Bonus	964 507	916 193
Current Portion of Employee Benefit Liabilities (See Note 16 for detail)	1 380 000	1 449 000
Post-retirement Medical Aid Benefits Liability	216 000	92 000
Long-term Service Liability	1 164 000	1 357 000
Total Provisions	**2 344 507**	**2 365 193**

Current Provisions:

Performance Bonus:

Opening Balance	916 193	1 236 333
Increases	48 314	(320 141)
Balance at end of year	**964 507**	**916 193**
	-	-

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.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

Bonus	2 670 269	2 594 977
Leave Accrual	13 356 609	12 877 321
Other Payables	4 562 067	4 445 856
Retentions	5 366 265	4 130 138
Trade Creditors	3 873 395	7 408 390
Exchange Transactions Receivables with Credit Balances	139 014	157 409
Total Payables	**29 967 617**	**31 614 091**

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

13. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Non-Exchange Transaction Receivables with Credit Balances	1 773 516	254 468
Total Payables	**1 773 516**	**254 468**

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

National Government	4 190 318	10 224 951
Provincial Government Department of Sports, Recreation, Arts and Culture	36 665	519 352
Total Conditional Grants and Receipts	**4 226 983**	**10 744 303**

Included in Unspent Conditional Grants are the following:

Municipal Infrastructure Grant	(1)	3 936 562
Department of Sports, Recreation, Arts and Culture	36 665	519 352
Municipal Disaster Relief Fund	4 189 995	(5)
Integrated National Electrification Programme	(0)	6 288 393
Expanded Public Works Program	324	
Total Unspent Conditional Grants	**4 226 983**	**10 744 303**

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

See Note 21 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

15. VAT PAYABLE

VAT Payable	**1 459 196**	**2 223 497**

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

16. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	16 784 000	15 854 000
Post-retirement Health Care Benefits Liability	8 617 000	7 819 000
Long Service Awards Liability	8 167 000	8 035 000
Less: Current Portion of Employee Benefit Liabilities	1 380 000	1 449 000
Post-retirement Health Care Benefits Liability	216 000	92 000
Long Service Awards Liability	1 164 000	1 357 000
Non-Current Portion of Employee Benefit Liabilities	**15 404 000**	**14 405 000**

16.1 Post-retirement Health Care Benefits Liability

Opening balance	7 819 000	7 390 000
Interest cost	920 000	778 000
Current service cost	786 000	735 000
Actuarial loss/ (gain) recognised in the year	(908 000)	(1 084 000)
Balance at end of Year	8 617 000	7 819 000
Less: Current Portion	216 000	92 000
Non-Current Portion of Employee Benefit Liabilities	**8 401 000**	**7 727 000**

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Chanan 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.

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

In-service Members (Employees)	229	237
In-service Non-members (Employees)	86	90
Continuation Members (Retirees, widowers and orphans)	8	5
Total Members	**323**	**332**

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

In-service Members	5 781 000	6 438 000
Continuation Members	2 836 000	1 381 000
Total Liability	**8 617 000**	**7 819 000**

The 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 2023 is estimated to be R786 000, whereas the cost for the ensuing year is estimated to be R608,000.

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

Discount Rate	12,58%	11,84%
Health Care Cost Inflation Rate	8,18%	8,45%
Net-of-maximum-subsidy-inflation discount rate	6,45%	5,55%
Net-of-health-care-cost-inflation discount rate	4,07%	3,13%
Expected Rate of Salary Increase	5,76%	5,96%
Expected Retirement Age	62	62

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

Opening balance	7 819 000	7 390 000
Interest cost	920 000	778 000
Current service cost	786 000	735 000
Actuarial loss/ (gain) recognised in the year	(908 000)	(1 084 000)
Total Recognised Benefit Liability	**8 617 000**	**7 819 000**

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

Present value of fund obligations	8 617 000	7 819 000
Total Benefit Liability	**8 617 000**	**7 819 000**

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

Current service cost	786 000	735 000
Interest cost	920 000	778 000
Actuarial losses / (gains)	(908 000)	(1 084 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**798 000**	**429 000**

The history of fair values are as follows:

	2023 R	2022 R
Present Value of Defined Benefit Obligation	8 617 000	7 819 000
	8 617 000	**7 819 000**

16.2 Long Service Awards Liability

Opening Balance	8 035 000	7 936 000
Increases	680 000	775 000
Payments Made	(1 357 000)	(1 336 000)
Increases (Passage of Time/Discounted Rate)	809 000	660 000
Balance at end of Year	8 167 000	8 035 000
Less: Current Portion	1 164 000	1 357 000
Non-Current Portion of Total Long Service Awards Liability	**7 003 000**	**6 678 000**

The 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 to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 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 315 (2022: 327) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2023 is estimated to be R931,000, whereas the cost for the ensuing year is estimated to be R885,000.

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

Discount Rate	11,20%	10,98%
Net Effective Discount Rate	4,39%	3,40%
Expected Rate of Salary Increase	6,52%	7,33%
Expected Retirement Age	62	62

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

Opening Balance	8 035 000	7 936 000
Increases	680 000	775 000
Payments Made	(1 357 000)	(1 336 000)
Increases (Passage of Time/Discounted Rate)	809 000	660 000
Total Recognised Benefit Liability	**8 167 000**	**8 035 000**

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

Present value of fund obligations	8 167 000	8 035 000
Total Benefit Liability	**8 167 000**	**8 035 000**

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

Current service cost	931 000	918 000
Interest cost	809 000	660 000
Actuarial losses / (gains)	(1 608 000)	(1 479 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	**132 000**	**99 000**

The amount for last year was restated as the expense recognised in the Statement of Financial Performance was R99 000 and not R1 298 000 as disclosed before.

The history of experienced adjustments is as follows:

	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	8 167 000	8 035 000	7 936 000	6 825 000
	8 167 000	**8 035 000**	**7 936 000**	**6 825 000**
Experienced adjustments on Plan Liabilities	242 000	54 000	223 000	100 684

17. NON-CURRENT PROVISIONS

	2023	2022
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	2 627 844	2 490 847
Total Non-current Provisions	**2 627 844**	**2 490 847**

Decommissioning of Landfill Sites:

Opening Balance	2 490 847	2 360 992
Increases - Interest Costs	136 997	129 855
	2 627 844	**2 490 847**

17.1 Rehabilitation of Landfill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R4 996 076 (2022: R4 996 076) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the average inflation interest rate which have been determined at 5.5% over the last 10 years.

The municipality will incur rehabilitation cost on its dumping/landfill site in the period 2034/35. Provision has been made for the net present value of this cost.

	2023 R	2022 R

18. PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2023 R	July 2022 R	July 2023 R	July 2022 R
Property Rates:				
Agricultural Property	683 900 000	683 900 000	-	-
Business and Commercial Properties	340 888 048	339 690 051	3 060 465	3 073 900
Municipal Properties	280 976 000	240 301 000	-	-
Public Service Infrastructure Properties	214 206 000	199 106 000	-	-
Public Service Purposes Properties	576 532 000	568 362 000	9 965 264	7 526 433
Residential Properties	135 779 949	144 940 949	552 582	345 610
Vacant Land	3 155 000		17 923	-
Place of Worship	7 710 000	7 710 000	-	-
Total Property Rates	**2 243 146 997**	**2 184 010 000**	**13 596 233**	**10 945 943**

19. FINES, PENALTIES AND FORFEITS

	2023 R	2022 R
Traffic Fines:	457 450	77 300
Municipal	457 450	77 300
Other Fines:	83 472	112 025
Law Enforcement	21 176	43 050
Pound Fees	62 295	68 975
Total Fines, Penalties and Forfeits	**540 922**	**189 325**

20. LICENCES AND PERMITS

	Exchange Transactions 2023 R	Exchange Transactions 2022 R	Non-Exchange Transactions 2023 R	Non-Exchange Transactions 2022 R
Road and Transport:	1 793 397	1 838 844	-	-
Drivers Licence Application/Duplicate Drivers Licences	1 793 397	1 838 844	-	-
Trading	-	-	173 690	50 130
Total Licences and Permits	**1 793 397**	**1 838 844**	**173 690**	**50 130**

21. TRANSFERS AND SUBSIDIES RECEIVED

	2023 R	2022 R
Capital Grants	60 039 838	39 739 317
Monetary Allocations	60 039 838	39 739 317
Operational Grants	196 904 537	182 326 562
Monetary Allocations	196 904 537	182 326 562
Total Transfers and Subsidies Received	**256 944 375**	**222 065 879**

21.1 Summary of Grants:

21.1.1 Capital Grants

	Monetary Allocations 2023	2022
National Governments	60 039 838	39 739 317
Total Capital Grants Received	**60 039 838**	**39 739 317**

21.1.2 Operational Grants

	Monetary Allocations 2023	2022
Departmental Agencies and Accounts	246 966	238 129
District Municipalities	1 482 776	1 806 347
National Governments	7 246 795	6 839 085
National Revenue Fund	187 928 000	173 443 000
Total Operational Grants Received	**196 904 537**	**182 326 562**

21.2 Reconciliation per Grant Source

21.2.1 National Governments

Balance unspent at beginning of year	10 224 951	389 472
Current year receipts	67 541 000	50 699 830
Conditions met - transferred to Revenue	(57 307 239)	(40 864 351)
Other Adjustments/Refunds	(6 288 393)	-
Conditions still to be met - transferred to Current Liabilities (see Note 14)	**14 170 319**	**10 224 951**

21.2.2 Equitable Share

Current year receipts	187 928 000	173 443 000
Transferred to Revenue	(187 928 000)	(173 443 000)

21.3 Detailed Summaries

Equitable Share	187 928 000	173 443 000
Municipal Infrastructure Grant (MIG)	52 809 562	41 416 438
LG SETA	246 966	238 140
Integrated National Electrification Programme		1 020 503
Financial Management Grant	2 100 000	2 100 168
Extended Public Works Program - Grant Transfer	2 397 677	2 041 535
Department of Sports, Recreation, Arts and Culture	982 419	749 095
CHDM Grant	500 088	1 057 000
Total Receipts for Government Grants and Subsidies	**246 964 712**	**222 065 879**

Included in the above are the following Grants and Subsidies received:

Conditional Grants Received	58 289 658	47 327 739
Unconditional Grants Received	188 675 054	174 738 140
Total Receipts for Government Grants and Subsidies	**246 964 712**	**222 065 879**

21.3.1 Equitable Share

Current Year Receipts	187 928 000	173 443 000
Transferred to Revenue	(187 928 000)	(173 443 000)

In terms of the Constitution, the grant is used to subsidies the provision of basic services to indigent community members. This grant is unconditional.

21.3.2 Municipal Infrastructure Grant

Unspent Balance at the Beginning of the Year	3 936 562	2 529 773
Rollover disallowed	-	(2 529 773)
Current Year Receipts	48 873 000	45 353 000
Conditions Met - Transferred to Revenue	(52 809 562)	(41 416 438)
Unspent Balance at the End of the Year	**(1)**	**3 936 562**

The Municipal Infrastructure Grant is a conditional grant , the purpose of which is to provide all South Africans with at least a basic level of service through the provision of grant finance to cover the capital cost of fund access roads and related infrastructure.

21.3.3 LG SETA

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	246 966	238 140
Transferred to Revenue	(246 966)	(238 140)
Unspent Balance at the End of the Year	**-**	**-**

This is an unconditional grant.

21.3.4 Financial Management Grant

Unspent Balance at the Beginning of the Year	-	168
Current Year Receipts	2 100 000	2 100 000
Conditions Met - Transferred to Revenue	(2 100 000)	(2 100 168)
Unspent Balance at the End of the Year	**-**	**-**

The Financial Management Grant is a conditional grant . The purpose of the grant is to promote and support municipal financial management reforms and assist municipalities with the implementation of MFMA. The focus of the FMG Grant is to build awareness and undertake training on MFMA Reforms including budgeting, reporting and financial processes.

21.3.5 Expanded Public Works Program - Grant Transfer

Unspent Balance at the Beginning of the Year	-	(465)
Current Year Receipts	2 398 000	2 042 000
Conditions Met - Transferred to Revenue	(2 397 677)	(2 041 535)
Unspent Balance at the End of the Year	**324**	**-**

The Expanded Public Works Programme (EPWP) is an conditional grant and it was received from Department of Public Works for the purpose of the Extended Public Works Programme.

21.3.6 Department of Sports, Recreation, Arts and Culture

Unspent Balance at the Beginning of the Year	519 084	768 179
Current Year Receipts	500 000	500 000
Transferred to Revenue	(982 419)	(749 095)
Unspent Balance at the End of the Year	**36 665**	**519 084**

This is a conditional grant.

21.3.7 Chris Hani District Municipality Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	500 088	1 057 000
Transferred to Revenue	(500 088)	(1 057 000)
Unspent Balance at the End of the Year	**-**	**-**

This is an unconditional grant and was received from Chris Hani District Municipality.

21.3.8 Municipal Disaster Relief Fund

Unspent Balance at the Beginning of the Year	(5)	(5)
Current Year Receipts	4 190 000	-
Transferred to Revenue	-	-
Unspent Balance at the End of the Year	**4 189 995**	**(5)**

This is a conditional grant received from National Treasury for the purpose of COVID-19 Pandemic

22. SERVICE CHARGES

Refuse Removal	1 379 875	1 316 361
Total Service Charges	**1 379 875**	**1 316 361**
	1 124 337,61	307 383,86

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

23. SALES OF GOODS AND RENDERING OF SERVICES

Application Fees for Land Usage	-	25 376
Building Plan Approval	61 509	60 928
Cemetery and Burial	9 130	6 459
Clearance Certificates	1 212	178
Entrance Fees	15 281	16 912
Sale of Goods	560 373	279 390
Total Sales of Goods and Rendering of Services	**647 505**	**389 243**

24. INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	890 164	1 033 931
Total Income from Agency Services	**890 164**	**1 033 931**

The municipality has a service level agreement with the Department of Transport to act as an agent for it in collection the revenue.

25. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue		
Investment Property	1 309 978	1 269 710
Other Fixed Assets:	1 352	1 902
Property Plant and Equipment	1 352	1 902
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets:	23 913	32 921
Property Plant and Equipment	23 913	32 921
Total Rental of Facilities and Equipment	**1 335 244**	**1 304 533**

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

26. INTEREST, DIVIDENDS AND RENT ON LAND EARNED

Non-exchange Transaction Receivables:		
Outstanding Billing Debtors	3 693 031	2 296 007
Total Non-exchange Transactions Interest, Dividends and Rent on Land Earned	**3 693 031**	**2 296 007**
External Investments:		
Bank Account	5 336 310	2 229 452
	5 336 310	**2 229 452**
Outstanding Exchange Transaction Receivables:		
Outstanding Billing Debtors	1 297 402	1 087 381
	1 297 402	**1 087 381**
Total Exchange Transaction Interest, Dividends and Rent on Land Earned	**6 633 712**	**3 316 833**
Total Interest, Dividends and Rent on Land Earned	**10 326 743**	**5 612 841**

27. OPERATIONAL REVENUE

Commission	279	-
Insurance Refund	478 182	855 041
Total Operational Revenue	**478 461**	**855 041**

The operational revenue is for insurance claims which were refunded during the year. No claims or refunds were made during the prior year.

28. CONSTRUCTION CONTRACTS REVENUE

Funds received for the financing of electricification.	-	-
Total Construction Contracts Revenue	**-**	**-**

29. EMPLOYEE RELATED COSTS

	2023 R	2022 R
Salaries and Wages:		
Basic	85 153 011	82 955 881
Long Service Awards	607 900	544 644
Bonuses	6 844 623	5 976 055
Leave Payments	1 687 276	989 220
Overtime	3 393 689	3 677 945
Allowances:		
Accommodation, Travel and Incidental	663 975	474 903
Acting and Post Related Allowances	2 026 122	1 968 752
Cellular and Telephone	933 709	899 539
Housing Benefits	1 139 268	999 222
Non-pensionable	-	1 233 031
Scarcity Allowance	-	5 675
Standby Allowance	957 262	907 694
Travel or Motor Vehicle	9 384 715	8 977 561
Social Contributions:		
Bargaining Council	43 004	42 683
Medical	8 195 139	8 048 009
Pension	13 917 923	13 635 464
Unemployment Insurance	665 605	677 440
Skills Development Fund Levy	1 273 599	1 245 211
Post-retirement Benefits:		
Current Service Cost	786 000	735 000
Interest Cost	920 000	778 000
Actuarial Gains and Losses	(908 000)	(1 084 000)
Leave Gratuity	80 515	48 625
Long Term Service Awards	132 000	99 000
Total Employee Related Costs	**137 897 335**	**133 835 555**

The disclosure had been restated to disclose "Current Service Cost" and "Actuarial Gains and Losses" separately.

29.1 Remuneration of Section 57 Employees:

Remuneration of the former Municipal Manager - S.Koyo

	2023 R	2022 R
Performance Bonus	-	46 670
Total	-	46 670

Previous Municipal Manager, vacated the post in May 2022 and was paid only performance bonus

Remuneration of the Manager Local Economic Development - S. Mbotshane

	2023 R	2022 R
Annual Remuneration	153 750	
Car and Other Allowances	82 635	
Company Contributions to UIF, Medical and Pension Funds	22 682	
Total	259 067	-

Assumed the position in May 2023

Remuneration of the former Municipal Manager - BJ.Mthembu

	2023 R	2022 R
Annual Remuneration	804 764	84 856
Car and Other Allowances	542 885	56 487
Company Contributions to UIF, Medical and Pension Funds	15 601	1 559
Termination Benefits	73 285	-
Total	1 436 534	142 902

Assumed the position in June 2022 and left the municipality during April 2023

Remuneration of the former Chief Financial Officer - B.Bavu

	2023 R	2022 R
Annual Remuneration	845 623	922 498
Performance Bonus	46 124	46 124
Leave Pay	151 420	-
Car and Other Allowances	608 714	614 999
Company Contributions to UIF, Medical and Pension Funds	17 228	17 294
Total	1 669 110	1 600 915

The position became vacant from 01 June 2023 and was still vacant on the reporting date. An acting allowance was paid for June 2023 and will be paid until a new appointment is made.

Remuneration of the former Manager Community Services - A.Ntengenyana

	2023 R	2022 R
Performance Bonus	-	30 749
Total	-	30 749

Resigned on the 28th of February 2021 and was paid only for performance bonus

Remuneration of the Manager Community Services - K.Roto		
Annual Remuneration	942 088	153 750
Car and Other Allowances	550 482	88 662
Company Contributions to UIF, Medical and Pension Funds	15 681	2 581
Total	**1 508 251**	**244 993**
The incumbent was appointed for the Director Community Services in May 2022		

Remuneration of the Manager Corporate Services - N.K.Fololo		
Annual Remuneration	38 437	922 498
Leave payout	90 852	-
Performance Bonus	46 124	30 750
Car and Other Allowances	30 346	614 999
Company Contributions to UIF, Medical and Pension Funds	2 634	17 453
Total	**208 394**	**1 585 700**
The Director vacated the post in July 2022		

Remuneration of the Manager Corporate Services - B Zantsi		
Annual Remuneration	538 124	-
Car and Other Allowances	370 311	-
Company Contributions to UIF, Medical and Pension Funds	10 000	-
Total	**918 435**	**-**
The Director was appointed in December 2022.		

Remuneration of the Manager Local Economic Development - K.Maceba		
Annual Remuneration	461 249	922 498
Acting Allowance	-	39 904
Performance Bonus	46 124	46 124
Leave Pay	90 852	-
Car and Other Allowances	318 842	614 999
Company Contributions to UIF, Medical and Pension Funds	10 404	18 005
Total	**927 471**	**1 641 530**

Remuneration of the Manager Infrastructure and Planning - K.Clock		
Acting Allowance	-	47 884
Annual Remuneration	845 623	922 498
Leave Pay	90 852	-
Performance Bonus	46 124	30 750
Car and Other Allowances	604 052	614 999
Company Contributions to UIF, Medical and Pension Funds	17 086	17 931
Total	**1 603 738**	**1 634 062**

Summary of Remuneration of Section 57 Employees:		
All Managers	8 530 997	6 927 521
Total Remuneration of Section 57 Employees	**8 530 997**	**6 927 521**

30. REMUNERATION OF COUNCILLORS

Mayor	927 485	146 564
Speaker	746 455	739 064
Chief Whip	763 310	732 465
Executive committee members	4 413 222	2 106 459
Total for All Other Councillors	10 970 543	13 790 639
Total Councillors' Remuneration	**17 821 014**	**17 515 192**

The Mayor and Speaker are full-time Councillors and each is provided with an office and secretarial support at the cost of the Municipality. The Mayor and Speaker utilise official Council transportation when engaging in official duties. Packages are set as stated below:

Mayor		
Annual Remuneration	890 000	738 847
Allowances	37 485	105 317
Co.Contribution	-	7 067
Other Benefits	-	2 500
	927 485	**853 731**

Was Speaker from 01 July to November 2021, assumed the responsibilities of Mayor from Dec 21 to June 2022

Speaker		
Annual Remuneration	709 055	620 600
Allowances	37 400	101 491
Co.Contribution	-	6 360
Other Benefits	-	2 500
	746 455	**730 951**

Was Chief Whip from 01 July to November 2021, assumed the responsibilities of

Chief Whip		
Annual Remuneration	695 910	592 675
Allowances	67 400	101 491
Co.Contribution		5 212
	763 310	**699 378**

Was Executive Committee Member from 01 July to November 2021, assumed the responsibilities of Chief Whip from Dec 21 to June 2022

Executive Committee Members		
Annual Remuneration	3 890 682	3 696 193
Allowances	453 454	706 496
Co.Contribution		38 293
Other Benefits	41 085	36 500
	4 385 221	**4 477 482**

Due to Local Government Elections there were changes which had an effect on Executive Committee from November 2021

Councillors (Sec 79)		
Annual Remuneration	2 622 861	4 171 420
Allowances	489 313	1 002 759
Co.Contribution		46 548
Other benefits	29 089	65 500
	3 141 264	**5 286 227**

Due to Local Government Elections there were changes which had an effect on Sec 79 Committees from November 2021

Councillors (Ordinary)		
Annual Remuneration	6 798 257	4 610 819
Allowances	979 200	942 587
Co.Contribution	-	52 351
Other benefits	79 823	17 500
	7 857 280	**5 623 257**

Remuneration of Councillors:

Councillors were compensated within the limits set by the Remuneration of Public Office Bearers Act No 20 of 1998.

31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	30 528 989	30 091 706
Depreciation: Investment Property	631 739	630 008
Total Depreciation and Amortisation	**31 160 728**	**30 721 714**

Depreciation expenses for the previous year have been restated. See Note 41 on Correction of Errors for details.

31.1 Depreciation: Property, Plant and Equipment

Community Assets	2 280 698	3 370 561
Computer Equipment	686 854	647 923
Furniture and Office Equipment	269 121	351 588
Machinery and Equipment	631 542	535 566
Other Assets	(5 878)	31 376
Roads Infrastructure	23 124 712	22 249 369
Solid Waste Infrastructure	857 065	4 270
Transport Assets	2 684 877	2 901 051
	30 528 989	**30 091 706**

32. IMPAIRMENT LOSSES

Impairment Losses on Fixed Assets	-	465 114
Impairment Losses on Financial Assets	10 588 328	9 661 289
Total Impairment Losses	**10 588 328**	**10 126 403**

Condition assessments on roads were conducted during the year and resulted in the impairment. The assessments were conducted in time to ensure that all roads were assessed and appropriately accounted for at the reporting date. The assessment does not account for changes in the condition of roads after the reporting date, but before the annual financial statements are authorised for issue.

32.1 Impairment Losses on Financial Assets

Impairment Losses		
Other Receivables from Non-exchange Revenue	8 533 580	6 711 319
Trade and Other Receivables from Exchange Transactions	2 054 747	2 949 970
	10 588 328	**9 661 289**

33. INTEREST, DIVIDENDS AND RENT ON LAND PAID

Interest Paid:	6 938	234 933
Overdue Accounts	6 938	234 933
Total Interest, Dividends and Rent on Land Paid	**6 938**	**234 933**

34. CONSTRUCTION CONTRACTS EXPENDITURE

Construction cost paid towards electrification	8 240 459	886 997
Total Bulk Purchases	**8 240 459**	**886 997**

Contract between IYM and Department of Energy An amount of R9 980 000 (2022: R1 020 503) was recognised by the municipality as revenue during the current financial year. As the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognised by reference to the stage of completion of the contract at reporting date. The municipality determines the stage of completion of contract in progress by the accumulative actual work performed i.e contract cost divide by contract price. During the year a total contract cost to the amount of R8 280 673,86 (2022: R886 997) was recognised. Retentions were withheld for this construction contract during the year amounting to R588 433,27(2022: R0)

35. CONTRACTED SERVICES

Outsourced Services	4 379 318	3 699 460
Consultants and Professional Services	9 401 273	6 802 320
Contractors	6 414 946	5 642 115
Total Contracted Services	**20 195 537**	**16 143 895**

35.1 Outsourced Services		
Administrative and Support Staff	408 776	397 049
Animal Care	26 517	76 606
Business and Advisory	1 282 418	1 009 362
Catering Services	596 258	888 697
Electrical	209 039	161 054
Hygiene Services	-	99 120
Personnel and Labour	793 628	640 884
Researcher	40 435	168 553
Security Services	1 022 247	258 136
	4 379 318	**3 699 460**

35.2 Consultants and Professional Services		
Business and Advisory	6 221 107	5 297 068
Infrastructure and Planning	1 173 504	1 047 042
Legal Cost	2 006 661	458 210
	9 401 273	**6 802 320**

35.3 Contractors		
Maintenance of Buildings and Facilities	2 627 642	1 248 369
Maintenance of Equipment	62 321	108 070
Maintenance of Plant and Machinery	3 668 034	4 092 997
Plants, Flowers and Other Decorations	56 950	192 679
Transportation	-	-
	6 414 946	**5 642 115**

36. INVENTORY CONSUMED

Consumables	535 456	502 985
Finished Goods	2 230 267	1 888 009
Materials and Supplies	37 210	51 786
	2 802 933	**2 442 780**

37. TRANSFERS AND SUBSIDIES PAID

Operational Grants	3 795 992	3 015 002
Allocations In-kind	3 795 992	3 015 002
Total Transfers and Subsidies Paid	**3 795 992**	**3 015 002**

38. OPERATIONAL COSTS

Included in General Expenses are the following:		
Advertising, Publicity and Marketing	660 967	392 032
Bank Charges, Facility and Card Fees	149 388	160 152
Prepaid Electricity	2 391 391	2 134 274
Telephone Management	851 160	1 390 632
Contribution to Provisions	136 997	129 855
Drivers Licences and Permits	339 268	437 924
Public Participation Programs	835 177	612 658
Environmental Levy	15 050	-
External Audit Fees	4 964 079	5 306 058
External Computer Service	2 171 617	2 681 687
Hire Charges	751 138	863 347
Traditional Councillors and Ward Committee Members	4 225 449	2 548 811
Incentive Scheme	422 064	158 326
Insurance Underwriting	604 618	2 286 401
Licences	289 701	538 642
Municipal Services	6 660 666	6 428 426
Personnel Agency Fees [Personnel Recruitment Costs]	28 059	-
Printing, Publications and Books	-	113 143
Professional Bodies, Membership and Subscription	3 434 492	1 581 153
Supplier Development Programme	224 575	214 202
Travel Agency and Visas	105 729	100 668
Travel and Subsistence	1 052 326	895 771
Uniform and Protective Clothing	220 989	368 667
Wet Fuel	2 470 585	1 999 775
Workmen's Compensation Fund	400 000	492 941
Total Operational Costs	**33 405 485**	**31 835 543**

38.1 Travel and Subsistence

Domestic		
Accommodation	699 552	541 049
Food and Beverage (Served)	1 200	-
Incidental Cost	2 305	239 033
Transport without Operator	181 885	81 326
Transport with Operator	167 385	34 363
	1 052 326	**895 771**

No other extraordinary expenses were incurred.

39. GAINS AND LOSSES ON OTHER OPERATIONS

Losses on Other Operations		
Losses in Inventory: Decrease in Net-realisable Value	-	71 753
Total Losses on Other Operations	**-**	**71 753**
Net Gains and Losses on Other Operations	**-**	**(71 753)**

The gains and losses in Inventory is the result of land held in inventory which were sold at its net realisable value.

The figure for the prior year was also restated and full details are disclosed in Note 41.on the Correction of Prior Period Errors

40. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Property, Plant and Equipment	(14 635 918)	(2 303 983)
Total Losses on Disposal of Capital Assets	**14 635 918**	**2 303 983**

	2023	2022
	R	R

41. CORRECTION OF ERROR

41.1 Reclassification of Accumulated Surplus

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

The effect of the changes are as follows:

		Accumulated Surplus
Balance published as at 30 June 2021		**682 717 362**
Correction of Error:-		(46 536 902)
Disposal of Assets		
Loss on disposal of Community Assets	(2 318 307)	
Loss on disposal of Roads	- 13 870 940	
Loss on disposal of Land	- 21 356 810	
Write off of amounts previously capitalised as electrification assets work in progress	- 16 971 007	
Restatement of Depreciation on assets as a result of audit findings 2023	12 714 394	
Restatement of Electrification expenditure previously capitalised as assets work in progress	- 4 734 232	
Restated Balance as at 30 June 2021		**636 180 460**
Transactions incurred for the Year 2021/22		(21 926 088)
Correction of Error:-		18 394 409
Restatement of Depreciation on assets as a result of an audit finding	(83 046)	
Restatement of Depreciation on assets disposed previous years	1 898 631	
Restatement of Impairment on assets disposed previous years	2 235	
Restatement of Computer Equipment at cost	27 895	
Restatement of Depreciation on assets as a result of 2023 audit findings	- 51 512	
Restatement of Depreciation on assets disposed as a result of 2023 audit findings	- 38 618	
Restatement of Impairment on assets as a result of an audit finding with 2023 audit.	18 192 566	
Restatement of Payables from Exchange Transactions	(724 286)	
Restatement of VAT Payable	57 540	
Restatement of Electrification expenditure previously capitalised as assets work in progress	(886 997)	
Restated Balances as at 30 June 2022		**632 648 780**

41.2 Reclassification of Expenditure

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

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Correction of Error	Restated Amount 2021/22
Employee Related Costs	133 835 555	-	133 835 555
Remuneration of Councillors	17 515 192	-	17 515 192
Depreciation and Amortisation	32 485 786	(1 764 072)	30 721 714
Impairment Losses	28 321 205	(18 194 801)	10 126 403
Interest, Dividends and Rent on Land	234 933	-	234 933
Construction contracts expenditure	-	886 997	886 997
Contracted Services	16 114 395	29 500	16 143 895
Inventory Consumed	2 442 780	-	2 442 780
Transfers and Subsidies Paid	2 648 363	366 639	3 015 002
Operational Costs	31 592 832	242 711	31 835 543
Losses on Other Operations	71 753	-	71 753
Loss on Disposal of Property, Plant and Equipment	2 265 364	38 618	2 303 983
	267 528 158	**(18 394 408)**	**249 133 749**

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

	Operational Costs	Depreciation and Amortisation	Impairment Losses
Balance previously reported	**31 592 832**	**32 485 786**	**28 321 205**
Restatement of Depreciation as a result of a 2022 audit finding		83 046	
Restatement of Depreciation on assets disposed previous years			
Community assets		(49 990)	
Road infrastructure		(1 159 648)	
Land and buildings		(688 992)	
Restatement of Impairment on assets disposed previous years			(2 235)
Restatement of Depreciation as a result of a 2023 audit finding			
Land and Buildings		(21 285)	
Road infrastructure		75 182	
Community assets		10 866	
Machinery and Equipment		(1 035)	
Furniture and Office Equipment		3 733	
Computer Equipment		13 037	
Transport Assets		(28 985)	
Restatement of asset previously expensed	(27 895)		
Restatement of Impairment as a result of a 2023 audit finding			
Community assets			49 040
Road infrastructure			(18 342 612)
Machinery and Equipment			177
Furniture and Office Equipment			160
Transport Assets			100 668
Expenditure allocated to the correct period			
Hire Charges	7 302		
Accomodation	1 330		
Travel agency	86		
Wet Fuel	261 887		
Restated Balance now reported	**31 835 543**	**30 721 714**	**10 126 403**

	Transfers and Subsidies Paid	Loss on Disposal of Property, Plant and Equipment	Contracted Services
Balance previously reported	**2 648 363**	**2 265 364**	**16 114 395**
Expenditure allocated to the correct period			
Other transfers (cash):taxi recapitalisation	366 639		
Consultants and professionl services			29 500
Restatement of Depreciation on assets disposed as a result of 2023 audit findings			
Machinery and Equipment		(135)	
Furniture and Office Equipment		1 442	
Computer Equipment		(9 908)	
Transport Assets		47 219	
Restated Balance now reported	**3 015 002**	**2 303 983**	**16 143 895**

Depreciation and Amortisation:
During the prior year depreciation was incorrectly expensed due to the following reasons:
An audit finding during the previous financial year.
Assets previously disposed or expensed.

Operational Costs:
A laptop previously expensed as Operational Cost was capitalised as an asset.

Loss on sale of Assets:
Due to changes to depreciation because of audit findings in 2023 the loss on the sale previously reported needed to be adjusted.

Impairment Losses:
During the previous year's audit the municipality was qualified on the impairment of assets. It was argued that items with a condition assessment of "poor" need to be impaired. The calculation was redone accordingly.

41.3 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 2021/22 Audited	Correction of Error	Restated Amount 2021/22
Current Assets			
Inventories	53 210 714	-	53 210 714
Receivables from Exchange Transactions	2 049 807	-	2 049 807
Statutory Receivables from Non-Exchange Transactions	3 778 250	-	3 778 250
Cash and Cash Equivalents	61 083 042	-	61 083 042
Operating Lease Receivables	82 617	-	82 617
Non-Current Assets			
Property, Plant and Equipment	525 676 227	(27 475 749)	498 200 478
Investment Property	82 041 997	-	82 041 997
TOTAL ASSETS	**727 922 653**	**- 27 475 749**	**700 446 904**
Current Liabilities			
Consumer Deposits	3 700 726	-	3 700 726
Provisions	2 365 193	-	2 365 193
Payables from Exchange Transactions	30 889 805	724 286	31 614 091
Payables from Non-exchange Transactions	254 468	-	254 468
Unspent Conditional Grants and Receipts	10 744 303	-	10 744 303
VAT Payable	2 281 038	(57 541)	2 223 497
Non-Current Liabilities			
Retirement Benefit Liabilities	14 405 000	-	14 405 000
Non-current Provisions	2 490 847	-	2 490 847
Minus TOTAL LIABILITIES	**67 131 380**	**666 745**	**67 798 124**
TOTAL NET ASSETS	**660 791 274**	**(28 142 494)**	**632 648 780**
Accumulated Surplus / (Deficit)	660 791 274	(28 142 494)	632 648 780
	-	-	-

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

	Payables from Exchange Transactions	Property, Plant and Equipment
Balances previously published per AFS as at 30 June 2021		**535 177 471**
Restatement of Community Assets		
@ Cost		(2 499 507)
@ Accumulative Depreciation		181 200
@ Accumulative Impairment		
Restatement of Road Infrastructure Assets		
@ Cost		(30 515 525)
@ Depreciation		16 644 584
Restatement of Land and Buildings		
@ Cost		(29 626 660)
@ Depreciation		8 269 850
Electrification previously capitalised as work in progress		- 16 971 007
Restatement of Depreciation as a result of an audit finding during 2023 audit		
Land and buildings		6 753
Road infrastructure		11 013 915
Community assets		1 422 825
Machinery and equipment		2 021
Furniture and office equipment		14 977
Computer equipment		6 495
Transport assets		247 408
Restatement of Electrification expenditure previously capitalised as assets work in progress		(4 734 232)
Balances now published per AFS as at 30 June 2021		**488 640 569**
Transactions incurred for the Year 2021/22		- 9 501 244
Restatement of Depreciation as a result of an audit finding during 2022 audit		
Transport assets		- 7 200
Land and buildings		- 4 270
Machinery and equipment		- 638
Furniture and office equipment		- 812
Computer equipment		- 1 556
Community assets		- 4 382
Road infrastructure		- 64 187
Restatement of Depreciation on assets disposed previous years		
Community assets		49 990
Road infrastructure		1 159 648
Land and buildings		688 992

Restatement of Impairment on Community assets disposed previous years		2 235
Restatement of Impairment as a result of a 2023 audit finding		
Road infrastructure		18 342 612
Community assets		(49 040)
Machinery and equipment		(177)
Furniture and office equipment		(160)
Transport assets		(100 668)
Restatement of Depreciation as a result of an audit finding during 2023 audit		
Land and buildings		21 285
Road infrastructure		(75 182)
Community assets		(10 866)
Machinery and equipment		1 035
Furniture and office equipment		(3 733)
Computer equipment		(13 037)
Transport assets		28 985
On disposals		
Machinery and equipment		135
Furniture and office equipment		(1 442)
Computer equipment		9 908
Transport assets		(47 219)
Balances on Community Assets @ Cost Completed and Community Assets @ Work in Progress have been restated as the Pound was completed by 30 June 2022. The transfer has no effect on the total value of Property, Plant and Equipment.		(247 300) 247 300
Laptop capitalised which were expensed last year.		27 895
Restatement of Payables to allocate expenditure to the correct period		
Operational cost	270 606	
Transfers and subsidies paid	366 639	
Contracted services	29 500	
VAT Payable	57 541	
Restatement of Electrification expenditure previously capitalised as assets work in progress		(886 997)
Balances now published per AFS as at 30 June 2022	**31 614 091**	**498 200 478**

Property, Plant and Equipment:

Restatement of Accumulative Depreciation on assets @ 30 June 2021.

- correctly disclose the depreciation incorrectly calculated for the 2021/22 financial year.

- exclude assets which were already disposed off.

- include a laptop which were expensed during the previous financial year.

- exclude electrification previously incorrectly capitalised as work in progress.

- account for the change in the remaining useful life of certain assets.

Payables from Exchange Transactions:
The **prior year amounts** for Payables from Exchange transactions have been restated to disclose accruals which were incorrectly not raised previously.

41.4 Reclassification of the Cash Flow Statement

The prior year figures of Classes in the Cash Flow Statement have been restated to correctly classify the cash flow nature of transactions.

The effect of the Correction of Error is as follows:

	Prior Year Audited	Cash related movement	Restated Amount
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Other Payments	34 581 906	34 581 906	0
NET CASH FLOWS FROM OPERATING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	44 066 018	859 102	(43 206 916)

These movements in cash related transactions were caused by prior year error corrections made.

42. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year		7 555 941	(3 531 680)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):			
Employee Related Costs	Note 28.1	2 335 314	1 543 859
Depreciation and Amortisation	Note 31	31 160 728	30 721 714
Impairment Losses	Note 31.2	10 588 328	10 126 403
Receivables: Bad Debts Written-off		-	(1 812 524)
Transfer of Investment Property		-	24 283 369
Expenditure incurred from Provisions for Employee Related Costs		(1 357 000)	(1 336 000)
Expenditure incurred from Provisions for Other Payments		136 997	129 855
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:			
Losses on Disposal of Capital Assets	Note 38.1	14 635 918	2 303 983
Operating surplus before working capital changes		65 056 226	62 428 978
Decrease/(Increase) in Inventories		72 865	(23 782 120)
Decrease/(Increase) in Receivables from Exchange Transactions		(2 244 221)	(2 338 589)
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions		(10 085 245)	(7 170 198)
Decrease/(Increase) in Receivables from Non-exchange Transactions		-	1 812 524
Decrease/(Increase) in Operating Lease Receivables		36 071	46 244
Increase/(Decrease) in Consumer Deposits		33 600	414 126
Increase/(Decrease) in Payables from Exchange Transactions		(1 646 474)	2 069 483
Increase/(Decrease) in Payables from Non-exchange Transactions		1 519 048	(398 813)
Increase/(Decrease) in Conditional Grants and Receipts		(6 517 320)	6 438 235
Increase/(Decrease) in VAT Payable		(764 301)	1 766 254
Cash Generated by / (Utilised in) Operations		45 460 250	41 286 125

43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

All calculations and disclosed figures in this section are inclusive of VAT.

43.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:		
Opening Balance:	35 245 976	5 852 721
- As previously stated	35 245 976	5 852 721
Unauthorised Expenditure Current Year:	10 004 643	29 393 255
- Current Year	10 004 643	29 393 255
Approved/Condoned by Council:	(35 245 976)	-
- Current Year	(35 245 976)	-
Unauthorised Expenditure awaiting authorisation	**10 004 643**	**35 245 976**

The current year's unauthorised expenditure is as a result of the assessment conducted for immovable assets classified as "in bad condition" and duly impaired.
For non-cash items and cash items alike, the unauthorised expenditure results from free basic services and employee costs, such as other allowances, overtime, standby that were under budgeted for.
Unauthorised expenditure has been tabled to Council and was referred to MPAC.

- Non-cash	7 426 578	33 553 135
- Cash	2 578 065	1 692 841
	10 004 643	**35 245 976**

Analysed as follows:

Non-cash:-		
Depreciation and Amortisation	1 160 728	7 825
Impairment Losses	7 425 796	33 545 310
	8 586 524	**33 553 135**
Cash:-		
Employee Related Costs	1 841 335	
Remuneration of Councillors	-	24 228
Interest, Dividends and Rent on Land	6 938	234 933
Transfers and Subsidies Paid	729 790	331 080
Operational Costs	-	1 102 600
	10 818 522	**1 692 841**

43.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful Expenditure:

Opening Balance	38 676 903	16 750 435
- As previously stated	19 263 620	16 716 095
- Correction of error	19 413 283	34 340
Fruitless and Wasteful Expenditure	685 429	2 513 185
- Current Year	685 429	2 513 185
Fruitless and Wasteful Expenditure awaiting condonement	**39 362 333**	**19 263 620**

Fruitless and wasteful expenditure is as a result of suppliers paid for work not done and interest incurred for late payment of Eskom and Telkom invoices. Fruitless expenditure incurred for the year under review was also due to the lack of accurate and complete records by management resulting in the inability to confirm the number of dwellings that were connected as part of the electrification projects. Moreover, upon the independent physical verification of the projects on site, they could not confirm the existence of the electrified households as at 30 June 2021.
The AGSA raised findings querying the existence of infrastructure assets which were capitalised to work-in-progress since the commencement of the programme. Of the total of R21 705 237.80 raised as a finding, R5 313 219.39 was incurred in 2018/19 from a different service provider and was in fact verifiable and accurately capitalised in terms of that supplier's service level agreement. The remaining R16 281 839.16 (excl.VAT) did not meet the requirements to be recognised as an asset.
The municipality appointed engineers to assess and investigate the work done on site relating to the project. The outcome of this investigation is still pending.

Transfers and Subsidies: Free Basic Services(Electricity) payments made for households who are not beneficiaries of Indigent. Fees to the amount of R678 491 were paid over to Eskom for individuals who no longer qualifies for subsidy. . Eskom was instructed to delete the old data, upload the new data as per the approved Indigent Register and a formal correspondence will be sent to Eskom for recovery of the fruitless expenditure

43.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening Balance:	46 626 088	45 230 155
- As previously stated	46 626 088	45 208 818
- Correction of error		21 337
Irregular Expenditure Current Year:	23 216 481	1 395 933
- Current Year	23 216 481	1 020 046
- Prior Year	-	375 887
Irregular Expenditure awaiting condonation	**69 842 569**	**46 626 088**

Prior years Irregular Expenditure was referred to MPAC for investigation by Council, and the MPAC recommended to Council that the prior year expenditure be investigated by the Financial Misconduct Board. The current year expenditure relates to the remuneration packages for s56 & s57 managers exceeded the prescribed threshold as indicated in Government Gazette notice: No 2760 dated 18 November 2022 and will be tabled to Council as it was identified by AGSA.

Current Year:

Incident	Deviation
s56 and 57 remuneration- (2023: R2 420 966)	*Non Compliance Government Gazette Notice: No 2760 dated 18 November 2022*
Bantu Bobane Transport (2023:R11 200)	*Non Compliance with SCM regulations*
WG Mica Hardware(2023:R16 852.40)	*Non Compliance with SCM regulations*
Vokon Consulting(2023: R51 238.26))	*Non Compliance with SCM regulations*
Bholokodlela to Ntshingeni (2023: R6 313 929,18)	*Non Compliance with SCM regulations*
Masilakhe Consulting (2023: R136 287)	*Non Compliance with SCM regulations*
Hangana to Ntwashini (2023: R3 314 800,37)	*Non Compliance with SCM regulations*
Remainder Mangubomvu AR (2023: R1 704 568)	*Non Compliance with SCM regulations*
Qutsa to Mangubomvu Access Road(2023: R2 614 718)	*Non Compliance with SCM regulations*
MBSA Consulting (20023: R587 486,93)	*Non Compliance with SCM regulations*
Vokon Consulting(2023: R982 575,83)	*Non Compliance with SCM regulations*
Kozozo Trading (2023: R36 400)	*Non Compliance with SCM regulations*
Mkwinti Access Road (2023: R5 025458,38)	*Non Compliance with SCM regulations*

Prior Year:

Incident	Deviation
KCS Consultants - (2021: R355 607.25)	*Procured in terms of SCM Regulation 32; no demonstrable discounts or benefits.*
Vokon Consulting - (2022: R 816 103.25)	*Non Compliance with SCM regulations*
MBSA Consulting - (2022: R 601 166.93)	*Non Compliance with SCM regulations*
Kuhle Mcebo Engineers - (2021: R3 698 400)	*Quorum of BAC was not met as per SCM Regulations*
Sub-Contractors of Tshiya- (2021: R263 241.05)	*Non compliance with GCC & CIDB Regulations*
Umphongolo Petroleum - (2021: R609 130)	*Non compliance with Reg 36*
Qaphela Qapela Quantity Surveyors (2021: R 400 000.00)	*Non compliance with Reg 36*
MFS Consulting Chartered Accounting (R 502 119.85)	*Non compliance with Reg 36*
1 Time safety (2021:R 33 348.85)	*Non compliance with Reg 36*
SG Msimang (2021:R 187 840.00)	*Non compliance with Reg 36*
Helushe (2021:R 1 137 235))	*Non compliance with CIDB Regulations*
Bahlaphing Construction JV Ptafkam and TBR (2021:R 340 495.91)	*Non Compliance with SCM regulations*
Bravopro 245/ Bob Mazwana (2021:215 102.32)	*Non Compliance with SCM regulations*
Rushmere Nouch Attorneys (2021:R 14 220.29)	*Non Compliance with SCM regulations*
Nettieltons Attorneys (2021:42 185.16)	*Non compliance with Reg 36*
Red Guard - R0 (2022: R0)	*Contract extensions exceed 15% allowed of the original value of the contract.*
Umphongolo Petroleum - R0 (2022: R0)	*Contract extensions exceed 15% allowed of the original value of the contract.*

44. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

44.1 MUNICIPAL FINANCE MANAGEMENT ACT

44.1.1 Contributions to Organised Local Government - SALGA		
Opening Balance	-	-
Council Subscriptions	1 715 155	1 542 691
Amount Paid - current year	(1 715 155)	(1 542 691)
Balance Unpaid (included in Creditors)	**-**	**-**
44.1.2 Medical Aid Contributions		
Opening Balance	-	-
Current Year Contributions	14 344 624	14 458 093
Amount Paid - current year	(14 340 998)	(14 458 093)
Balance Unpaid (included in Creditors)	**3 626**	**-**
44.1.3 Pension Fund Contributions		
Opening Balance	-	-
Current Year Contributions	22 065 172	21 391 440
Amount Paid - current year	(22 065 172)	(21 391 440)
Balance Unpaid (included in Creditors)	**-**	**-**
44.1.4 Audit Fees		
Opening Balance	5 498	-
Current year Audit Fees	5 714 188	6 102 114
Amount Paid - current year	(5 719 686)	(6 096 616)
Balance Unpaid (included in Creditors)	**-**	**5 498**
44.1.5 PAYE, Skills Development Levy and UIF		
Opening Balance	(4 647)	(2 510)
Current year Payroll Deductions	23 816 121	23 266 887
Amount Paid - current year	(23 814 578)	(23 269 025)
Balance Unpaid (included in Creditors)	**(3 105)**	**(4 647)**

44.1.6 VAT

The net of VAT input receivables and VAT output payables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.	-	-

44.1.7 Councillor's arrear Consumer Accounts

At the reporting date no Councillor was in arrear on their municipal accounts.

44.1.8 Non-Compliance with the Municipal Finance Management Act

Interest charged on outstanding debtors - [MFMA 64 (2)(g)]

In terms of section 64 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality charges interest on over 60 days outstanding balances.	4 990 433	2 456 985

45. COMMITMENTS FOR EXPENDITURE	**11 705 090**	**9 976 663**
45.1 Capital Commitments		
- Approved and Contracted for:-	**3 793 788**	**6 240 856**
Infrastructure	1 767 819	6 240 856
Other	2 025 969	-
Total Capital Commitments	**3 793 788**	**6 240 856**
This expenditure will be financed from:		
Government Grants & Internal Funds	3 793 788	6 240 856
	3 793 788	**6 240 856**

45.2 Operational Commitments

- Approved and Contracted for:-		
Procurement of Financial Reporting and AFS Tools	150 973	131 360
Town and Regional Planners	434 400	
Supply and Delivery of Double Cab Bakkie	504 540	-
Rental of Multi-Function Printing Solution	11 068	153 514
Contraction of Roads and Bridges	-	2 095 118
Fleet Tracking Services	325 052	325 052
Installation, Monitoring of Alarm System and 24 Hours Armed Response for 24 Hour	4 493 227	96 780
Yethu Municipality Assets for a Period of Two Years	1 555 983	933 984
Other Committments	436 059	-
Total Operational Commitments	**7 911 302**	**3 735 807**
This expenditure will be financed from:		
Government Grants	150 973	2 516 950
Own Resources	7 760 329	1 218 858
	7 911 302	**3 735 807**

This committed expenditure relates to projects under work in progress and will be financed by available bank facilities,retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

46. FINANCIAL INSTRUMENTS

46.1 Classification

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

Financial Assets	Classification		
Receivables from Exchange Transactions			
Refuse	Amortised cost	396 207	804 237
Other Service Charges	Amortised cost	60 425	(1)
Affiliated/Related Parties/Associated Companies	Amortised cost	-	(7 356)
Property Rental Debtors	Amortised cost	348 550	677 908
Other Debtors	Amortised cost	167 798	-
Prepayments and Advances	Amortised cost	709 678	-
Control, Clearing and Interface Accounts	Amortised cost	417 609	417 609
Receivables with Credit Balances	Amortised cost	139 014	157 409
Cash and Cash Equivalents			
Bank Balances	Fair value	61 022 328	61 083 042
Cash Floats and Advances	Fair value	(0)	-

SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Refuse	396 207	804 237
Receivables from Exchange Transactions	Other Service Charges	60 425	(1)
Receivables from Exchange Transactions	Affiliated/Related Parties/Associated Companies	-	(7 356)
Receivables from Exchange Transactions	Property Rental Debtors	348 550	677 908
Receivables from Exchange Transactions	Other Debtors	167 798	-
Receivables from Exchange Transactions	Prepayments and Advances	709 678	-
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	417 609	417 609
Receivables from Exchange Transactions	Receivables with Credit Balances	139 014	157 409
Cash and Cash Equivalents	Bank Balances	61 022 328	61 083 042
Cash and Cash Equivalents	Cash Floats and Advances	(0)	-
Total Financial Assets		**63 261 608**	**63 132 848**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

Financial Liabilities	Classification		
Payables from Exchange Transactions			
Other Payables	Amortised cost	4 562 067	4 445 856
Retentions	Amortised cost	5 366 265	4 130 138
Trade Creditors	Amortised cost	3 873 395	7 408 390
Exchange Receivables with Credit Balances	Amortised cost	139 014	157 409

SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Payables from Exchange Transactions	Other Payables	4 562 067	4 445 856
Payables from Exchange Transactions	Retentions	5 366 265	4 130 138
Payables from Exchange Transactions	Trade Creditors	3 873 395	7 408 390
Payables from Exchange Transactions	Exchange Receivables with Credit Balances	139 014	157 409
Total Financial Liabilities		**13 940 740**	**16 141 793**

46.2 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.

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 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 municipality and other parties as well as the current payment ratios of the 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 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 2023, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the 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.

46.3 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 17 and the Statement of Changes in Net Assets.

Gearing Ratio

	2023 R	2022 R
The gearing ratio at the year-end was as follows:		
Debt	-	-
Cash and Cash Equivalents	(61 022 328)	(61 083 042)
Net Debt	(61 022 328)	(61 083 042)
Equity	640 204 720	632 648 780
Net debt to equity ratio	**-9,53%**	**-9,66%**

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

The Gearing Ratio of the municipality is currently negative, due to the municipality having no debt. If the value is negative, then this means that the municipality has net cash, i.e. cash at hand exceeds debt.

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

46.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the 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 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 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 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.

46.5 Significant Risks

It is the policy of the 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 municipality is exposed on the reporting date.

The 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 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 municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

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

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

The maturity analysis below shows the remaining contractual maturities of the entity's financial liabilities based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2023

	Less than 1 year	Between1 an 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	13 801 726			
Payables from non-exchange transactions	1 773 516			

At 30 June 2022

	Less than 1 year	Between1 an 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	15 984 384			
Payables from non-exchange transactions	254 468			

46.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 44.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

46.6.1 Foreign Currency Risk Management

The 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.

46.6.2 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.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

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

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

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 44.8 below:

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

- Surplus for the year ended 30 June 2023 would have increased / decreased by R610 527 (30 June 2022: R616 503). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

46.7 Credit Risk Management

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

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

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

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

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

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

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

Counterparty and Location	**30 June 2023 Carrying Amount R**	**30 June 2022 Carrying Amount R**
South African Bantu Trust	885 379	811 730
Sakaulis Prop (Pty) Ltd	744 481	625 355
Government of Transkei	767 744	713 605
South African Police Services	850 895	787 770
Vokuhle	1 298 579	1 031 795

	2023 R	**2022 R**
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	15 557 673	13 313 452
Bank, Cash and Cash Equivalents	61 022 328	61 083 042
Maximum Credit and Interest Risk Exposure	**76 580 001**	**74 396 494**

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	9,16%	14,43%
- Industrial / Commercial	12,87%	22,99%
- National and Provincial Government	6,60%	8,80%
- Other Classes	2,67%	2,49%
Other Debtors:		
- Other not Classified	9,10%	9,59%
Total Credit Risk	**40,39%**	**58,29%**
Bank and Cash Balances		
ABSA Bank Ltd	893 149	860 948
First National Bank	60 129 179	60 222 093
Total Bank and Cash Balances	**61 022 329**	**61 083 041**

Credit quality of Financial Assets:
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit rating:-		
Group 1	1 022 191	204 704
Group 2	261 324	52 333
Total Receivables from Exchange Transactions	**1 283 514**	**257 037**

Credit quality Groupings:
Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.
Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.
Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

46. FINANCIAL INSTRUMENTS (Continued)

46.1 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 municipality's short, medium and long-term funding and liquidity management requirements. The 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.

Liquidity and Interest Risk Tables

The 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 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 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 2023								
Non-interest Bearing		0,00%	13 940 740	13 940 740	-	-	-	-
- Payables from Exchange transactions			13 940 740	13 940 740				
			13 940 740	**13 940 740**	-	-	-	-
30 June 2022								
Non-interest Bearing		0,00%	16 141 793	16 141 793	-	-	-	-
- Payables from Exchange transactions			16 141 793	16 141 793	-	-	-	-
			16 141 793	**16 141 793**	-	-	-	-

The following table details the 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 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 2023								
Non-interest Bearing		0,00%	2 239 280	2 239 280	-	-	-	-
Variable Interest Rate Instruments		8,74%	61 022 328	61 022 328	-	-	-	-
- Bank Accounts			61 022 328	61 022 328	-	-	-	-
			63 261 608	**63 261 608**	-	-	-	-
30 June 2022								
Non-interest Bearing		0,00%	2 049 807	2 049 807	-	-	-	-
Variable Interest Rate Instruments		3,62%	61 083 042	61 083 042	-	-	-	-
- Bank Accounts			61 083 042	61 083 042	-	-	-	-
			63 132 848	**63 132 848**	-	-	-	-

	2023	2022
	R	R

47. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The 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, whilst 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 aforementioned funds are multiemployer 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 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 municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R13 917 923 (2022: R13 635 464) represents contributions payable to these plans by the 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.

47.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund, previously Cape Joint Pension Fund (Defined Benefit Scheme):
The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

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 2022 disclosed an actuarial valuation amounting to R1 392 (2021: R1 486) million, with a funding level of 111.6% (2021: 104.9%).

47.2 DEFINED CONTRIBUTION SCHEMES

Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund):
The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The actuarial valuation report at 30 June 2022 revealed that the net assets of the fund amounted to R36 503 (30 June 2021: R34 148) million with a funding level of 100,4% (30 June 2021: 100,5%). The contribution rate paid by the members (7,5% or 9,0%) and the employer (19,5% or 18,0%) is sufficient to fund the benefits accruing from the fund in the future.

National Fund for Municipal Workers:
The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. The statutory valuation performed as at 30 June 2021 revealed that the net assets of the fund amounted to R22 599 (30 June 2020 : R18 423) million.

The assets of the fund are sufficient to cover 100,0% the members' liabilities and various recommended reserve balances and the fund is hence financially sound.

Discovery Retirement Plan:
No information could be obtained. (One councillor is still a member).

LA Retirement Fund (previously Cape Joint Pension Fund):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The actuarial valuation report at 30 June 2022 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1 976 (2021: R2 083) million, and a funding level of 100.0% (2021: 100.0%).

Metropolitan Retirement Fund:
No information could be obtained.

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 statutory valuation performed as at 30 June 2015 revealed that the net assets of the fund were R2 552 (30 June 2012: R1 184) million, with a funding level of 101,8% (30 June 2012: 99,5%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

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

No further information could be obtained.

Municipal Workers Retirement Fund (previously South African Municipal Workers' Union Provident Fund:
The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The contribution rate payable is not less than 7,5% by the members and 18% by their councils. As 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 actuarial valuation report at 30 June 2017 disclosed assets amounting to R7 721 (2014: R6 575) million, with a funding level of 102,0% (2014: 111,7%). The Fund's assets are sufficient to cover the members' Fund Credits The Fund is therefore in a sound financial position.

None of the above mentioned plans are State Plans.

48. RELATED PARTY TRANSACTIONS

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

To the best knowledge of management, no transactions were entered into with related parties.

48.1 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 28 and 29 to the Annual Financial Statements.

49. CONTINGENT LIABILITIES

49.1 Court Proceedings:	**1 421 700**	**100 000**
Asanda Mbokotho vs IYM Asanda Mbokotho is suing the municipality alleging one of the traffic officers assaulted him on duty and claiming damages. The plaintiff's course of action has not been properly established on pleadings as they stand. No valid basis supported by any evidential value has further been advanced by the plaintiff, although discoveries done by the plaintiff, despite being invited to do so, the pleadings remain the crucial process	-	100 000
Pentecost Genius School (Case 17/2021) The plaintiff suing the municipality for damages of R65 876 .35 for their demolished structure. The matter was set down for hearing in March 2023 and was on the date further postponed.	65 876	-
Dalakuthethwa Wakeni (Case RC08/2021) The plaintiff is suing the municipality for the amount of R367 975.5 as he alleges that he was unlawfully removed as a Councillor and he claims because of this he was deprived from his monthly emoluments. The matter has not been set down for hearing.	367 976	-
JG Afrika (Case 380/2023) The Plaintiff claim R987 847.86 for what is invoiced as professional fees not paid for services rendered during the surfacing of the roads in Tsomo. The municipality filed a notice to defend the case in March 2023.	987 848	-

50. CONTINGENT ASSETS

50.1 Court Proceedings:	**2 278 253**	**-**
Kuhlemcebo Engineers (Case 742/2023) The Municipality is suing Kuhlemcebo Engineers in respect of a payment made to the contractor for services not delivered by them during the implementation of the electrification project, valued at R2 278 252.84. After the summons was served, the respondent did not oppose action. The matter will proceed by way of default judgment.	2 278 253	

51. EVENTS AFTER THE REPORTING DATE

- Valuation of Electrification Projects:

The Municipality embarked on an investigation of Fruitless and Wasteful Expenditure incurred for the Electrification Projects. As part of the exercise, the municipality appointed engineers to determine the cost of the work done on site. This value will be compared to payments made for these projects as at 30 June 2023. The outcome of the quantity surveyor's evaluation has not been concluded and the report has not yet been submitted to the municipality.

- New contracts entered to:

The Municipality entered into new contracts after reporting date to the value of R54 547 863.

- Forensic Investigation:

The municipality embarked on a forensic investigation of Cofimvaba Roads Construction and concluded the investigation in the current year. The financial impact of the investigation on Property Plant and Equipment is accounted for in these financial statements.
The report regarding the liability of affected parties in the matter has, however not yet been tabled to Council, and as such the impact on receivables or payables cannot be determined.

52. PRINCIPAL AND AGENT ARRANGEMENTS

Disclosure by agents

Accounting by principals and agents

The municipality is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

The Municipality undertakes to handle motor vehicle license issuing on behalf of the Department of Transport and Provincial Department of Transport and collects a commission of 19% plus VAT.

Resources held on behalf of the principal, but recognised in the municipality's own financial statements

The resources regarding the Licensing Department, remain their own and do not form part of the municipality's financial statements.

Liabilities and corresponding rights of reimbursement recognised as assets

There are currently no liabilities incurred on behalf of the principal that have been recognised by the municipality.

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement.

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories	**Additional details**
Licensing Fees	Income collected on behalf of DOT and Provincial Transport for Motor Vehicle registration

Categories of expenses paid or accrued on behalf of the principal, are:

Amount of revenue received on behalf of the principal during the reporting period

53. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 41).

54. GOING CONCERN ASSESSMENT

Management considered the following matters in relation to the going concern position of Intsika Yethu Local Municipality:

(i) The municipality's cash flow forecast for the year to 30 June 2024 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2023 was taken into consideration during the review.

(ii) The municipality is wholly dependent on the Department of Cooperative Governance and Traditional Affairs for continued funding of operations. The Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the Department of Cooperative Governance and Traditional Affairs has neither the intention, nor the need to materially liquidate the scale of the municipality.

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

55. SEGMENT REPORTING

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

- The segment for Community and Social Services:-
This segment consists of all services for community & social development services

- The segment for Public Safety:-
This segment consists of all services for Public Safety

- The segment for Health:-
This segment consists of all services for Health services

- The segment for Town Planning and Development Services:-
This segment do the planning and development of all services such as Road Transport and Energy Sources in the municipal area.

- The segment for Waste Management-
This segment consists of all services for the management of solid waste in the municipal area.

- The segment for Road Transport Services:-
This segment consists of infrastructure services for roads and storm water, including related maintenance services.

- The segment for Electricity and Energy Services:-
This segment consists of all services for the management of Electricity and Energy systems of the municipality.

- The segment for Finance and Administration:-
This segment consists of services such as executive services, support services to the executive and finance & administration services and other minor services rendered in the municipal iurisdiction area.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. 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.

The municipality operates within various geographical areas but operational results are only monitored within the business units as previously disclosed.

55.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2023

Description	Community and Social Services	Public Safety	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Finance and Administration	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates	-	-	-	-	-	-	-	13 596 233	13 596 233
Fines, Penalties and Forfeits	-	21 176	-	-	-	-	-	519 745	540 922
Licences and Permits	-	-	-	173 690	-	-	-	-	173 690
Transfers and Subsidies	982 687	-	-	500 089	2 749 349	-	-	252 712 250	256 944 375
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	3 693 031	3 693 031
Revenue from Exchange Transactions								-	
Licences and Permits	-	-	-	-	-	-	-	1 793 397	1 793 397
Service Charges	-	-	-	-	-	-	1 379 875	-	1 379 875
Sales of Goods and Rendering of Services	24 411	-	-	12 329	-	-	-	610 766	647 505
Income from Agency Services	-	-	-	-	-	-	-	890 164	890 164
Rental from Fixed Assets	783	-	-	570	-	-	-	1 333 892	1 335 244
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	6 633 712	6 633 712
Operational Revenue	-	-	-	-	-	-	-	478 461	478 461
Total Revenue	**1 007 881**	**21 176**	**-**	**686 677**	**2 749 349**	**-**	**1 379 875**	**282 261 650**	**288 106 608**
EXPENDITURE									
Employee Related Costs	37 971 170	-	-	8 658 992	33 201 610	-	-	56 791 965	136 623 736
Remuneration of Councillors	-	-	-	-	-	-	-	17 821 014	17 821 014
Depreciation and Amortisation	-	-	-	-	23 124 712	-	-	8 036 016	31 160 728
Impairment Losses					-			10 588 328	10 588 328
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	6 938	6 938
Contracted Services	1 281 972	-	-	4 433 721	2 967 940	209 039	694 581	10 608 283	20 195 537
Inventory Consumed	-	31 210	-	-	2 230 267	-	-	541 456	2 802 933
Transfers and Subsidies Paid	3 795 992	-	-	-	-	-	-	-	3 795 992
Operational Costs	694 589	15 050	68 682	311 569	302 523	-	6 452 883	26 833 788	34 679 084
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	14 635 918	14 635 918
Total Expenditure	**51 984 182**	**46 260**	**68 682**	**13 404 282**	**61 827 052**	**209 039**	**7 147 464**	**145 863 707**	**280 550 667**
Surplus/(Deficit) for the Year	**(50 976 302)**	**(25 084)**	**(68 682)**	**(12 717 605)**	**(59 077 703)**	**(209 039)**	**(5 767 589)**	**136 397 942,81**	**7 555 941**

55.2 Segmental Analysis of Capital Expenditure

Year Ended 30 June 2023

Description	Community and Social Services	Public Safety	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Finance and Administration	Total for Municipality
	R	R	R	R	R	R	R	R	R
								-	
Capital Expenditure								-	-
Property, Plant and Equipment	-				40 505 449			5 235 514	45 740 963
Investment Property								-	-
Total for Capital Expenditure	**-**	**-**	**-**	**-**	**40 505 449**	**-**	**-**	5 235 514	**45 740 963**