

Annual Financial Statements

for

Endumeni Local Municipality

for the year ended 30 June: **2021**

Province: **KwaZulu Natal**

AFS rounding: **R (i.e. only cents)**

Contact Information:

Name of Accounting Officer:	Mr SD Mbhele
Name of Chief Financial Officer:	Mr A Ngcobo
Contact telephone number:	0342122121
Contact e-mail address:	cfo@endumeni.gov.za
Name of contact at provincial treasury:	Thembehlehle Msomi
Contact telephone number:	0338974221
Contact e-mail address:	thembehlehle.msomi@kzntreasury.gov.za
Name of relevant Auditor:	Auditor General
Contact telephone number:	0332647400
Contact e-mail address:	johnnys@agsa.co.za
Name of contact at National Treasury:	Ayanda Lekopa
Contact telephone number:	012 315 5453
Contact e-mail address:	Ayanda.Lekopa@treasury.gov.za

Endumeni Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

General information

Members of the Council

Cllr SB Mdluli	Mayor
Cllr MI Nkosi	Deputy Mayor
Cllr LT Khumalo	Speaker
Cllr AS Ndlovu	Member of the Executive Committee
Cllr MH Xaba	MPAC
Cllr TM Mahaye	Member Deceased (1 July 2020 to 28 February 2021)
Cllr AZ Sadeck	Member (19 May 2021 to date)
Cllr FN Mthethwa	Member
Cllr NE Khanyile	Member
Cllr AM Raubenheimer	Member
Cllr B Khan	Member
Cllr SN Zwane	Member
Cllr TI Makaba	Member
Cllr CJ Carelse	Member

Accounting Officer

Mr SD Mbhele

Chief Financial Officer

Mr A Ngcobo

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

FNB Bank

Endumeni Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

General information (continued)

Registered Office:	Endumeni Municipality
Business address:	64 Victoria Street Civic Centre Dundee 3000
Postal address:	Private Bag X2024 Dundee 3000
Telephone number:	034 212 2121
Fax number:	034 212 3856
E-mail address:	pamm@endumeni.gov.za

Endumeni Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with 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 places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit. The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2021 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality however faces challenges of debtor non-payment and the high rate of electricity losses due to theft.

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 61, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Accounting Officer: Mr SD Mbhele

31 August 2021

Endumeni Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Information	9
Reportable segments	10
Accounting Policies	11-24
Notes to the Annual Financial Statements	25-55
Unaudited supplementary schedules	
Note 50 (1): Actual versus Budget (Revenue and Expenditure)	56
Note 50 (2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	57
Appendix A: Analysis of Property, Plant and Equipment	58-59
Appendix B: Segmental Analysis of Property, Plant and Equipment	60
Appendix C: Segmental Statement of Financial Performance	61

Abbreviations

MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MSCOA	Municipal Standard Chart of Accounts
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant

Endumeni Local Municipality
Statement of Financial Position
as at 30 June 2021

	Note	2021	2020 RESTATED
		R	R
ASSETS			
Current assets		65 553 580	77 213 184
Inventories	2	6 484 128	6 607 337
Cash and cash equivalents	3	13 638 168	34 333 310
Current portion of non-current receivables	4	0	0
Receivables from exchange transactions	5	17 420 016	12 667 008
Receivables from non-exchange transactions	6	28 011 267	23 605 528
Non-current assets		375 261 798	361 220 357
Property, plant and equipment	7	315 536 201	303 926 829
Intangible assets	8	2 597 817	1 746 528
Investment property	9	57 127 779	55 547 000
Total assets		440 815 377	438 433 541
LIABILITIES			
Current liabilities		65 056 230	62 218 431
Payables from exchange transactions	10	42 948 005	37 700 643
Consumer deposits	11	5 296 008	5 227 697
VAT payable	12	9 043 520	1 299 663
Provisions	13	716 744	612 805
Employee Benefit Obligations	41	3 389 936	3 255 477
Unspent conditional grants and receipts	14	3 662 017	14 122 146
Non-current liabilities		67 892 120	60 929 984
Provisions	13	16 493 160	15 537 937
Employee Benefit Obligations	41	51 398 960	45 392 047
NET ASSETS		307 867 027	315 285 126
Housing Development Fund	15	4 754 170	4 636 077
Accumulated surplus / (deficit)		303 112 857	310 649 049
Total net assets		307 867 027	315 285 126

Endumeni Local Municipality
Statement of Financial Performance
for the year ending 30 June 2021

	Note	2021	2020 RESTATED
		R	R
REVENUE			
Revenue from exchange transactions		159 684 682	143 648 193
Service charges	18	148 067 915	135 517 062
Rental of facilities and equipment	19	948 883	1 394 488
Interest earned - external investments	20	816 058	2 819 800
Licences and permits		2 591 761	2 927 625
Operational revenue from exchange transactions	22	7 260 066	989 218
Revenue from non-exchange transactions		203 109 152	168 669 974
Property rates	17	92 831 977	83 643 629
Property rates - penalties and collection charges		11 766 424	11 799 848
Fines		1 997 986	2 300 458
Transfers and subsidies	21	93 442 262	70 926 038
Public contributions and donations	22	3 070 503	-
Total revenue		362 793 834	312 318 167
EXPENSES			
Employee related costs	23	123 194 831	115 350 307
Remuneration of councillors	24	4 601 145	4 679 487
Bad debts		10 214 944	-
Debt Impairment	5	22 598 741	10 671 309
Contribution to landfill site provision	13	311 396	2 189 607
Municipal services cost		3 915 036	4 107 226
Depreciation	25	14 185 924	13 623 812
Amortisation	25	512 832	310 591
Bulk purchases electricity	26	116 978 978	103 897 454
Contracted services	27	14 395 768	18 876 223
Operational costs	28	45 171 168	36 191 490
Retirement and long services benefits	41	10 111 780	(1 061 917)
Total expenses		366 192 543	308 835 589
Gain / (loss) on write-off of assets	29	(2 753 394)	-
(Impairment loss) / Reversal of impairment loss	30	(1 443 047)	(1 394 272)
Gain / (loss) on fair value adjustment	31	23 000	(275 000)
Inventories: (Impairment loss)/ Reversal of impairment loss	30	158 577	23 907
Surplus / (deficit) for the period		(7 413 574)	1 837 213

Endumeni Local Municipality
Statement of Changes in Net Assets
as at 30 June 2021

	Housing Development Fund	Insurance Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R
Opening balance as previously reported 2019	4 548 969	-	313 380 391	317 929 360
Land duplicated on asset register (Note 35 Prior period error)			(4 372 293)	-4 372 293
Asset incorrectly capitalised (Note 35 Prior period error)	-	-	(226 726)	(226 726)
Restated Balance as at 30 June 2019	4 548 969	-	308 781 372	313 330 341
Restated Surplus for the year		-	1 837 213	1 837 213
Transactions for the year	87 108	30 464	-	117 571
Reclassification of Insurance reserve to surplus	-	(30 464)	30 464	-
Effect of rounding in the financial statements	-	-	0	0
				-
Restated Balance as at 30 June 2020	4 636 077	-	310 649 049	315 285 126
Surplus / (deficit) for the period		-	(7 413 574)	-7 413 574
Transactions for the year	118 093	(122 617)		-4 525
Reclassification of Insurance reserve to surplus		122 617	-122 617	-
Effect of rounding in the financial statements			-0	(0)
Balance at 30 June 2021	4 754 170	-	303 112 857	307 867 027

Refer to note 16 for ring fenced reserves within accumulated surplus

Endumeni Local Municipality

Cash Flow Statements

as at 30 June 2021

	Note	2021	2020
		R	RESTATED
			R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		306 587 518	366 144 211
Sales of goods and services		223 557 132	287 284 216
Transfers and subsidies		83 030 386	78 859 995
Payments		(298 206 562)	(360 625 933)
Employee costs		(128 344 113)	(117 551 147)
Suppliers		(169 862 449)	(243 074 786)
Cash generated from operations	32	8 380 956	5 518 280
Interest received		816 058	2 819 800
Interest paid		-	
Net cash flows from operating activities		9 197 014	8 338 080
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	7	(28 479 013)	(15 290 920)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of intangibles	8	(1 364 122)	(1 948 403)
Decrease/(Increase) in Long term receivables		(117 332)	(52 340)
Net cash flows from investing activities		(29 960 467)	(17 291 663)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	
Decrease/(Increase) in Consumer deposits		68 311	105 473
Net cash flows from financing activities		68 311	105 473
Net increase / (decrease) in cash and cash equivalents		(20 695 142)	(8 848 110)
Net cash and cash equivalents at beginning of period		34 333 310	43 181 420
Net cash and cash equivalents at end of period	33	13 638 168	34 333 310

Endumeni Municipality
Statement of Comparison of Budget and Actual Information
as at 30 June 2021

									2 021		2 020			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Audited Outcome
Financial Performance														
Property rates	87 919 079	(5 000 000)	82 919 079		82 919 079	92 831 977		9 912 898	112	106				83 643 629
Service charges	154 460 333	(4 815 235)	149 645 098		149 645 098	148 067 915		(1 577 183)	99	96				135 517 062
Investment revenue	2 940 000	(940 000)	2 000 000		2 000 000	816 058		(1 183 942)	41	28				2 819 800
Transfers recognised - operational	65 300 001	3 525 999	68 826 000		68 826 000	71 800 862		2 974 862	104	110				45 612 643
Other own revenue	39 342 462	(2 527 462)	36 815 000		36 815 000	24 588 120		(12 226 880)	67	62				19 136 638
Total Revenue (excluding capital transfers and contributions)	349 961 875	(9 756 698)	340 205 177		340 205 177	338 104 931		(2 100 246)	99	97				286 729 772
Employee costs	135 269 858	(4 813 858)	130 456 000		130 456 000	133 306 611	2 850 611	2 850 611	102	99				114 288 390
Remuneration of councillors	5 940 786	-	5 940 786		5 940 786	4 601 145	(1 339 641)	(1 339 641)	77	77				4 679 487
Debt impairment	7 463 668	-1 917 000	5 546 668		5 546 668	22 598 741	17 052 073	17 052 073	407	303				10 671 309
Depreciation & asset impairment	14 502 050	-16 818	14 485 232		14 485 232	16 141 803	1 656 571	1 656 571	111	111				15 328 675
Materials and bulk purchases	109 426 530	1 092 470	110 519 000		110 519 000	118 994 420	8 475 420	8 475 420	108	109				104 346 082
Transfers and grants	310 000	849 420	1 159 420		1 159 420	340 006	(819 414)	(819 414)	29	110				-
Other expenditure	71 895 901	166 188	72 062 089		72 062 089	74 247 682	2 185 593	2 185 593	103	103				60 892 010
Total Expenditure	344 808 793	(4 639 598)	340 169 195		340 169 195	370 230 408	30 061 213	30 061 213	109	107				310 205 954
Surplus/(Deficit)	5 153 082	(5 117 100)	35 982		35 982	(32 125 476)		(32 161 458)	-89	282				(23 476 182)
Transfers recognised - capital	18 737 000		25 100 866		25 100 866	21 641 400		(3 459 466)	86	116				25 313 395
Contributions recognised - capital & contributed assets			-		-	3 070 503								-
Surplus/(Deficit) after capital transfers & contributions	23 890 082	(5 117 100)	25 136 848		25 136 848	(7 413 574)		(32 550 422)	-29	-31				1 837 213
Share of surplus/ (deficit) of associate			-		-									-
Surplus/(Deficit) for the year	23 890 082	(5 117 100)	25 136 848		25 136 848	(7 413 574)		(32 550 422)	-29	-31				1 837 213
Capital expenditure & funds sources														
Capital expenditure	28 331 394	1 680 017	30 011 411		30 011 411	29 991 737				106				15 290 915
Transfers recognised - capital	18 737 000	2 252 030	20 989 030		20 989 030	21 641 400		652 370	103	116				18 868 855
Public contributions & donations		-	-		-	1 512 723		1 512 723	-	-				-
Borrowing		-	-		-	-		-	-	-				-
Internally generated funds	9 594 394	(572 013)	9 022 381		9 022 381	6 837 614		(2 184 767)	76	71				(3 577 940)
Total sources of capital funds	28 331 394	1 680 017	30 011 411		30 011 411	29 991 737		(19 674)	100	106				15 290 915
Cash flows														
Net cash from (used) operating	25 783 711	(23 904 845)	1 878 866		1 878 866	9 197 014		7 318 148	489	36				8 338 080
Net cash from (used) investing	(13 494 207)	(901 015)	(14 395 222)		(14 395 222)	(29 960 467)		(15 565 245)	208	222				(17 291 663)
Net cash from (used) financing						68 311		68 311						105 473
Cash/cash equivalents at the year end	58 071 043	(36 254 089)	21 816 954		21 816 954	13 638 168		(8 178 786)	63	23				34 333 310

Endumeni Municipality Reportable Segments for the year ending 30 June 2021												
	2 021						2 020					
	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total	Community and Public Safety	Economic and Environmental Services	Trading Services	Other	Unallocated	Total
Segment Revenue												
External revenue from non-exchange transactions	5 772 575	20 130 668	16 010 997	-	157 331 352	199 245 591	5 769 893	18 923 668	9 286 132	154 974 847	-	188 954 541
External revenue from exchange transactions	1 192 697	280 284	148 590 049	2 589 341	10 102 814	162 755 185	1 113 783,42	458 554,23	135 239 472,42	(16 267 984)	-	120 543 826
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	816 058	816 058	-	-	-	2 819 800	-	2 819 800
Total segment revenue	6 965 273	20 410 951	164 601 045	2 589 341	168 250 223	362 816 834	6 883 677	19 382 222	144 525 604	141 526 663	-	312 318 167
Segment Expenses												
Total segment expenses	39 390 336	40 477 628	162 070 471	4 228 173	109 519 803	355 686 412	30 939 543	42 554 863	148 585 073	74 744 937	-	296 824 416
Depreciation and amortisation	3 263 424	6 528 384	2 644 768	280 680	1 826 741	14 543 996	3 957 014	5 325 576	2 053 170	2 320 777	-	13 656 537
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate / Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
Total segment expenses	42 653 760	47 006 011	164 715 240	4 508 853	111 346 544	370 230 408	34 896 557	47 880 439	150 638 243	77 065 714	-	310 480 954
Surplus/(Deficit) for the year	-35 688 487	(26 595 060)	(114 195)	(1 919 511)	56 903 679	(7 413 574)	-28 012 881	(28 498 217)	(6 112 638)	64 460 949	-	1 837 213
Other Information												
Segment assets	63 583 362	14 011 933	289 162 090	-	74 057 993	440 815 377	62 588 620	9 516 147	209 840 982	-	156 487 792	438 433 541
Segment liabilities	(13 150)	(111 341)	(442 411)	-	-132 381 448	(132 948 350)	-	(111 341)	-	-	(123 037 074)	(123 148 415)
Additions to non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from (used) operating	-	-	-	-	9 197 014	9 197 014	-	-	-	-	8 338 080	8 338 080
Net cash from (used) investing	-	-	-	-	(29 960 467)	(29 960 467)	-	-	-	-	(17 291 663)	(17 291 663)
Net cash from (used) financing	-	-	-	-	68 311	68 311	-	-	-	-	105 473	105 473
Impairment loss/(reversal) recognised in surplus/deficit	-	-	-	-	1 443 047	1 443 047	-	-	-	-	1 394 272	1 394 272
Impairment loss/(reversal) recognised in net assets	-	-	-	-	-	-	-	-	-	-	-	-

For management purposes, the municipality is organised and operates in four key functional segments (or business units).

To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance.

The four key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;

Basis of measurement and aggregation

The Endumeni local municipality has 7 wards within its jurisdiction. The aggregation of these segments is consistent with the functional classification in compliance with MSCOA.

Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The functional classification considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes.

Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

Endumeni Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
as at 30 June 2021

1 ACCOUNTING POLICIES

1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

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

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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

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

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality however faces challenges of debtor non-payment for municipal services and a high rate of electricity losses due to theft. This may have future implications on the operations of the municipality.

COMPARATIVE INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2020 to 30 June 2021.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.1 SIGNIFICANT JUDGEMENT AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amount represented in the financial statements and related disclosures. Use of available information and 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 financial statements. Significant judgements include:

1.1.1 PROVISIONS

Management determined an estimate for provisions for the rehabilitation of the landfill site based on the engineers estimate of the landfill site. Additional disclosure of these estimates are included in Note 13 Current and Non-current provisions

1.1.2 USEFUL LIVES OF PROPERTY PLANT EQUIPMENT AND INTANGIBLE ASSETS

The municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the asset become available for use. The useful lives and residual values are based on industry knowledge and are reviewed annually.

1.1.3 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 medical 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 Note 41 to the financial statements.

1.1.4 REVENUE RECOGNITION

Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 Revenue from Exchange Transactions and GRAP 23 Revenue from Non Exchange Transactions and in particular, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.1.5 FINANCIAL ASSETS AND LIABILITIES

The classification of financial assets and liabilities into categories is based on relevant accounting standards as assessed by management.

1.2 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP and interpretations of Standards of GRAP approved have been issued but are not yet effective and have not been early adopted by the municipality:

Guideline - Accounting for Landfill sites

Management have considered the above-mentioned GRAP guidelines approved or issued but not yet effective and anticipates that the adoption of these guidelines will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

The municipality has not yet adopted GRAP 108 as it has elected to adopt the transitional relief. None of the receivables are currently measured using GRAP 108. The municipality is in the process of developing an implementation plan which will include the review of the classification of revenue and receivable transactions based on the manner in which it arises (i.e. through contracts or through other means e.g. legislation etc.), the review of existing accounting policies and the review of existing processes to support the implementation of the new policies.

1.3 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

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

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the 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.

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	3 - 100 years	Machinery and equipment	3 - 20 years
Electricity	3 - 80 years	Furniture and Equipment	3 - 50 years
Other	10 - 30 years	Motor Vehicles	4 - 20 years
		Buildings	5 - 30 years

At each reporting date the municipality will assess whether there has been an indication that the expectation of the remaining useful lives of assets have changed. Such reviews are completed on Infrastructure, movable, intangible and leased assets. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

SITE REHABILITATION AND RESTORATION COSTS

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As 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 group 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 cash generating assets and/or impairment of non-cash-generating assets.

1.4 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it Either:

- is separable, ie. capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

INITIAL RECOGNITION

Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential;
- the municipality has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

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

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

SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2 - 5 years
-------------------	-------------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENT

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

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

1,5 INVESTMENT PROPERTY

INITIAL RECOGNITION

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

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

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

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is subsequently measured at fair value model. The fair value of investment property is based on the valuation roll values of the local municipality in whose jurisdiction the investment property is situated. Fair value is adjusted when a new valuation roll is implemented by the local municipality for property tax purposes. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1,6 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining cost is the weighted-average method.

DERECOGNITION

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.

1,7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1,8 IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall 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.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1,9 UNAUTHORISED EXPENDITURE

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

1,10 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1,11 FRUITLESS AND WASTEFUL EXPENDITURE

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

1,12 PROVISIONS

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

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

1,13 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1,14 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1,15 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

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

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

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest revenue is recognised on a time proportion basis.

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

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

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of consumables and sundry items is recognised when the risk is passed to the consumer.

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

EXPENDITURE FROM EXCHANGE

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from spot fines and summons are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1,16 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms on the Housing Act (Act 107 of 1997)

Sections 15 (5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa), read with inter alia section 16(2), the Housing Act required that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, to be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

1,17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1,18 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1,19 POST-EMPLOYMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized 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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution funds

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employees, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

POST RE-TIREMENT HEALTH CARE BENEFITS

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

1,20 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount).

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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

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

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

INVESTMENT PROPERTY HELD AT COST

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1,21 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. The municipality applies GRAP 20 for related parties.

1,22 VALUE ADDED TAX (VAT)

The municipality accounts for VAT on the accrual basis.

Based on approval received from the Commissioner for South African Revenue Services, the municipality has been given permission to remit or claim for VAT on the payments basis for debtors and creditors.

1,23 SERVICE CONCESSION ARRANGEMENT

Service concession arrangement is a contractual arrangement between a grantor and the operator in which an operator uses the service concession asset to provide a mandated function on behalf of a grantor for a specified period. Where the operator is compensated for its services over the period of service concession arrangement. A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate. An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

RECOGNITION

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life.

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability. The entity does not recognise a liability where an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

MEASUREMENT

The entity initially measures the service concession asset at its fair value where the asset is not an existing asset of the entity. Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment Property, Property plant and equipment, Intangible assets, or Heritage assets as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity,

Financial liability model

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

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

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

Other liabilities, contingent liabilities and contingent assets

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

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

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

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration are recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements

The municipality has assessed the transactions and for the period under assessment does not have any such arrangements.

1,24 ACCOUNTING BY PRINCIPALS AND AGENTS**IDENTIFICATION**

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent

Assessing which entity benefits from the transactions with third parties

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

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

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

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

RECOGNITION

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1,25 STATUTORY RECEIVABLES

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and are settled in cash or another financial asset. The municipality accounts for statutory receivables which arise from the implementation of:

The Municipal Property Rates Act 6 of 2004 (MPRA) whose purpose is to regulate the power of a municipality to impose rates on property, to exclude certain properties from rating in the national interest and to make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates through their rating policies.

The National Road Traffic Act 93 of 1996 (NRTA) whose purpose is to provide for road traffic matters which shall apply uniformly throughout the republic and for matters connected therewith.

Determination of transaction amount

Transaction amounts for these statutory are determined as follows:

Property rates - billed amount with reference to property values taking into consideration any exemptions, rebates and reductions as per policy, excluding any receipts

Traffic fines - with reference to the schedules as per the act and offence.

Penalties and other charges levied/charged

Penalties on outstanding balances is charged on overdue property rates balances and form part of statutory receivables at 1% per month on the outstanding balance excluding penalties.

Basis used to assess the test whether a statutory receivables is impaired

All balances outstanding is assessed at reporting date whether there is an indication that a statutory receivable or a group of statutory receivables may be impaired.

1,26 CAPITAL COMMITMENTS

A capital commitment is a binding agreement to undertake capital expenditure at some time in the future which has not yet become an actual liability

An **approved and contracted for commitment** is where expenditure has been approved and the contract has been awarded at the end of the financial year.

An **approved and not yet contracted for commitment** is where the expenditure has been approved but the contract has not yet been awarded or is awaiting the finalisation at the end of the reporting date.

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

	Note	2021	2020
		R	R
2 INVENTORIES			
Material and supplies - electricity		3 789 622	4 643 283
Consumable - general		2 335 734	1 749 131
Consumable - fuel and oils		337 680	191 955
Mechanical spares		21 093	22 968
Closing balance of inventories		6 484 128	6 607 337
Inventories recognised as an expense during the year		6 585 407	5 234 995
Write down of inventory		58 576	-

Inventory has been impaired for redundant and obsolete items

Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority. The stock write down for the current year is still subject to council approval

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash on hand	15 300	15 300
Cash book Balances	2 414 616	3 324 478
Short-term deposits		
Deposits - General Account	6 518 697	19 202 950
Deposits - Museum Trust Fund	2 013	92 953
Deposits - Government Grants and Subsidies	4 687 541	11 697 629
	13 638 168	34 333 310

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank Account - Dundee Branch
Account Number 62025460651: Cheque Account

Cash book balance at beginning of year	136 447	5 265 898
Cash book balance at end of year	2 414 616	136 447
Bank statement balance at beginning of year	3 324 478	5 265 898
Bank statement balance at end of year	6 211 139	3 324 478

The municipality has the following Short-term deposit accounts

ACCOUNT DESCRIPTION - Short-term deposits (MFMA requirement)

Investment General Account

Absa Bank Account - Dundee Branch
Account Number 9072089566 : Call Account

Bank statement balance at the beginning of the year	6 006 237	6 006 332
Bank statement balance at the end of the year	-	6 006 237

Investment General Account

First National Bank Account - Dundee Branch
Account Number 62113431390 : Money Market Account

Bank statement balance at the beginning of the year	530 910	6 532 973
Bank statement balance at the end of the year	10 910	530 910

Investment General Account

Grindrod Bank - Durban Branch
Account Number 11000207002 Call Account

Bank statement balance at the beginning of the year	6 298 971	5 955 670
Bank statement balance at the end of the year	6 507 787	6 298 971

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

	Note	2021	2020
		R	R
Investment General Account			
<i>Investec Branch - Sandton Branch</i>			
<i>Account Number 540709 fixed deposit</i>			
Bank statement balance at the beginning of the year		6 366 832	6 013 827
Bank statement balance at the end of the year		<u>-</u>	<u>6 366 832</u>
TOTAL INVESTMENTS (CURRENT ACCOUNT) :		<u>6 518 697</u>	<u>19 202 950</u>
Investment Museum Trust Fund			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62127781236 : Money Market Account</i>			
Bank statement balance at the beginning of the year		92 953	56 876
Bank statement balance at the end of the year		<u>2 013</u>	<u>92 953</u>
TOTAL INVESTMENT (MUSEUM TRUST FUND) :		<u>2 013</u>	<u>92 953</u>
Investment Projects			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62047254941 : Call Account</i>			
Bank statement balance at the beginning of the year		2 021 088	1 267 898
Bank statement balance at the end of the year		<u>2 913 817</u>	<u>2 021 088</u>
Investment Interest Earned			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62509652419 : Call Account</i>			
Bank statement balance at the beginning of the year		3 236 602	29 370
Bank statement balance at the end of the year		<u>3 273</u>	<u>3 236 602</u>
Investment VAT			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62509650851 : Call Account</i>			
Bank statement balance at the beginning of the year		4 076 056	8 347 795
Bank statement balance at the end of the year		<u>12 475</u>	<u>4 076 056</u>
Investment Sibongile Hostel			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62045928069 : Call Account</i>			
Bank statement balance at the beginning of the year		534 059	508 172
Bank statement balance at the end of the year		<u>547 202</u>	<u>534 059</u>
Investment Sithembile Hostel			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62063967718 : Call Account</i>			
Bank statement balance at the beginning of the year		434 688	413 855
Bank statement balance at the end of the year		<u>445 364</u>	<u>434 688</u>
Investment Training of Councillors			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62310958098 : Call Account</i>			
Bank statement balance at the beginning of the year		11 102	11 102
Bank statement balance at the end of the year		<u>11 102</u>	<u>11 102</u>
Investment Transfer / Buyback Centre			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62130398903 : Call Account</i>			
Bank statement balance at the beginning of the year		9 063	8 598
Bank statement balance at the end of the year		<u>-</u>	<u>9 063</u>
Investment Sibongile Library Internet			
<i>First National Bank Account - Dundee Branch</i>			
<i>Account Number 62173631948 : Call Account</i>			
Bank statement balance at the beginning of the year		262 322	396 274
Bank statement balance at the end of the year		<u>158 993</u>	<u>262 322</u>

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

Note	2021	2020
	R	R
Investment Housing Operating Account		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62412969084 : Call Account</i>		
Bank statement balance at the beginning of the year	531 503	506 450
Bank statement balance at the end of the year	544 512	531 503
Investment Rural Horse Riding		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62599265876 : Money Market Account</i>		
Bank statement balance at the beginning of the year	20 005	19 076
Bank statement balance at the end of the year	20 494	20 005
Investment Small Town Rehabilitation		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62521487894 : Money Market Account</i>		
Bank statement balance at the beginning of the year	561 140	781 125
Bank statement balance at the end of the year	30 310	561 140
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :	4 687 541	11 697 629
TOTAL CURRENT INVESTMENTS	11 208 252	30 993 532
4 NON-CURRENT RECEIVABLES		
Housing - Selling scheme loans	536 868	536 868
Housing - Sibongile	1 546 151	1 428 818
Housing - Individual selling scheme loans	140 507	140 507
	2 223 526	2 106 193
Less : Provision for housing receivables	(2 223 526)	(2 106 193)
Total Non Current Receivables	-	-
HOUSING SELLING SCHEME LOANS		
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Human Settlements programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%. Title deeds for many of these properties have been handed over to the beneficiaries in the 2015/16 financial year.		
5 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade and Other Receivables from Exchange</u>	R	R
Electricity	15 578 787,63	8 480 237
Refuse	26 373 657,61	23 564 728
Debtors for Value Added Taxation	-	4 735 126
Estate	63 270,66	63 838
Interest	12 164 480,35	12 263 260
Refund	-	362 158
Deposit Housing	7 150,00	10 200
Deposit Electricity	7 358,03	23 749
Housing Levy	858 322,79	740 324
Legal Fees	-	66 111
Sundry Adjustments	4 798 644	283 590
Total Service Debtors	59 851 671	50 593 321
Provision for Doubtful Debts	(42 431 655)	(37 926 313)
Total	17 420 016,17	12 667 008
<u>Electricity: Ageing</u>		
Current (0 – 30 days)	5 737 867	4 678 264
31 - 60 Days	2 042 600	1 002 652
61 - 90 Days	1 428 245	827 135
91 - 120 Days	929 056	464 868
Greater than 120 days	5 441 020	1 507 318
Total	15 578 788	8 480 237

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

	Note	2021	2020
		R	R
<u>Refuse: Ageing</u>			
Current (0 – 30 days)		1 636 178	1 316 382
31 - 60 Days		1 221 682	824 567
61 - 90 Days		1 011 749	720 035
91 - 120 Days		891 076	645 079
Greater than 120 days		21 612 972	20 058 664
Total		26 373 658	23 564 728
<u>Debtors for Value Added Taxation: Ageing</u>			
Current (0 – 30 days)		-	901 136
31 - 60 Days		-	271 863
61 - 90 Days		-	232 100
91 - 120 Days		-	168 352
Greater than 120 days		-	3 161 676
Total		-	4 735 126
<u>Estate: Ageing</u>			
Current (0 – 30 days)		-	2 301
31 - 60 Days		-	814
61 - 90 Days		-	863
91 - 120 Days		-	708
Greater than 120 days		63 271	59 153
Total		63 271	63 838
<u>Interest: Ageing</u>			
Current (0 – 30 days)		-	235 010
31 - 60 Days		-	213 863
61 - 90 Days		276 696	199 924
91 - 120 Days		288 409	193 507
Greater than 120 days		11 599 376	11 420 957
Total		12 164 480	12 263 260
<u>Refund: Ageing</u>			
Current (0 – 30 days)		-	26 474
31 - 60 Days		-	4 283
61 - 90 Days		-	-
91 - 120 Days		-	8 723
Greater than 120 days		-	322 678
Total		-	362 158
<u>Deposit Housing: Ageing</u>			
Current (0 – 30 days)		-	500
31 - 60 Days		-	700
61 - 90 Days		-	-
91 - 120 Days		-	350
Greater than 120 days		7 150	8 650
Total		7 150	10 200
<u>Deposit Electricity: Ageing</u>			
Current (0 – 30 days)		-	2 012
31 - 60 Days		-	2 000
61 - 90 Days		-	-
91 - 120 Days		-	-
Greater than 120 days		7 358	19 737
Total		7 358	23 749

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

	Note	2021	2020
		R	R
<u>Housing Levy: Ageing</u>			
Current (0 – 30 days)		24 240	30 058
31 - 60 Days		21 488	22 518
61 - 90 Days		21 241	22 264
91 - 120 Days		20 694	22 027
Greater than 120 days		770 659	643 457
Total		858 323	740 324
<u>Legal Fees: Ageing</u>			
Current (0 – 30 days)		-	-
31 - 60 Days		-	-
61 - 90 Days		-	-
91 - 120 Days		-	-
Greater than 120 days		-	66 111
Total		-	66 111
<u>Sundry Adjustments: Ageing</u>			
Current (0 – 30 days)		594 531	1 281
31 - 60 Days		570 479	1 220
61 - 90 Days		33 254	4 903
91 - 120 Days		41 678	12 043
Greater than 120 days		3 558 703	264 143
Total		4 798 644	283 590

Included in the Receivables from exchange balances and receivables from non-exchange transactions are the amounts owed by other spheres of Government:

Summary of Debtors by Customer Classification

	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2021			
Current (0 – 30 days)	7 087 778	6 112 317	2 076 234
31 - 60 Days	4 612 177	2 016 323	1 415 266
61 - 90 Days	3 755 103	1 231 434	1 166 709
91 - 120 Days	3 318 643	901 162	886 949
121+ Days	92 047 103	11 852 629	16 168 118
Sub-total	110 820 804	22 113 865	21 713 276
Total debtors by customer classification			154 647 945
as at 30 June 2020			
Current (0 – 30 days)	5 703 133	5 305 500	110 017
31 - 60 Days	2 916 443	1 629 235	559 138
61 - 90 Days	2 462 580	1 461 154	204 711
91 - 120 Days	2 241 925	942 642	99 671
121 + Days	86 970 867	11 195 014	4 198 757
Sub-total	100 294 948	20 533 544	5 172 294
Total debtors			126 000 786
Add back consumers with credit balances			3 415 519
Total debtors by customer classification			129 416 305

5 Reconciliation of the doubtful debt provision

Reconciliation of the Bad Debt Provision

Balance at beginning of the year	112 131 099	101 430 196
Revenue from exchange	37 926 313	32 280 296
Non-current receivables	2 106 193	2 053 851
Revenue from non-exchange	72 098 592	67 096 049
Contribution to provision	22 598 741	10 700 902
Revenue from exchange	4 505 342	5 646 017
Non-current receivables	117 332	52 342
Revenue from non-exchange	17 976 067	5 002 543
Revenue from exchange	42 431 655	37 926 313
Non-current receivables	2 223 526	2 106 193

Endumeni Local Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2021

	Note	2021	2020
		R	R
Revenue from non-exchange		90 074 659	72 098 592
Balance at end of year		134 729 840	112 131 099
Bad debts written off		10 214 944	(29 593)

6 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Property Rates	65 431 648	52 713 559
Penalties	24 927 852	22 731 012
Collection Fees	4 436 775	3 378 413
Traffic Fines	13 124 100	11 477 006
Other Sundry Debtors	10 165 552	5 404 131
	118 085 926	95 704 120
Less provision for bad debts	(90 074 659)	(72 098 592)
Total	28 011 267	23 605 528

Rates: Ageing

Current (0 – 30 days)	6 430 506	5 010 051
31 - 60 Days	3 362 573	2 355 889
61 - 90 Days	2 836 470	1 833 072
91 - 120 Days	2 387 041	1 594 157
Greater than 120 days	50 415 059	41 920 390
Total	65 431 648	52 713 559

Penalties: Ageing

Current (0 – 30 days)	853 008	384 189
31 - 60 Days	824 943	366 632
61 - 90 Days	446 277	350 858
91 - 120 Days	451 499	343 351
Greater than 120 days	22 352 125	21 285 982
Total	24 927 852	22 731 012

Collection Fees: Ageing

Current (0 – 30 days)	-	117 796
31 - 60 Days	-	97 732
61 - 90 Days	99 315	83 200
91 - 120 Days	97 301	82 506
Greater than 120 days	4 240 158	2 997 179
Total	4 436 775	3 378 413

Property rates past due but not impaired

Property rates which are less than 3 months past due are not considered to be impaired. At 30 June 2021 R18 104 538 (2019 R19 737 253) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	1 952 967	5 010 021
2 months past due	1 133 854	2 343 583
3 months past due	619 390	1 833 072

Property rates impaired

As of 30 June 2021, property rates of R 75 412 534 (2020 R 59 085 731) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 4 months	4 621 903	2 855 924
Over 4 months	64 432 350	41 920 390

The fair value of property rates approximates their carrying amounts.

ENDUMENI LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

Figures in rands

7 Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land	56 867 244	0	56 867 244	56 597 244	0	56 597 244
Community Asset (Buildings)	99 875 164	-29 850 106	70 025 058	94 616 877	-25 645 938	68 970 940
Electricity	47 089 881	-21 171 176	25 918 704	48 140 109	-21 055 759	27 084 350
Road	192 535 400	-72 322 873	120 212 527	183 851 584	-66 677 599	117 173 985
Solid waste	6 548 507	-5 076 620	1 471 887	6 553 936	-4 735 085	1 818 851
Cemeteries	3 972 078	-1 541 892	2 430 186	3 972 078	-1 288 987	2 683 091
WIP Buildings	7 721 944	0	7 721 944	5 261 330	0	5 261 330
WIP Electricity	384 032	0	384 032	961 023	0	961 023
WIP Roads	5 242 149	0	5 242 149	3 065 378	0	3 065 378
WIP Land Fill Site	0	0	0	0	0	0
WIP Cemeteries	0	0	0	0	0	0
Furniture and equipment	4 932 415	-3 572 693	1 359 722	4 902 020	-3 323 579	1 578 441
Computer equipment	6 140 950	-4 345 247	1 795 703	5 706 337	-4 293 676	1 412 661
Machinery and equipment	25 429 791	-10 897 616	14 532 175	20 737 709	-9 609 248	11 128 461
Transport Assets	16 895 958	-9 436 595	7 459 363	16 317 787	-10 242 307	6 075 479
Lease Assets	9 300	-9 061	239	9 300	-8 973	327
Housing letting schemes	307 630	-192 362	115 268	307 630	-192 362	115 268
	473 952 444	-158 416 243	315 536 201	451 000 342	-147 073 513	303 926 829

Expenditure incurred to repair and maintain Property, plant and equipment

Repairs and maintenances to the value of R7 776 120 (R3 926 515 - 2020) was incurred to repair and maintain property plant and equipment.

Property, plant and equipment that is taking a significantly longer period of time to complete than expected

Infrastructure Assets

Roads 1 182 954,00

Included under asset construction for roads amounting to R5 242 149, is R 1 182 954 construction projects that are taking a significantly longer period of time to complete than expected. The municipality has incurred professional fees for the construction of certain roads however due to financial and budgetary constraints these projects were put on hold as other urgent projects were prioritised. These projects are currently being considered for implementation in the 2022 financial years.

Reconciliation of property, plant and equipment - 2021

	Opening Balance	Prior Year adjustment	Additions	Donated Assets	Transfers	Disposals	Depreciation	Impairment (loss)	Total
Land	56 597 244	0	0	270 000	0	0	0	0	56 867 244
Community Asset (Buildings)	68 970 940	0	1 835 010	1 232 221	3 578 394	-1 421 236	-3 272 570	-1 039 380	69 883 378
Electricity	27 084 350	0	685 753	0	961 023	-1 158 449	-1 292 106	-361 866	25 918 704
Road	117 173 985	0	7 552 737	0	1 131 079	0	-5 645 274	0	120 212 527
Solid waste	1 818 851	0	0	0	0	-431	-346 534	0	1 471 887
Cemeteries	2 683 091	0	0	0	0	0	-252 905	0	2 430 186
WIP Buildings	5 261 330	0	6 180 688	0	-3 578 394	0	0	0	7 863 624
WIP Electricity	961 023	0	384 032	0	-961 023	0	0	0	384 032
WIP Roads	3 065 378	0	3 418 536	0	-1 131 079	-110 686	0	0	5 242 149
WIP Land Fill Site	0	0	0	0	0	0	0	0	0
WIP Cemeteries	0	0	0	0	0	0	0	0	0
Furniture and equipment	1 570 020	8 421	169 291	0	0	-3 455	-378 395	-6 160	1 359 722
Computer equipment	1 412 661	0	870 207	10 503	0	-8 084	-475 044	-14 539	1 795 703
Machinery and equipment	11 134 453	-5 992	4 963 866	0	0	-38 050	-1 502 155	-19 947	14 532 175
Transport Assets - restated	6 075 479	0	2 418 894	0	0	-13 003	-1 020 852	-1 155	7 459 363
Lease Assets	327	0	0	0	0	0	-88	0	239
Housing letting schemes	115 268	0	0	0	0	0	0	0	115 268
	303 924 400	2 429	28 479 014	1 512 723	-0	-2 753 394	-14 185 924	-1 443 047	315 536 201

Reconciliation of property, plant and equipment - 2020

	Opening Balance	Prior year adjustment	Additions	Donations	Disposals	Transfers	Depreciation	Impairment (loss)	Total
Land - restated	60 969 537	-4 372 293	0	0	0	0	0	0	56 597 244
Community Asset (Buildings)	57 067 840	0	171 814	0	0	14 438 579	-2 703 884	-3 409	68 970 940
Electricity	28 248 559	0	158 650	0	0	0	-1 270 994	-51 865	27 084 350
Road	122 874 487	0	27 900	0	0	0	-5 665 677	-62 725	117 173 985
Solid waste	2 254 304	0	0	0	0	0	-435 453	0	1 818 851
Cemeteries	2 937 962	0	0	0	0	0	-253 777	-1 094	2 683 091
WIP Buildings	11 077 104	0	9 089 391	0	0	-14 905 164	0	0	5 261 330
WIP Electricity	124 704	0	836 320	0	0	0	0	0	961 023
WIP Roads	2 196 181	0	869 197	0	0	0	0	0	3 065 378
WIP Land Fill Site	226 726	-226 726	0	0	0	0	0	0	0
WIP Cemeteries	0	0	0	0	0	0	0	0	0
Furniture and equipment	1 910 504	0	82 230	0	0	0	-414 293	0	1 578 441
Computer equipment	1 754 543	0	181 449	0	0	0	-523 331	0	1 412 661
Machinery and equipment	10 623 343	0	1 424 149	0	0	466 585	-1 383 076	-2 540	11 128 461
Transport Assets	5 864 669	0	2 449 816	0	0	0	-973 165	-1 265 841	6 075 479
Lease Assets	490	0	0	0	0	0	-163	0	327
Housing letting schemes	115 268	0	0	0	0	0	0	0	115 268
	308 246 220	-4 599 019	15 290 915	0	0	-0	-13 623 812	-1 387 475	303 926 829

Details of property, plant and equipment are included in a register which is available for inspection at the municipal offices. Refer to Note 35 for prior period errors

8 INTANGIBLE ASSETS

2021			2020		
Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Computer software and other	4 306 648	-1 708 831	2 942 527	-1 195 999	1 746 528
	4 306 648	2 597 817	2 942 527	-1 195 999	1 746 528

Reconciliation of intangible assets - 2021

	Opening Balance	Prior Year Adjustment	Additions	Disposals	Transfers	Amortisation	Impairment(loss) /reversal	Total
Computer software and other	75 990	1 670 538	1 364 122	0	0	-512 832	0	2 597 817
	75 990	1 670 538	1 364 122	0	0	-512 832	0	2 597 817

Reconciliation of intangible assets - 2020

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment(loss)/ reversal	Total
Computer software and other	115 513	1 948 403	0	0	-310 591	-6 798	1 746 528
	115 513	1 948 403	0	0	-310 591	-6 798	1 746 528

9 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

2021			2020			
Cost	Fair Value Adjustments	Carrying value	Cost	Fair Value Adjustments	Carrying value	
Investment properties	57 104 779	23 000	57 127 779	55 822 000	-275 000	55 547 000
	57 104 779	23 000	57 127 779	55 822 000	-275 000	55 547 000

Reconciliation of investment properties assets - 2021

	Opening Balance	Prior Year Adjustment	Donated assets	Fair value adjustment	Disposals	Total
Investment properties	55 547 000	0	1 557 779	23 000	0	57 127 779
	55 547 000	0	1 557 779	23 000	0	57 127 779

Reconciliation of investment properties assets - 2020

	Opening Balance	Prior Year Adjustment	Restated Opening Balance	Fair value adjustment	Disposals	Total
Investment properties	55 822 000		55 822 000	-275 000	0	55 547 000
	55 822 000	0	55 822 000	-275 000	0	55 547 000

The investment property values are based on the valuation roll. The valuation roll was implemented with effect from 1 July 2017. Valuations were performed by an independent valuer, Mr Philip Carl Jacobs, Professional Valuer, Registration number 5375, of Umhlaba Geomatics Incorporated of Dundee. The valuer is not connected to the municipality and have recent experience in the location and category of the investment property being valued. The valuation was based on open market value.

Rental income from these properties amount to
No amounts were expensed towards repairs and maintenance.

948 883 1 288 851

Details of investment properties are included in a register which is available for inspection at the municipal offices

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	18 405 925	21 718 539
Payments received in advance	5 911 297	4 020 339
Retentions	2 913 817	1 994 832
Staff leave accrual	11 952 935	9 278 430
Deposits - other	153 694	115 190
Other creditors	3 610 337	573 313
Total	42 948 005	37 700 643
The fair value of trade and other payables approximates their carrying amounts.		
11 CONSUMER DEPOSITS		
Consumer deposits: electricity	5 296 008	5 227 697
Guarantees held in lieu of electricity deposits	153 210	153 310
12 VAT PAYABLE		
VAT payable	9 043 520	1 299 663
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
13 PROVISIONS		
Provision for Long-Service Awards		
Opening Balance	5 297 212	5 255 021
Contribution to provision	1 337 040	644 407
Expenditure incurred	(589 274)	(602 217)
Balance at the end of year	6 044 978	5 297 212
Current Provision	716 744	612 805
Non Current Provision	5 328 234	4 684 406
	6 044 978	5 297 211
The long-service award is payable after every 5 years of completed service and thereafter after 5 year intervals of continuous service.		
Provision for Rehabilitation of Landfill Sites		
Opening Balance	10 853 531	8 663 924
Unwinding discount	311 396	2 189 607
Balance at the end of year	11 164 927	10 853 531
Current Provision	-	-
Non Current Provision	11 164 927	10 853 531
	11 164 927	10 853 531
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 7%, over an average period of 10.8 years.		
The provision created for the rehabilitation of the landfill site is based on Anderson Vogt Consulting Engineers assessment of the rehabilitation costs of the Glencoe dumpsite. A study will be done to determine the cost estimate in the near future		
The provision is calculated in line with the consulting engineers assessment as determined by discounting the present value of the estimate. The estimate excludes VAT. Council intends to commence spending against the provision in 10.8 years.		
CURRENT PROVISIONS		
Current portion of long-service provision	716 744	612 805
Total Current Provisions	716 744	612 805
NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill sites	11 164 927	10 853 531
Provision for long-service awards	5 328 234	4 684 406
Total Non-Current Provisions	16 493 160	15 537 937

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
SETA Grant	403 414	670 611
Transfer / Buyback Centre	-	9 063
Expanded Public Works Program	-	111 341
Sibongile Dundee Cyber Cadet Grant	149 068	262 322
Museum Infrastructure Grant	-	1 965
Rural Horse Riding Grant	20 494	20 005
Upgrade Sibongile Hostel	547 202	534 059
Ext 18 Housing Project	206 365	206 365
Upgrade Sithembile Hostel	445 364	434 688
Training of councillors	11 102	11 102
Pound Grant	132 259	132 259
Sports Grant	1 506	1 506
MIG funding	-	2 928 707
Integrated National Electrification Programme grant	-	4 328 137
Disaster Relief Grant	-	704 591
Small Town Rehabilitation	-	560 700
Massification Programme Grant	1 300 244	3 134 728
Building Plan Man. System	70 000	70 000
Greenest Municipality Competition	375 000	-
	-	-
Total Unspent Conditional Grants and Receipts	3 662 017	14 122 146

Endumeni Municipality as an Agent for Eskom (INEP)

The municipality entered into an arrangement with Eskom whereby the municipality acts as Eskom's agent. The municipality manages the construction of electrical infrastructure in areas not covered by Endumeni's licence. The municipality received the INEP allocation, accepts invoices for work done from service providers and manages the payment process on behalf of Eskom and hands over the infrastructure upon completion. A reconciliation of the funds received and paid and any outstanding balances are disclosed below.

Department of National Energy - Integrated National Electrification Programme

Balance unspent at beginning of year		
Current year receipts	4 328 137	7 000 000
Expenditure claimed in accordance with grant conditions	-	(2 671 863)
Funds transferred back to Revenue Fund	(4 328 137)	
Conditions still to be met-transferred to liabilities	-	4 328 137

This grant is for the Integrated National Electrification Programme increasing access to electricity specially in rural areas. Funds were withheld.

See Note 21 for reconciliation of grants from other spheres of government. Some of these grants are invested in ring-fenced investment accounts until utilised.

15 HOUSING DEVELOPMENT FUND RESERVE

Housing Operating Account	4 754 170	4 636 077
	4 754 170	4 636 077

The housing development fund is represented by the following assets & liabilities:

Fixed assets	115 268	115 268
Debtors	4 094 390	3 989 307
Cash at bank	544 512	531 503
Total Housing Operating Account Assets and Liabilities	4 754 170	4 636 077

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
16 OTHER RESERVES		
Insurance Reserve	2 233 535	2 356 153
	2 233 535	2 356 153
The insurance reserve has been ring fenced within accumulated surplus		
Opening balance	2 356 153	2 325 689
Transfers	(122 617)	30 464
Closing balance	2 233 535	2 356 153

17 PROPERTY RATES

Actual

Agriculture properties	5 457 826	2 084 863
Business and Commercial properties	27 018 291	22 719 523
Industrial properties	9 938 323	8 343 195
Mining properties	580 995	549 650
Public service infrastructure	212 417	28 825
Public service purposes	14 491 477	13 942 798
Residential Properties	60 591 289	47 590 271
Vacant Property	4 716 874	6 097 835
Revenue foregone	(30 175 515)	(17 713 331)

Total

92 831 977 83 643 629

Valuations

Agriculture properties	1 226 847 000	1 226 954 000
Business and Commercial properties	593 270 000	581 706 000
Cemetery (Private)	498 000	498 000
Industrial properties	212 709 000	213 054 000
Mining properties	12 441 000	12 441 000
Municipal properties	302 153 000	295 511 000
Public Benefits Organisation	115 130 000	115 130 000
Public service infrastructure	49 759 000	49 759 000
Public service purposes	276 095 000	276 095 000
Residential Properties	3 524 329 500	3 511 243 500
Worship Residential	85 202 000	85 202 000
Vacant Property	58 893 000	59 213 000

Total Property Valuations

6 457 326 500 6 426 806 500

The last general valuation came into effect on:

01/07/2017 01/07/2017

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2017.

Interim valuations are processed on a quarterly basis to take into account changes in individual land values due to consolidations and subdivisions.

Assessment rates: Cents in the rand on market valuation as follows:

Agriculture properties	0.4500c/R	0.4200c/R
Business and commercial properties	4.6700c/R	4.4400c/R
Industrial properties	4.6800c/R	4.4500c/R
Mining properties	4.6700c/R	4.4400c/R
Public service properties	5.3100c/R	5.0500c/R
Public service infrastructure	0.4500c/R	0.4200c/R
Residential properties	1.7800c/R	1.6900c/R
Vacant properties	10.7000c/R	10.1900c/R

The first R15 000 of the valuation of residential properties are exempt from the calculation of rates.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Rebates:		
Agricultural property	60%	60%
Smallholdings	20%	25%
Business and commercial properties	12%	12%
Industrial properties	12%	12%
Land reform, worship, PBO's, monuments, informal settlements and municipal owned property		
Residential properties	22%	22%
Public service infrastructure	100%	90%
Pensioners (Earning R4500 per month)	25%	25%
Pensioners (Earning R4501 - R5000 per month)	20%	20%
Pensioners (Earning R5001 - R5500 per month)	15%	15%
Pensioners (Earning R5501 - R6500 per month)	10%	10%
<p>Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2021 financial year): On a monthly basis, and the final dates of payment being the last working day of the month from August 2020 to June 2021.</p>		
Interest is levied on outstanding rates per annum at:	12%	12%
18 SERVICE CHARGES		
Sale of electricity	125 720 718	117 588 183
Refuse removal	24 775 919	23 361 555
Indigent Support - Electricity	(199 482)	(1 422 566)
Indigent Support - Refuse Removal	(2 229 240)	(4 010 110)
Total Service Charges	148 067 915	135 517 062
19 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities and equipment	948 883	1 394 488
Other rentals	-	-
Total Rentals	948 883	1 394 488
20 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	816 058	2 819 800
Financial assets	-	-
Other	-	-
Total Interest	816 058	2 819 800
21 TRANSFERS AND SUBSIDIES		
Equitable Share	60 047 000	46 837 000
Municipal Infrastructure Grant	18 042 000	12 281 293
Financial Management Grant	2 200 000	2 235 000
Library Subsidy	4 256 000	4 115 000
LGSETA Grant	400 980	348 726
Sibongile Dundee Cyber Cadet grant	571 108	578 376
Sport Grant	-	25 755
Museum Subsidy	488 000	463 000
Integrated National Electrification Programme Grant	-	-
Expanded Public Works Programme	1 433 000	1 298 660
Training of Councillors Grant	-	-
Small Town Rehabilitation Grant	570 290	258 433
Rural Horse Riding Grant	-	-
Energy Efficiency Demand Grant	3 599 400	-
Building Plan Man. System	-	430 000
Massification Programme Grant	1 834 484	1 984 386
Disaster Relief Grant	-	70 409
Greenest Municipality	-	-
Total Government Grant and Subsidies	93 442 262	70 926 038
Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	60 047 000	46 837 000
Transferred to revenue	(60 047 000)	(46 837 000)
Conditions still to be met-transferred to liabilities (see note 14)	-	-
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.</p>		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	2 928 707	1 554 491

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Current year receipts	15 137 000	15 210 000
Conditions met - transferred to revenue	(18 042 000)	(12 281 293)
Transferred to sundry revenue	(23 707)	-
Funds transferred to Revenue Fund	-	(1 554 491)
Conditions still to be met-transferred to liabilities (see note 14)	(0)	2 928 707

This grant is used to improve/establishment of infrastructure. No Funds were withheld

Financial Management Grant

Balance unspent at beginning of year	-	-
Current year receipts	2 200 000	2 235 000
Conditions met - transferred to revenue	(2 200 000)	(2 235 000)
Conditions still to be met-transferred to liabilities (see note 14)	-	-

This grant is directed towards improving compliance, implementation and management of the MFMA and Supporting reforms. No funds were withheld.

Library subsidy

Balance unspent at beginning of year	-	-
Current year receipts	4 256 000	4 115 000
Conditions met - transferred to revenue	(4 256 000)	(4 115 000)
Conditions still to be met-transferred to liabilities (see note 14)	-	-

This subsidy is in respect of the municipal library services.

LGSETA grant

Balance unspent at beginning of year	670 611	735 257
Current year receipts	133 783	284 080
Conditions met - transferred to revenue	(400 980)	(348 726)
Conditions still to be met-transferred to liabilities (see note 14)	403 414	670 611

This grant is in respect of skills training for municipal staff. No Funds were withheld

Museum Grant

Balance unspent at beginning of year	1 965	1 965
Current year receipts	-	-
Transferred to sundry revenue	(1 965)	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 14)	0	1 965

The grant was for the upgrade of infrastructure at the museum. No funds were withheld.

Cyber Cadet grant

Balance unspent at beginning of year	262 322	395 860
Current year receipts	457 854	444 838
Conditions met - transferred to revenue	(571 108)	(578 376)
Conditions still to be met-transferred to liabilities (see note 14)	149 068	262 322

This grant is for the Cyber Cadets. No funds were withheld.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Department of Sports grant		
Balance unspent at beginning of year	1 506	27 261
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions		(25 755)
Conditions still to be met-transferred to liabilities (see note 14)	1 506	1 506
This grant is intended for the building of a sports facility. No funds were withheld.		
Museum subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	488 000	463 000
Expenditure claimed in accordance with grant conditions	(488 000)	(463 000)
Conditions still to be met-transferred to liabilities (see note 14)	-	-
This subsidy is to fund museum services. No funds were withheld.		
KZN Housing - Sibongile hostel		
Balance unspent at beginning of year	534 059	508 172
Current year receipts	13 143	25 887
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 14)	547 202	534 059
This grant is for the upgrade of the Sibongile hostel. No funds were withheld.		
KZN Housing - Ext 18 housing project		
Balance unspent at beginning of year	206 365	206 365
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 14)	206 365	206 365
This grant is for the upgrade of the Extension 18 housing project. No funds were withheld.		
KZN Housing - Upgrade of Sithembile Hostel		
Balance unspent at beginning of year	434 688	413 855
Current year receipts	10 676	20 833
Expenditure claimed in accordance with grant conditions		
Conditions still to be met-transferred to liabilities (see note 14)	445 364	434 688
This grant is for the upgrade of Sithembile hostel. No funds were withheld.		
Energy Efficiency and Demand Grant		
Balance unspent at beginning of year	-	-
Current year receipts	3 599 400	-
Expenditure claimed in accordance with grant conditions	(3 599 400)	-
Conditions still to be met-transferred to liabilities (see note 14)	-	-
This grant is for the implementation of energy efficiency measures in municipal facilities within the municipal area of jurisdiction. No funds were withheld.		

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Department of Cooperative Governance and Traditional Affairs - Training of Councillor Grant		
Balance unspent at beginning of year	11 102	11 102
Adjustments and transfers	-	-
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 14)	11 102	11 102

This grant is for the training of Councillors.
No funds were withheld.

Department of Cooperative Governance and Traditional Affairs - Pound Grant

Balance unspent at beginning of year	132 259	132 259
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 14)	132 259	132 259

This grant is for the establishment of a municipal pound.
No funds were withheld.

Department of National Energy - Integrated National Electrification Programme

Balance unspent at beginning of year	4 328 137	3 338 007
Current year receipts	-	7 000 000
Expenditure claimed in accordance with grant conditions	-	(2 671 863)
Funds transferred back to Revenue Fund	(4 328 137)	(3 338 007)
Conditions still to be met-transferred to liabilities (see note 14)	-	4 328 137

This grant is for the Integrated National Electrification Programme increasing access to electricity specially in rural areas. Funds were withheld. See note 14 for INEP funds received by the municipality in which the Endumeni Municipality is an Agent in an agent principal arrangement.

Department of Environmental Affairs - Transfer station

Balance unspent at beginning of year	9 063	8 641
Current year receipts	180	422
Transferred to sundry revenue	(9 242)	-
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 14)	(0)	9 063

The grant is for improvement of public participation. No funds were withheld.

Dept of Public Works - Expanded Public Works Programme

Balance unspent at beginning of year	111 341	-
Current year receipts	1 335 000	1 410 000
Conditions met - transferred to revenue	(1 433 000)	(1 298 660)
Funds transferred back to Revenue Fund	(13 341)	-
Conditions still to be met-transferred to liabilities (see note 14)	-	111 341

This grant is for Local Economic Development.
No funds were withheld.

Small town rehabilitation grant

Balance unspent at beginning of year	560 700	781 125
Current year receipts	9 590	38 007
Conditions met - transferred to revenue	(570 290)	(258 433)
Conditions still to be met-transferred to liabilities (see note 14)	-	560 700

This grant is intended for the commercialisation of mixed agricultural projects and rehabilitation of parks. No funds were withheld.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Rural Horse Riding Grant		
Balance unspent at beginning of year	20 005	19 076
Current year receipts	489	929
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 14)	20 494	20 005

This grant was for the upgrade of infrastructure at the racetrack. No funds were withheld.

Building Plan Man. System

Balance unspent at beginning of year	70 000	500 000
Current year receipts	-	-
Conditions met - transferred to revenue		-430 000
Conditions still to be met-transferred to liabilities (see note 14)	70 000	70 000

To help rollout a pilot building plans Information Management System at Endumeni Municipality. No funds were withheld.

Massification Programme Grant

Balance unspent at beginning of year	3 134 728	5 119 114
Current year receipts	-	-
Conditions met - transferred to revenue	(1 834 484)	(1 984 386)
Conditions still to be met-transferred to liabilities (see note 14)	1 300 244	3 134 728

This grant is for the purchase of Yellow Plant and to supplement the Municipal Electrification Programme.

Disaster Relief Grant

Balance unspent at beginning of year	704 591	-
Current year receipts		775 000
Conditions met - transferred to revenue		-70 409
Funds transferred back to Revenue Fund	(704 591)	
Conditions still to be met-transferred to liabilities (see note 14)	-	704 591

This grant is to assist in response to COVID 19. Unspent funds were transferred back to Revenue fund.

Greenest Municipality Grant

Balance unspent at beginning of year	-	-
Current year receipts	375 000	
Conditions met - transferred to revenue	-	
Funds transferred back to Revenue Fund		
Conditions still to be met-transferred to liabilities (see note 14)	375 000	-

This grant is to assist in enhancing the performance of the municipality

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

22 Other Income

Burial fees	179 982	106 813
Discount received	-	-
Land Sales	2 000	336 207
Other operational income	7 078 083	546 199
Total Other Income	7 260 066	989 218

22 Public contributions and donations

Public contributions - Conditional	-	-
Public contributions - Unconditional	-	-
Donations	3 070 503	-
Total public contributions and donations	3 070 503	-

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
23 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	76 725 264	70 470 918
Acting allowance	523 394	1 548 253
Performance and other bonuses	5 924 783	5 711 065
Casual labour	2 441 557	2 418 317
Contribution to leave reserve	3 310 491	2 478 647
Group Life	270 355	288 551
Leave	302 028	2 151 120
Medical Aid	6 444 989	5 821 928
Housing allowances	1 159 714	952 589
Overtime payments	3 205 688	2 240 074
Pension	13 668 054	12 698 365
SALGA Shop fee	43 214	40 439
Standby Allowance	2 043 162	1 244 716
Sundry Allowance	444 740	569 487
Transport allowance	5 438 077	5 771 768
UIF	628 470	594 270
Cellphone Allowance	338 852	58 800
Scarcity allowance	282 000	291 000
Total	123 194 831	115 350 307

Remuneration of the Municipal Manager

Annual Remuneration	1 107 747	523 860
Leave conversion	-	-
Acting Allowance	-	596 845
Travel or motor vehicle allowance	84 011	72 037
Performance- and other bonuses	-	-
Cellphone allowance	26 400	12 000
Contributions to UIF, Medical and Pension Funds	1 932	948
Total	1 220 090	1 205 690

The Municipal Manager was placed on suspension on 29 November 2018 and the position became vacant in April 2019. The Municipal Manager position was then filled in January 2019. The above remuneration includes an acting allowance for the managers acting in the position of Municipal Manager during the period that the position was vacant.

Remuneration of the Chief Finance Officer

Annual Remuneration	660 000	550 000
Leave conversion	-	-
Acting Allowance	-	14 413
Performance- and other bonuses	-	-
Housing allowance	65 671	-
Cell phone allowance	14 400	9 500
Travel or motor vehicle allowance	129 563	147 822
Contributions to SALGA, UIF, Medical and Pension Funds	178 009	145 504
Total	1 047 643	867 239

The Chief Financial Officer position was filled in September 2019.

Remuneration of the Executive Manager Technical Services

Annual Remuneration	816 540	544 360
Leave conversion	-	-
Acting Allowance	-	40 653
Performance- and other bonuses	-	-
Housing Allowances	67 913	32 000
Cell phone allowance	14 400	7 600
Travel or motor vehicle allowance	93 218	62 722
Contributions to UIF, Medical and Pension Funds	55 572	35 578
Total	1 047 643	722 913

The Executive Manager Technical Services position became vacant in March 2019 after resignation of the Executive Manager Technical Services. The position was filled in November 2019. The above remuneration includes the acting allowances for the managers acting in the position whilst the position was vacant.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Remuneration of the Executive Manager Corporate Services		
Annual Remuneration	768 000	512 000
Leave conversion	-	-
Acting Allowance	-	326 694
Performance- and other bonuses	-	-
Housing allowance	-	-
Cell phone allowance	14 400	7 600
Travel or motor vehicle allowance	125 071	69 236
Contributions to UIF, Medical and Pension Funds	140 172	93 424
Total	1 047 643	1 008 955

The position of the Executive Manager Corporate Services became vacant in June 2019 after the resignation of the Executive Manager Corporate Services. The position was filled in November 2019. The above remuneration includes an acting allowance for the managers acting in this position whilst the position was vacant.

Remuneration of the Executive Manager Planning and Development		
Annual Remuneration	720 000	600 000
Leave conversion	-	-
Acting Allowance	-	11 146
Performance- and other bonuses	-	-
Housing allowance	23 329	-
Cell phone allowance	14 400	9 500
Travel or motor vehicle allowance	110 346	99 668
Contributions to UIF, Medical and Pension Funds	179 567	143 658
Total	1 047 641	863 972

The position of the Executive Manager Planning and Development is a new position and was filled in August 2016 and became vacant in August 2018 after resignation of the Executive Manager Planning and Development. The position was filled in September 2019. The above remuneration includes an acting allowance for the managers acting in this position.

Remuneration of the Executive Manager Community Services		
Annual Remuneration	220 000	
Leave conversion	-	
Acting Allowance	-	
Performance- and other bonuses	-	
Housing allowance	-	
Cell phone allowance	4 800	
Travel or motor vehicle allowance	37 886	
Contributions to UIF, Medical and Pension Funds	40 263	
Total	302 949	

The position of the Executive Manager Community Services is a new position and was filled in March 2021

24 REMUNERATION OF COUNCILLORS

Mayor	521 048	521 048
Deputy Mayor	424 998	426 433
Speaker	424 998	424 998
Executive Committee Member	400 993	400 993
Councillors	2 062 009	2 126 711
Councillors' travel allowances	408 645	410 744
Cell phone allowance	358 453	368 560
Total Councillors' Remuneration	4 601 145	4 679 487

In-kind Benefits

The Executive Mayor Deputy Executive Mayor and Speaker are part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has a driver and bodyguards and 24 hour security. The Speaker has a driver and bodyguards and 24 hour security. The deputy Mayor has a driver and security at night only.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
25 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	14 185 924	13 626 241
Property, plant and equipment - prior period error (Refer to Note 35)		(2 429)
Intangible assets	512 832	32 725
Intangible assets - prior period error (Refer to Note 35)		277 865
Total Depreciation and Amortisation	14 698 756	13 934 403
26 BULK PURCHASES		
Electricity	116 978 978	103 897 454
Total Bulk Purchases	116 978 978	103 897 454
27 CONTRACTED SERVICES		
Outsourced Services		
Meter auditing	230 472	2 288 286
Prepaid Vending	1 728 863	2 187 135
Other Contracted services	156 906	502 084
Contractors		
Maintenance of Buildings and Facilities - restated (Refer to Note 35)	6 236 011	7 309 437
Consultants and Professional Services		
Legal Expenses	2 467 836	1 049 949
Audit Committee	56 536	180 225
Audit Fees & Internal Audit Fees	3 519 144	5 359 108
	14 395 768	18 876 223
28 OPERATIONAL COSTS		
Included in operational costs are the following:-		
Advertising	276 230	138 673
Amendments To Acts & Ord.	455	5 024
Bank Charges	264 270	810 196
H I V Aids	18 319	32 000
Insurance	1 103 169	823 862
Lease Payments	607 576	575 283
Materials	2 015 442	448 628
Membership Fees Kwanaloga	1 353 076	1 380 559
Meter Reading Fees	131 769	144 946
National Cleanest Town Compet	85 223	86 947
New Connections	365 833	197 694
Postages	365 294	440 055
Printing & Stationery	696 742	853 527
Prodiba - License card Payments	365 849	285 269
Marketing/ Civic presentation	528 324	76 363
Rural Horse Riding Event	-	376 254
Security	11 195 330	9 305 826
Service Of Process	52 324	50 800
Sport, Youth, Arts And Culture	402 852	646 325
Staff Training and Levy	33 257	162 621
Subsistence & Travelling	184 277	664 042
Telephone	1 743 330	1 397 036
Traffic Control	100	82 634
Transport Cost	4 610 701	4 237 936
Valuation Fees	300 728	252 936
Other General Expenses	11 991 115	6 671 528
Technical Support	325 729	584 747
Planning and economic development	875 439	537 668
Transfers to organisations	320 000	310 000
Transfers and subsidies	4 899 840	4 612 112
Write-off of inventory	58 576	-
	45 171 168	36 191 490
29 GAIN / (LOSS) ON WRITE-OFF OF ASSETS		
Property, plant and equipment	(2 753 394)	
Investment property	-	
Intangible assets	-	
Total Gain / (Loss) on Write-off of Assets	-2 753 394	-

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
30 (IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT LOSS		
Property, plant and equipment	(1 443 047)	(1 387 475)
Intangible assets	-	(6 798)
Consumable Stores Impairment Loss	158 577	23 907
Total Impairment loss / (Reversal of Impairment Loss)	(1 284 471)	(1 370 365)

During the financial period a physical verification of assets was undertaken. Assets identified during the physical verification that is deemed to be in a poor and very poor physical condition was tested for possible impairment. As a result, 918 assets were tested for impairment, and additional impairment losses amounting to R 1 443 047 were recognised in respect of 414 of these assets

31 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value	23 000	(275 000)
Other newly identified assets		
Total Profit / (Loss) on Fair Value Adjustment	23 000	(275 000)

32 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	(7 413 574)	1 837 213
Adjustment for:-		
Depreciation	14 185 924	13 623 812
Amortisation	512 832	310 591
(Gain) / loss on sale of assets	2 753 394	-
Contribution to retirement benefit obligation and Long Service	10 111 780	(1 061 917)
Contribution paid retirement benefit obligation and Long Service	(3 222 642)	(3 070 482)
Contribution to landfill site provision	311 396	2 189 607
Contribution to bad debt provision	22 598 741	10 671 309
Bad Debt written off	10 214 944	
Contribution to leave provision	2 674 506	1 599 500
Straightlining of leases	459	(56 504)
Finance costs paid	-	-
Fair value adjustments	(23 000)	275 000
Impairment loss / (reversal of impairment loss)	1 443 047	1 394 272
Impairment loss / (reversal of impairment loss) on inventory	(158 577)	(23 907)
Fines accrual		(1 914 819)
Donations	(3 070 503)	-
Reserve income	(4 525)	117 572
Interest earned	(816 058)	(2 819 800)
Operating surplus before working capital changes:	50 098 146	23 071 447
(Increase)/decrease in inventories	281 786	(136 507)
(Increase)/decrease in trade receivables	(19 473 294)	(9 160 237)
(Increase)/decrease in other receivables	(22 381 806)	(11 531 666)
Increase/(decrease) in VAT payable	7 743 857	(1 747 526)
Increase/(decrease) in conditional grants and receipts	(10 460 129)	369 596
Increase/(decrease) in trade payables	2 572 397	4 653 173
Cash generated by/(utilised in) operations	8 380 956	5 518 280

33 CASH AND CASH EQUIVALENTS

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

Bank balances and cash	2 429 916	3 339 778
Short-term deposits	11 208 252	30 993 532
Net cash and cash equivalents	13 638 168	34 333 310

34 CHANGE IN ACCOUNTING POLICY

There were no adjustments made to prior years due to change in accounting policy in the current reporting period,

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
35 PRIOR PERIOD ERROR		
INTANGIBLE ASSETS		
<u>Intangible assets incorrectly expensed in prior year</u>		
During the financial year, it was noted that software related expenditure incurred to procure the municipal financial system was incorrectly expensed instead of being capitalised as an Intangible asset in the prior year. An adjustment was therefore necessary to correct the additions to intangible assets and the related depreciation expenditure.		
Balance previously reported 30 June 2020		75 990
Intangible assets incorrectly expensed		1 948 403
Amortisation on intangible assets incorrectly expensed		(277 865)
Net effect on Statement of Financial Position		1 746 528
PROPERTY PLANT AND EQUIPMENT		
<u>Expenditure incurred in 2017 incorrectly capitalised</u>		
During the financial year, it was noted that expenditure of R226 726 incurred on the landfill site in 2017 was incorrectly capitalised as asset under construction for the landfill site. This amount was for the maintenance of the waste site and should have been expensed in 2017. As a result an adjustment was made to the remove this amount from the assets under construction and an adjustment made to the opening accumulated surpluses.		
<u>Missclassification of assets within asset categories</u>		
During the financial year it was noted that a few assets were missclassified as machinery and equipment instead of furniture and equipment. As a result, an adjustment was made in the prior year to correctly classify these assets as furniture and equipment and adjust the cost and accumulated depreciation for these assets.		
<u>Land duplicated on the asset register</u>		
During the financial year, it was noted that 3 pieces of land aquired in 2009 was duplicated on the asset register and resulted in an overstatement of Land. An adjustment was processed to remove the duplicated land from the asset register and accumulated surplus.		
Balance previously reported 30 June 2020		308 523 419
Missclassification of assets - adjustment to depreciation		2 429
Expenditure incorrectly capitalised on Landfill site		(226 726)
Reversal of Land aquired in 2009 duplicated on the asset register		(4 372 293)
Net effect on Statement of Financial Position		303 926 829
ACCUMULATED SURPLUS/(DEFICIT)		
The effect of the the correction of prior period error above are as reflected below:		
Balance previously reported 30 June 2020		313 575 101
Opening Accumulated Surplus adjustment - Landfill site expenditure in 2017 incorrectly capitalised		(226 726)
Surplus/Deficit for year June 2020 adjustment		(2 699 327)
Missclassification of assets - adjustment to depreciation		2 429
Intangible asset incorrectly expensed		1 948 403
Amortisation on Intangible asset incorrectly expensed		(277 865)
Reversal of land aquired in 2009 duplicated in asset register		(4 372 294)
Net effect on Statement of Financial Position		310 649 048
36 CHANGE IN ESTIMATE		
There has been no significant changes in accounting estimates in the current reporting period.		
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
37 DISALLOWED		
Unauthorised expenditure		
Opening balance	7 334 287	20 320 581
Unauthorised expenditure current year		
- Post Retirement Medical Benefits	2 850 611	-
- Debt impairment	17 052 073	3 207 641

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
- Depreciation & asset impairment	1 656 571	4 059 446
- Bulk purchases	8 475 420	-
- Other Expenditure	2 185 593	-
- Training for councillor vote	-	67 200
Approved by Council or condoned	-	(20 320 581)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
	39 554 555	7 334 287

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	90 930	157 193
Correction to opening balance - See detail below		83 670
Fruitless and wasteful expenditure current year	1 337 899	7 260
Condoned or written off by Council	-	(157 193)
To be recovered – contingent asset (see note 55)	-	-
Fruitless and wasteful expenditure awaiting condonement	1 428 829	90 930

- Travel expenditure for postponed meeting	3 725	
- Legal matter unsuccessful	195 335	
- Penalties	6 298	
- Salary paid to incorrect person	1 111	
- Accommodation		7 260
- High court costs on security tender	1 131 429	
	1 337 899	7 260

During the current financial year, it was noted that the payment to Olive root consulting dated the 7th June 2017 should have been disclosed as fruitless and wasteful expenditure in the prior years. There is a pending case on the matter END/017A/19 in which payment was made for services that were not rendered to the municipality.

38 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	10 594 368	118 834 616
Irregular expenditure current year	9 864 208	10 594 369
Condoned or written off by Council	-	(118 834 616)
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	20 458 577	10 594 368

Other Supply chain management policy deviations (Refer to note 42.8)

Awards made to suppliers not in compliance with the SCM policy for the procurement of good and services.

2 189 490 2 123 257

Bid Adjudication committee not properly constituted SCM Regulation 29(2)(i)(ii).

3 133 598 5 224 331

Contracts awarded to suppliers whose tax status not verified SCM Regulations 13(1)(b), and Bid specification did not contain threshold for local production and content Preferential Procurement Regulations 8(2).

- 14 910

Contracts awarded to suppliers whose tax status not verified SCM Regulations 13(1)(b), and criteria for deviations from SCM policy not in compliance with SCM Regulation 36(1)(a).

- 18 032

Three quotations not obtained from prospective suppliers SCM Regulations 17(1)(a)

351 306 41 550

Declaration of interest not submitted by supplier SCM Regulation 13(1)(c), and tax clearance not submitted SCM Regulations 13(1)(b), and criteria for deviations from SCM policy not in compliance with SCM Regulation 36(1)(a).

- 138 000

Criteria for deviations from SCM policy not in compliance with SCM Regulation 36(1)(a)

495 806 1 576 186

Bid specification did not contain threshold for local production and content Preferential Procurement Regulations 8(2).

82 858 702 099

Contract awarded to supplier whose tax matters were not in order SCM Regulations 43(1)

3 611 151

Declaration of interest not submitted by supplier SCM Regulation 13(1)(c)

- 667 357

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Awards made to suppliers who's tax matters are not in order SCM Regulation 13(1)(b)	-	88 646
	9 864 208	10 594 369
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE		
39 MANAGEMENT ACT		
39,1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	1 353 076	1 385 559
Amount paid - current		(5 000)
Amount paid - previous years	(1 353 076)	(1 380 559)
Balance unpaid (included in payables)	-	-
39,2 Audit fees		
Opening balance	-	-
Current year audit fee	4 044 048	3 710 232
Amount paid - current year	(4 044 048)	(3 710 232)
Amount paid - previous years		-
Balance unpaid (included in payables)	-	-
39,3 VAT		
Vat received for the year	13 246 685	4 238 506
Vat paid for the year	-	581 537
All VAT returns have been submitted by the due date throughout the year.		
39,4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	17 082 900	16 583 699
Amount paid - current year	(17 082 900)	(16 583 699)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
39,5 Distribution Losses		
Units lost (kilowatts)	33 143 591	25 246 200
Units lost (sales price per kilowatts - rands)	53 045 635	47 135 349
Units lost due to normal distribution losses (sales price per kilowatts - rands [2021 : R 1.5817, 2020 : R 1.854])	11 929 224	13 210 715
Units lost due to theft (sales price per kilowatts - rands [2021 : R 1.6101, 2020 : R 1.872])	41 116 411	33 924 634
Units lost due to normal distribution losses (percentage)	8%	8%
Units lost due to theft (percentage)	27%	20%
39,6 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	31 513 422	28 462 737
Amount paid - current year	(31 513 422)	(28 462 737)
Amount paid - previous years		-
Balance unpaid (included in payables)	-	-
39,7 Councillor's arrear consumer accounts		
as at 30 June 2021	Highest Amount Outstanding	Ageing Days
During the year the following Councillors had arrear accounts outstanding for more than 90 days.		
Councillor: Khanyile	R 3 455	180 days
as at 30 June 2020		

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
None of the Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2020		
Total Councillor Arrear Consumer Accounts		-
39,8 Deviations of Supply Chain Management Policy		
Covid Testing - At the doctors	93 000	
The procurement for Covid Testing did not follow the usual procurement process. Employees were exposed to covid 19 and there was an urgent need to respond to prevent the spread. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Tax Seminar - Payday software systems	23 192	
The procurement did not follow the usual procurement process as Payday was the municipal payroll system and the sole provider of tax related system updates. The deviation was duly authorised by the accounting officer and was reported to council.		
Aircon replacement - Isiqalo air cc	41 141	
The procurement for the replacement of the aircon in the server room did not follow the usual procurement process. The aircon in the server room needed urgent replacement to prevent excessive heat and damage to the servers. The deviation were duly authorised by the accounting officer and was reported to council.		
Calibration of Equipment - Neffcon Roadtec CC	4 002	
The appointment of a service provider for the calibration of the testing station equipments did not follow the usual procurement process as the calibration had to be done by the manufacturer. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Payslip machine - CCG Systems	36 788	
The appointment of a service provider for the supply of the payslip folding machine did not follow the usual procurement process. The service provider was the sole service provider of the machine as they are also the current service provider for the municipal payroll system. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Towing - Billy bees recovery	7 800	
The procurement for towing of a Tipper truck and a Tar trailer did not follow the usual procurement process. The towing of the tipper truck was an emergency as the engine seized on the way back from working in Wasbank. The towing of the tar trailer was an emergency as the tar trailer had a damaged tyre and rim. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Government forms - Department of transport	11 058	
The procurement for the purchase of official testing station forms did not follow the usual procurement process as the supplier is a government department and the sole service provider of these forms. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Radio slot - Igagasi 99.5 radio	57 500	
The procurement for a radio slot for the mayoral budget speech did not follow the usual procurement process. The service provider is the sole supplier for the provincial target market. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Supply of new front bucket - High power equipment africa	39 100	
The procurement for the supply of the front bucket did not follow the usual procurement process. The supplier is a sole provider. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
Asset verification - Kreston pretoria	495 806	
The procurement for the infrastructure asset verification and compilation of the asset register did not follow the usual procurement process as it was impractical to follow the SCM processes due to unforeseen ill health of the asset manager. The deviation was duly authorised by the Accounting Officer and was reported to Council.		
	809 387	

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
40 CAPITAL COMMITMENTS		
40 Commitments Approved and Contracted for		
Capital commitments	22 079 607	14 930 316
Total	22 079 607	14 930 316

This expenditure will be financed from government grants and internal funding.

- Grant Funded	22 079 607	13 364 215
- Council funded	-	1 566 101
- External Loans	-	-
	22 079 607	14 930 316

Operating leases – as lessor

The future minimum lease payments receivable under operating leases are as follows:

Minimum lease payments due		
Within one year	-	3 104
In second to fifth year inclusive	-	-
After five years	-	-
Total	-	3 104

Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangers, buildings, advertising space and housing. Operating leases have been straightlined in accordance with GRAP requirements.

41 EMPLOYEE BENEFITS

41 Defined Benefit Plans

Post-employment Medical Benefits

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, LA Health and Samwumed. Pensioners continue on the option they belonged to on the day of their retirement.

The independent valuers, One Pangaea, carried out a statutory valuation as at 30 June 2020.

Statement of Financial Position

The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:

Balance at beginning of the year	48 647 524	52 822 113
Current service cost	1 826 958	2 210 501
Interest cost	5 802 241	5 180 991
Benefit payments	(2 633 368)	(2 468 265)
Actuarial (gains)/losses	1 145 541	(9 097 816)
Balance at the end of year	54 788 896	48 647 524
Current Provision	3 389 936	3 255 477
Non Current Provision	51 398 960	45 392 047
	54 788 896	48 647 524

Statement of Financial Performance

Current service cost	1 826 958	2 210 501
Interest cost	5 802 241	5 180 991
Actuarial (gains)/losses	1 145 541	(9 097 816)
Total	8 774 740	-1 706 324

Net expense In Statement of Financial Performance

Total Contribution to post employment medical	8 774 740	-1 706 324
Total Contribution to long service (see note 13)	1 337 040	644 407
	10 111 780	-1 061 917

Principal actuarial assumptions:

Discount rate	10,74%	12,34%
How was the discount rate determined	Market yields on government bonds	

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Increase in health care cost	7,51%	8,74%
Active members expected to continue after retirement	100%	100%
Average retirement age	63	63
Mortality pre-retirement	SA 85-90	SA 85-90
Pre- retirement mortality at 30 June 2021		
Mortality post-retirement		
(Allow for 1% per annum mortality improvement factor from 2010)	PA (90)	PA (90)

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost inflation assumption is set out below:

Healthcare cost inflation sensitivity	1% decrease	30 June 2021 valuation basis	1% increase
Defined benefit obligation	61 448 136	54 788 896	49 286 774
Service cost (next financial year)	3 195 621	2 696 604	2 299 990
Interest cost (next financial year)	5 819 959	5 702 288	5 587 278

42 CONTINGENT ASSETS

Endumeni Municipality vs SR Mbatha END/014/19

Letter of demand has been sent to recover irregular expenditure for close protection travel, no response has been forthcoming. Summons have been issued in the magistrate court - dundee and attempted service in more than three addresses and the defendant does not reside in those addresses. Attorneys have requested instruction to appoint tracing agents.

Endumeni Municipality vs SM Surewe END/015/19

Brought an application to interdict the payment of the proceeds of the provident fund to Mr Seruwe.

Endumeni Municipality vs Umzinyathi News END/015/19A

Endumeni Municipality vs Mr TP Biyela END/015/19B

Following a letter of demand being sent to recover an amount of R75 000 that was unlawfully paid to Umzinyathi News. No response has been forthcoming. Attorneys applied for default judgement against Umzinyathi newspaper and Mr TP Biyela

Endumeni Municipality vs SR Mbatha END/016/19

Letter of demand sent to recover an amount of R50 000 which was unlawfully paid/donated to the church. Summons have been issued in the magistrate court - dundee and attempted service in more than three addresses and the defendant does not reside in those addresses. Attorneys have requested instruction to appoint tracing agents.

Endumeni Municipality vs Olive Roots END/017A/19

Letter of demand sent to recover an amount of R83 670 which was unlawfully paid to Olive Root Consulting. The sheriff has not been able to serve the summons on the defendant. Attorney's have requested instructions to engage the tracing agents to establish the defendant's new business address.

Endumeni Municipality vs Mr T.P Biyela END/017/19B

Attorneys have applied for default judgement against Mr TP Biyela.

Endumeni Municipality vs Mr S.P Mosia END/018/19

Summons have been prepared. Instructed our agents to issue same

Endumeni Municipality vs Sentas END/019/19C

Endumeni Municipality vs Mr TP Biyela END/019/19B

Letter of demand sent to Director of Sentas and Mr T.P Biyela following the irregular donation payment of R30 000 made to Sentas Business Enterprise, Attorneys have prepared a request for default judgement and await the Magistrate's reply.

Endumeni Municipality vs Mbatha and T Qwabe END/040/2020

This is an application for review in the Labour court, Attorney's are waiting for a date.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
Endumeni Municipality vs NO Makgatho END/021/19		
This matter was referred to Court to enforce a contract that was terminated by the Municipality. Pleadings have closed. Awaiting the plaintiff to set the matter down for a judicial management conference.		
Endumeni Municipality vs N Zitha END/022/20		
Attorney's have applied for default judgement against Mr Zitha.		
Endumeni Municipality vs SM Ngwenya END/023/20		
After Judge Witcher delivered her judgement, Mr Ngwenya indicated that he wished to appeal same. However to date, the appeal papers have not been received.		
Endumeni Municipality vs SNL Seruwe END/024/2020		
Attorney's have applied for default judgement against Mr Seruwe.		
Endumeni Municipality vs VM Ntombela END/025/20		
Attorney's have applied for default judgement against Mr Ntombela.		
Endumeni Municipality vs Enduneni Contractors END/026/20		
The action has been defended, however the plea has not been filed. Therefore we have served the plaintiff with a notice of Bar.		
Endumeni Municipality vs Mzinyathi News END/027/20		
Issued summons against Mzinyathi News and instructed Sheriff to serve same on the Director of the company, at the address that was furnished to us by the Director. Sheriff submitted to us a return of non-service and reported that the defendant is unknown at the address. We have proceeded with request for default judgement for other defendants.		
Endumeni Municipality vs LJ Siwela END/34/2020		
Attorney's have recovered monies from the Provident Fund and there was a shortfall of about R400 000. Attorney's have requested to appoint tracing agents so that they can locate Mr Siwela.	400 000	
Endumeni Municipality vs VM Ntombela END/036/2020		
We have brought an application to interdict the payment of the proceeds of the provident fund to Mr Ntombela		
Endumeni Municipality vs V Ntombela END/042/2020		
Mandate to proceed with review application. Counsel to prepare a memorandum setting out client's prospect of success with the review application, if any.		
Endumeni Municipality vs Endumeni Contractors CC END/046/2021		
Mandate is to review the agreement between the municipality and Endumeni Contractors. Awaiting counsel to finalise the application papers.		
Endumeni Municipality vs Mabilisa and Ngwenya END/047/2021		
Prepared memorandum to client and currently awaiting further documents		
Endumeni Municipality vs SNL Seruwe END/037/2020		
Attorney's have brought an application to interdict the payment of the proceeds of the provident fund to Mr Seruwe.		
Endumeni Municipality vs NW Zitha END/038/2020		
Attorney's have brought an application to interdict the payment of the proceeds of the provident fund to Mr Zitha.		
Endumeni Municipality vs D Padayachee END/020/19		
Mr D Padayachee owes the municipality a total amount of R85 824, the sheriff rendered a nulla bona return of service on the warrant of execution	85 824	
CONTINGENT LIABILITY		
Endumeni Municipality vs D Padayachee END/012/19		
Judgement was delivered and the municipality was ordered to pay Mr Padayachee two month's salary no later than 12th August 2021. The amount to be paid was estimated at R100 000. On the 2nd August 2021, the municipal attorneys received notice that Mr Padayachee had taken the judgement made by the court on appeal. The matter is currently at the constitutional court.		
Endumeni Municipality vs NO Makgatho END/021/19		
This matter was referred to Court to enforce a contract that was terminated by the Municipality. Pleadings have closed. Awaiting the plaintiff to set the matter down for a judicial management conference.		

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
43 RELATED PARTIES		
Members of key management		
Mayor	521 048	521 048
Deputy Mayor	424 998	426 433
Speaker	424 998	424 998
Mpac Chair	390 418	390 418
Executive Committee	400 993	400 993
Councillors	2 438 690	2 906 015
Section 56 and 57 managers	5 713 609	4 668 769

Compensation to councillors and other key management (refer to note 23 & 24)

44 EVENTS AFTER THE REPORTING DATE

No events after the reporting date noted to warrant disclosure. Measures to deal with the impact of Covid-19 are disclosed below.

COVID-19 Exposure

Since the emergence of the Corona virus (COVID-19) in December 2019 and its subsequent spread throughout the world, many local communities have been severely impacted. In South Africa, the government placed the country under lock down with effect from March 2020 as part of the measures to contain the further spread of the virus in the country. Some businesses required to cease or limit operations for long periods of time. Measure taken to contain the spread of the virus include travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses resulting in an economic slowdown.

The measures that were taken resulted in some losses which in turn affected the municipality's ability to collect revenue from consumers. In an effort to assist the community the municipality has put in place certain debt incentives. National government gazetted a special budget in which additional equitable share has been allocated to the municipality in the 2021 financial year. Some of these funds will be set aside to assist the ratepayers.

It is uncertain when all the measure to contain the virus will be lifted , however the municipality will continue working with stakeholders in order to continue with service delivery whilst also ensuring the financial sustainability of the municipality

45 RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the municipality if customers or counter parties to the financial instrument fail to meet their contractual obligation, and arises mainly from the municipality's cash and cash equivalents, investments, receivables from exchange and non-exchange transactions and non-current receivables.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only major commercial banks in South Africa that have a sound credit rating and within the specific guidelines set in the council approved cash management and investment policy. Accordingly, the municipality does not consider its exposure to credit risk significant.

Receivables from exchange transactions and guarantees

Receivables from exchange transactions are amounts owing by customers and are presented net of impairment losses. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the council. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Non-current receivables

The non-current receivables have been fully impaired and provided for thus do not expose the municipality to credit risk.

Endumeni Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2021

	2021	2020
	R	R
The carrying amount of the financial assets represent the maximum credit exposure and the carrying amount of the financial assets as at 30 June was as follows:		
Cash and Cash Equivalents	13 638 168	34 333 310
Financial guarantees	153 210	153 310
Trade and other receivables	45 431 283	36 272 536
	59 222 661	70 759 157

Liquidity risk

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

	Not later than one month	Later than one month and not later than three months
2021		
Gross finance lease obligations	-	-
Borrowings	-	-
Trade and other payables	18 405 925	-
Other	-	-
	Later than three months and not later than one year	Later than one year and not later than five years
2020		
Gross finance lease obligations	-	-
Borrowings	-	-
Trade and other payables	21 718 539	-
Other	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. The municipality does not have any long term borrowings.

46 RESTATEMENT OF COMPARATIVE INFORMATION

The comparative information has not been restated.

47 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in note 47.1 and 47.2

ENDUMENI MUNICIPALITY
UNAUDITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

47. COMPARISON TO BUDGET

47.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual	Budget	Variance	Variance	Explanation of significant Variance
	2021	2021	2021	2021	greater than 15% versus Budget
	R	R	R	%	
REVENUE					
Revenue from exchange transactions	159 707 682	167 157 960	(7 450 278)	-4%	
Service charges	148 067 915	149 645 098	(1 577 183)	-1%	
Rental of facilities and equipment	948 883	1 041 412	(92 529)	-9%	
Interest earned- external investments	816 058	2 000 000	(1 183 942)	-59%	Declining reserves
Interest earned- outstanding receivables	-	-	-		
Licences and permits	2 591 761	3 106 700	(514 939)	-17%	Revenue not realised due to National State of Disaster
Operational Revenue from exchange transactions	7 260 066	1 364 750	5 895 316	432%	Included in Other revenue are insurance proceeds
Gain on disposal of asset	-	10 000 000	(10 000 000)	-100%	Properties budgeted to be disposed did not materialise
Gain on fair value of asset	23 000	-	23 000	100%	Fair value assessment done on investment properties
Revenue from non-exchange transactions	203 109 152	198 379 038	1 659 611	1%	
Property rates	92 831 977	82 919 079	9 912 898	12%	
Fines, penalties and forfeits	13 764 410	21 346 958	(7 582 548)	-36%	
Government grants and subsidies	93 442 262	94 113 001	(670 739)	-1%	
Public contributions and donations	3 070 503	-	3 070 503	100%	
Total Revenue	362 816 834	365 536 998	(5 790 667)		
EXPENDITURE					
Employee related cost	123 194 831	127 404 858	(4 210 027)	-3%	
Remuneration of councillors	4 601 145	5 940 786	(1 339 641)	-23%	Upper limits increases for councillor allowances not gazetted. High rate of debtor non-payment than anticipated. Economic conditions
Debt Impairment	22 598 741	5 546 668	17 052 073	307%	
Depreciation and asset impairment	15 628 971	14 502 050	1 126 921	8%	
Bulk purchases	116 978 978	108 932 080	8 046 898	7%	
Contracted services	14 395 768	25 397 211	(11 001 443)	-43%	Savings realised due to National State of Disaster and lower contractual commitments.
Other Expenditure	70 078 579	49 452 862	20 625 717	42%	Increase in grat provisions post retirement medical benefits
Loss on write off of assets	2 753 394	-	2 753 394		
Total Expenditure	370 230 408	337 176 515	33 053 893		
NET (DEFICIT) / SURPLUS FOR THE YEAR	(7 413 574)	28 360 483	(38 844 559)		

**ENDUMENI MUNICIPALITY
UNAUDITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

47. COMPARISON TO BUDGET (Continued)

47.2 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2021 Total Additions R	2021 Budget R	2021 Variance R	2021 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
EXECUTIVE AND COUNCIL	-	964 394	(964 394)	-100%	
MUNICIPAL MANAGER	399 199	30000	369 199	1231%	
CORPORATE SERVICES	3 347 376	10 622 532	(7 275 156)	-68%	
TECHNICAL SERVICES	17 078 276	13 293 716	3 784 560	28%	
FINANCIAL SERVICES	9 018 284	165 000	8 853 284	5366%	
PLANNING & DEVELOPMENT	-	358944	(358 944)	-100%	
COMMUNITY SERVICES	-	4 762 823	(4 762 823)	-100%	
	29 843 136	30 197 409	(354 273)	-1%	Municipality has managed to spend in line with capital budget.

The appendix includes additions figures for Property, Plant and Equipment (note 7) and Intangible Assets (note 8) only.

Endumeni Local Municipality

UNAUDITED SUPPLEMENTARY APPENDIX B - Analysis of Property Plant and Equipment as at 30 June 2021

	Cost										Accumulated depreciation					Accumulated impairment					Carrying value		
	Restated Cost 30 June 2020	Prior year adjustment	Restated Cost 30 June 2020	Additions 30 06 2021	Additions infra 30 06 2021	Donated Assets	Fair Value Adjustment	AUC released 2021	Disposals	Closing cost 30 June 2021	Accumulated depreciation as at 30 June 2020 as per AFS	Transfer	Restated Accumulated depreciation 30 June 2020	Depreciation charge 30 06 2021	Disposals	Accumulated depreciation as at 30 06 2021	Accumulated impairment as at 30 June 2020 as per AFS	Prior year adjustment	Restated Accumulated impairment as at 30 June 2020	Impairment loss 30 06 2021		Disposals	Accumulated impairment as at 30 06 2021
Land	56 597 243,96	-	56 597 243,96	-	-	270 000,00	-	-	-	56 867 243,96	-	-	-	-	-	-	-	-	-	-	-	56 867 243,96	
Community assets																							
Dwellings	8 653 354,47	-	8 653 354,47	-	-	-	-	-	8 653 354,47	6 539 611,23	-	6 539 611,23	237 156,33	-	6 776 767,56	96 698,86	-	96 698,86	47 542,38	-	-	144 241,24	1 732 345,67
Non Residential Dwellings	85 963 522,97	-	85 963 522,97	-	1 835 010,40	1 232 220,96	-	-	91 221 809,78	17 036 079,41	-	17 036 079,41	3 035 414,00	-107 781,88	19 963 711,53	1 973 548,50	-	1 973 548,50	991 837,93	-	-	2 965 386,43	68 292 711,82
AUC Buildings	5 261 330,32	-	5 261 330,32	-	6 180 687,66	-	-	-3 578 393,54	7 721 944,44	-	-	-	-	-	-	-	-	-	-	-	-	7 721 944,44	
Total Buildings	99 878 207,76	-	99 878 207,76	-	8 015 698,06	1 232 220,96	-	-1 529 018,09	107 597 108,69	23 575 690,64	-	23 575 690,64	3 272 570,33	-107 781,88	26 740 479,09	2 070 247,36	-	2 070 247,36	1 039 380,31	-	-	3 109 627,67	77 747 001,93
Infrastructure																							
Electricity	48 140 108,51	-	48 140 108,51	-	685 753,00	-	961 023,43	-2 697 004,32	47 089 880,62	20 795 131,86	-	20 795 131,86	1 292 106,39	-1 441 467,19	20 645 771,06	260 627,02	-	260 627,02	361 865,96	-97 087,84	525 405,14	25 918 704,42	
AUC Electricity	961 023,43	-	961 023,43	-	384 032,25	-	-961 023,43	-	384 032,25	-	-	-	-	-	-	-	-	-	-	-	-	384 032,25	
Road	183 851 584,42	-	183 851 584,42	-	7 552 737,06	-	1 131 078,67	-	192 535 400,15	63 149 116,18	-	63 149 116,18	5 645 273,90	-	68 794 390,08	3 528 482,93	-	3 528 482,93	-	-	3 528 482,93	120 212 527,14	
AUC Roads	3 065 378,06	-	3 065 378,06	-	3 418 536,34	-	-1 131 078,67	-110 686,44	5 242 149,29	-	-	-	-	-	-	-	-	-	-	-	-	5 242 149,29	
Solid waste	6 553 935,70	-	6 553 935,70	-	-	-	-	-5 428,47	6 548 507,23	4 657 601,35	-	4 657 601,35	346 533,64	-4 997,80	4 999 137,19	77 483,28	-	77 483,28	-	-	77 483,28	1 471 886,76	
AUC Land Fill Site	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cemeteries	3 972 078,28	-	3 972 078,28	-	-	-	-	-	3 972 078,28	1 273 524,07	-	1 273 524,07	252 905,28	-	1 526 429,35	15 462,83	-	15 462,83	-	-	-	15 462,83	2 430 186,10
AUC Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Infrastructure	246 544 108,40	-	246 544 108,40	-	12 041 058,65	-	-	-2 813 119,23	255 772 047,82	89 875 373,46	-	89 875 373,46	7 536 819,21	-1 446 464,99	95 965 727,68	3 882 056,06	-	3 882 056,06	361 865,96	-97 087,84	4 146 834,18	155 659 485,96	
Other Assets																							
Furniture and equipment	4 902 019,74	-	4 902 019,74	169 291,00	-	-	-	-138 895,47	4 932 415,27	3 309 800,96	-	3 309 800,96	378 394,67	-132 930,30	3 555 265,33	13 778,10	-	13 778,10	6 159,81	-2 510,39	17 427,52	1 359 722,42	
Computer equipment	5 706 336,93	-	5 706 336,93	870 206,77	-	10 502,50	-	-446 096,26	6 140 949,94	4 275 951,65	-	4 275 951,65	475 044,08	-431 109,68	4 319 886,05	17 724,10	-	17 724,10	14 539,30	-6 902,44	25 360,96	1 795 702,93	
Machinery and equipment	20 737 708,92	-	20 737 708,92	4 963 865,87	-	-	-	-271 783,82	25 429 790,97	9 266 028,29	-	9 266 028,29	1 502 155,07	-227 675,76	10 540 507,60	343 219,39	-	343 219,39	19 947,32	-6 058,24	357 108,47	14 532 174,90	
Transport assets	16 317 786,55	-	16 317 786,55	2 418 893,52	-	-	-	-1 840 722,54	16 895 957,53	8 962 467,84	-	8 962 467,84	1 020 852,31	-561 878,81	9 421 441,34	1 279 839,52	-	1 279 839,52	1 154,77	-1 265 840,80	15 153,49	7 459 362,70	
Total Other assets	47 663 852,14	-	47 663 852,14	8 422 257,16	-	10 502,50	-	-2 697 498,09	53 399 113,71	25 814 248,74	-	25 814 248,74	3 376 446,13	-1 353 594,55	27 837 100,32	1 654 561,11	-	1 654 561,11	41 801,20	-1 281 311,87	415 050,44	25 146 962,95	
Leased assets	9 299,78	-	9 299,78	-	-	-	-	-	9 299,78	8 973,10	-	8 973,10	87,91	-	9 061,01	-	-	-	-	-	-	238,77	
Housing letting schemes	307 629,95	-	307 629,95	-	-	-	-	-	307 629,95	-	-	-	-	-	-	192 362,31	-	192 362,31	-	-	-	192 362,31	
Total PPE	451 000 341,99	-	451 000 341,99	8 422 257,16	20 056 756,71	1 512 723,46	-	-7 039 635,41	473 952 443,91	139 274 285,94	-	139 274 285,94	14 185 923,58	-2 907 841,42	150 552 368,10	7 799 226,84	-	7 799 226,84	1 443 047,47	-1 378 399,71	7 863 874,60	315 536 201,21	
Intangible assets	2 942 526,68	-	2 942 526,68	1 364 121,74	-	-	-	-	4 306 648,42	1 189 200,99	-	1 189 200,99	512 832,35	-	1 702 033,34	6 797,81	-	6 797,81	-	-	-	6 797,81	
Investment Properties	55 547 000,00	-	55 547 000,00	-	-	1 557 779,04	23 000,00	-	57 127 779,04	-	-	-	-	-	-	-	-	-	-	-	-	57 127 779,04	
Total assets	509 489 868,67	-	509 489 868,67	9 786 378,90	20 056 756,71	3 070 502,50	23 000,00	-7 039 635,41	535 386 871,37	140 463 486,93	-	140 463 486,93	14 698 755,93	-2 907 841,42	152 254 401,44	7 806 024,65	-	7 806 024,65	1 443 047,47	-1 378 399,71	7 870 672,41	375 261 797,52	

Endumeni Local Municipality

UNAUDITED SUPPLEMENTARY APPENDIX B - Analysis of Property Plant and Equipment as at 30 June 2020

	Cost									Accumulated depreciation				Accumulated impairment				Carrying value					
	Cost 30 June 2019		Adjustments	Additions 30 06 2020	Additions infra 30 06 2020	Fair value adjustment	Newly identified assets at fair value	AUC released 2020	Disposals	Closing cost 30 June 2020	Accumulated depreciation as at 30 June 2019 as per AFS	Prior year adjustment	Restated Accumulated depreciation 30 June 2019	Depreciation charge 30 06 2020	Disposal	Accumulated depreciation as at 30 06 2020	Accumulated impairment as at 30 June 2019 as per AFS		Prior year adjustment	Restated Accumulated impairment as at 30 June 2019	Impairment loss 30 06 2020	Disposals	Accumulated impairment as at 30 06 2020
Land	60 969 536,72	#####	-	-	-	-	-	-	56 597 243,96	-	-	-	-	-	-	-	-	-	-	-	-	-	56 597 243,96
Community assets																							
Dwellings	8 653 354,47	-	-	-	-	-	-	-	8 653 354,47	6 302 191,01	-	6 302 191,01	237 420,22	-	6 539 611,23	96 698,86	-	96 698,86	-	-	-	96 698,86	2 017 044,38
Non Residential Dwellings	71 353 130,54	-	171 813,50	-	-	-	-	-	85 963 522,97	14 569 615,99	-	14 569 615,99	2 466 463,42	-	17 036 079,41	1 970 139,96	-	1 970 139,96	3 408,54	-	-	1 973 548,50	66 953 895,06
AUC Buildings	11 077 103,67	-	-	9 089 390,89	-	-	-	-	5 261 330,32	-	-	-	-	-	-	-	-	-	-	-	-	-	5 261 330,32
Total Buildings	91 083 588,68	-	171 813,50	9 089 390,89	-	-	-	-	99 878 207,76	20 871 807,00	-	20 871 807,00	2 703 883,64	-	23 575 690,64	2 066 838,82	-	2 066 838,82	3 408,54	-	-	2 070 247,36	74 232 269,76
Infrastructure																							
Electricity	47 981 458,51	-	158 650,00	-	-	-	-	-	48 140 108,51	19 524 137,90	-	19 524 137,90	1 270 993,96	-	20 795 131,86	208 761,54	-	208 761,54	51 865,48	-	-	260 627,02	27 084 349,63
AUC Electricity	124 703,85	-	-	836 319,58	-	-	-	-	961 023,43	-	-	-	-	-	-	-	-	-	-	-	-	-	961 023,43
Road	183 823 684,42	-	27 900,00	-	-	-	-	-	183 851 584,42	57 483 439,17	-	57 483 439,17	5 665 677,01	-	63 149 116,18	3 465 757,67	-	3 465 757,67	62 725,26	-	-	3 528 482,93	117 173 985,31
AUC Roads	2 196 181,49	-	-	869 196,57	-	-	-	-	3 065 378,06	-	-	-	-	-	-	-	-	-	-	-	-	-	3 065 378,06
Solid waste	6 553 935,70	-	-	-	-	-	-	-	6 553 935,70	4 222 148,22	-	4 222 148,22	435 453,13	-	4 657 601,35	77 483,28	-	77 483,28	-	-	-	77 483,28	1 818 851,07
AUC Land Fill Site	226 726,00	-226 726,00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	3 972 078,28	-	-	-	-	-	-	-	3 972 078,28	1 019 747,16	-	1 019 747,16	253 776,91	-	1 273 524,07	14 368,69	-	14 368,69	1 094,14	-	-	15 462,83	2 683 091,38
AUC Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Infrastructure	244 878 768,25	-226 726,00	186 550,00	1 705 516,15	-	-	-	-	246 544 108,40	82 249 472,45	-	82 249 472,45	7 625 901,01	-	89 875 373,46	3 766 371,18	-	3 766 371,18	115 684,88	-	-	3 882 056,06	152 786 678,88
Other Assets																							
Furniture and equipment	4 819 790,04	18 070,70	64 159,00	-	-	-	-	-	4 902 019,74	2 895 508,33	9 649,93	2 905 158,26	404 642,70	-	3 309 800,96	13 778,10	-	13 778,10	-	-	-	13 778,10	1 578 440,68
Computer equipment	5 524 887,93	-	181 449,00	-	-	-	-	-	5 706 336,93	3 752 620,95	-	3 752 620,95	523 330,70	-	4 275 951,65	17 724,10	-	17 724,10	-	-	-	17 724,10	1 412 661,18
Machinery and equipment	18 846 974,40	-18 070,70	1 442 219,91	-	-	-	-	466 585,31	20 737 708,92	7 882 952,79	-12 078,83	7 870 873,96	1 395 154,33	-	9 266 028,29	340 679,05	-	340 679,05	2 540,34	-	-	343 219,39	11 128 461,24
Transport assets	13 867 970,42	-	2 449 816,13	-	-	-	-	-	16 317 786,55	7 989 302,72	-	7 989 302,72	973 165,12	-	8 962 467,84	13 998,72	-	13 998,72	1 265 840,80	-	-	1 279 839,52	6 075 479,19
Total Other assets	43 059 622,79	-	4 137 644,04	-	-	-	-	466 585,31	47 663 852,14	22 520 384,79	-2 428,90	22 517 955,89	3 296 292,85	-	25 814 248,74	386 179,97	-	386 179,97	1 268 381,14	-	-	1 654 561,11	20 195 042,29
Leased assets	9 299,78	-	-	-	-	-	-	-	9 299,78	8 809,73	-	8 809,73	163,37	-	8 973,10	-	-	-	-	-	-	-	326,68
Housing letting schemes	307 629,95	-	-	-	-	-	-	-	307 629,95	-	-	-	-	-	-	192 362,31	-	192 362,31	-	-	-	192 362,31	115 267,64
Total PPE	440 308 446,17	#####	4 496 007,54	10 794 907,04	-	-	-0,00	-	451 000 341,99	125 650 473,97	-2 428,90	125 648 045,07	13 626 240,87	-	139 274 285,94	6 411 752,28	-	6 411 752,28	1 387 474,56	-	-	7 799 226,84	303 926 829,21
Intangible assets	994 123,20	-	1 948 403,48	-	-	-	-	-	2 942 526,68	878 610,23	-	878 610,23	310 590,76	-	1 189 200,99	-	-	-	6 797,81	-	-	6 797,81	1 746 527,88
Investment Properties	55 822 000,00	-	-	55 822 000,00	-275 000,00	-	-	-	55 547 000,00	-	-	-	-	-	-	-	-	-	-	-	-	-	55 547 000,00
Total assets	497 124 569,37	#####	8 992 015,08	21 589 814,08	-	-	-0,00	-	509 489 868,67	126 529 084,20	-2 428,90	126 526 655,30	13 658 966,36	-	140 463 486,93	6 411 752,28	-	6 411 752,28	1 394 272,37	-	-	7 806 024,65	361 220 357,09

Endumeni Municipality
APPENDIX C
UNAUDITED SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2021

	Cost / Revaluation								Accumulated Depreciation					Accumulated Impairment				Carrying value
	Opening Balance	Prior year adjustment	Fair Valued/ Donations	Additions	Additions Infra	AUC Released	Disposals	Closing Balance	Opening Balance	Prior year adjustment	Depreciation	Disposals	Closing Balance	Opening Balance	Impairment	Disposals	Closing Balance	
	R	R			R	R		R	R		R	R	R				R	
Executive and council	50 220 768	-1 633 758	425 000	-	-	-	-15 204	48 996 805	1 824 980	-486 836	192 285	-14 660	1 515 770	11 467	38	-	11 505	47 469 531
Municipal manager	1 609 330	-581 795	-	399 199	-	-	-13 410	1 413 324	715 743	-243 596	109 448	-12 598	568 998	455	343	-455	343	843 984
Corporate services	109 840 160	1 520 485	2 658 000	1 739 880	1 607 497	3 578 394	-1 879 146	119 065 268	24 602 853	44 327	3 958 245	-577 301	28 028 125	1 439 175	64 010	-11 226	1 491 958	89 545 185
Technical services	314 213 708	366 412	-	6 977 642	10 100 634	2 092 102	-4 809 853	328 940 645	106 636 960	319 772	9 634 037	-2 182 558	114 408 211	5 445 283	1 373 897	-1 363 045	5 456 135	209 076 299
Financial services	35 792 813	-2 301 081	10 503	669 658	8 348 626	-5 670 496	-314 171	36 535 852	6 190 669	652 046	743 385	-112 922	7 473 178	909 438	4 758	-3 674	910 523	28 152 152
Planning and development	463 705	-20 878	-	-	-	-	-7 851	434 977	216 846	-10 278	61 355	-7 803	260 120	207	2	-	209	174 647
Total	512 140 484	-2 650 615	3 093 503	9 786 379	20 056 757	-	-7 039 635	535 386 871	140 188 051	275 436	14 698 756	-2 907 841	152 254 401	7 806 025	1 443 047	-1 378 400	7 870 673	375 261 797

The appendix includes figures for Property, Plant and Equipment (note 7), Intangible Assets (note 8) and Investment Properties (note 9).

Endumeni Municipality
APPENDIX D
UNAUDITED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
as at 30 June 2021

2 020			2 021			
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
9 316 053	62 360 839	(53 044 786)	Corporate Services	4 676	31 327 108	(31 322 432)
103 381 056	27 358 527	76 022 528	Financial Services	134 141 056	78 671 535	55 469 520
40 255 313	19 237 003	21 018 310	Municipal Manager	53 904 890	17 913 072	35 991 818
158 677 313	189 341 499	(30 664 186)	Technical Services	135 507 057	150 864 547	(15 357 490)
688 433	12 183 085	(11 494 653)	Planning and Development	498 252	16 449 713	(15 951 462)
			Community Services	38 761 203	75 004 729	(36 243 526)
312 318 167	310 480 954	1 837 213	Total	362 817 133	370 230 704	(7 413 571)

The inter-departmental charges have been allocated per segment for the current and prior years.