UMFOLOZI LOCAL MUNICIPALITY
(REGISTRATION NUMBER :KZN281)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (act of 6 2004) Division of Revenue Act (Act 1 of 2007)

Mayoral committee

His Excellency Honourable Mayor	Cllr. X.M. Bhengu
Deputy Mayor	Cllr. T.M. Biyela
Former Deputy Mayor	Cllr. N.N. Gumede (Terminated: December 2022)
Speaker	Cllr. MM Mthiyane
Chief Whip	Cllr. C Makhunga

Councillors of Municipal Council

Councillor	G.M. Khumalo
Councillor	M.N. Nxumalo
Councillor	B.T. Ntombela (EXCO Member)
Councillor	N.S. Ngubane (EXCO Member)
Councillor	T.Z. Mdhletshe
Councillor	S.G Mthethwa
Councillor	B.V Mhlongo
Councillor	P.M. Gumbi
Councillor	T. Ndimande
Councillor	A.M. Mtshali
Councillor	K.S.C Xaba
Councillor	N. Conco
Councillor	B.P. Sithole
Councillor	S.E. Sibiya
Councillor	M.E. Shobede
Councillor	B.S Bhengu
Councillor	R.L. Keyser
Councillor	M.B. Makhaza
Councillor	T.D. Ngwenya
Councillor	H.B. Hadebe
Councillor	T.N. Msweli
Councillor	N.B. Mkhwanazi
Councillor	S.R. Thabethe
Councillor	S.S Gazu
Councillor	S.M. Shabangu
Councillor	M. Shabalala
Councillor	A.S Msibi

General Information

Councillor	S.Z Mtetwa (MPAC)
Councillor	ES Mthethwa (Appointed: 2022/08/03)
Councillor	K. Mlambo (Appointed: 2022/12/01)
Councillor	S.P. Mpanza (EXCO member)
Grading of local authority	Grade 1
Accounting Officer	Mr L.S. Jili
Chief Finance Officer (CFO)	Mr. Z.J Ndlovu
Registered office	25 Bredelia Street Kwa-Mbonambi 3915
Business address	25 Bredelia Street Kwa-Mbonambi 3915
Postal address	P.O Box 96 Kwa-Mbonambi 3915
Bankers	ABSA Bank Nedbank
Auditor	Auditor General of South Africa
Legal Representatives	Kloopers Incorporated
Telephone	(035) 580-1421
Email Address (Accounting Officer)	jilils@umfolozi.org.za

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Taxation

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 was given unrestricted access to all financial records and related data.

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

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

The Accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality 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 30 June 2024 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.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The annual financial statements set out on the following pages 1 to 95 , which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2023 and were signed on its behalf by:

Mr L.S. Jili
Accounting Officer

Statement of Financial Position as at 30 June 2023

Figures in Rand	Notes	2023	2022 Restated*
Assets			
Current Assets			
Receivables from Exchange transactions	4	1 969 054	1 719 143
Receivables from Non-Exchange Transactions	5	8 235 465	10 844 255
VAT receivable	6	7 701 766	6 062 627
Conditional Grants receivable	11	-	4 044 593
Cash and cash equivalents	7	32 863 046	21 760 836
		50 769 331	**44 431 454**
Non-Current Assets			
Property, plant and equipment	8	396 232 082	388 975 088
Intangible assets	9	212 070	416 213
		396 444 152	**389 391 301**
Total Assets		**447 213 483**	**433 822 755**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	12 939 120	15 006 265
Unspent conditional grants and receipts	12	1 904 264	1 030 296
Other financial liabilities	13	1 033 918	1 008 799
Retentions	14	6 322 803	4 834 574
Employee benefit Obligation	15	291 000	275 000
Deferred revenue	24	727 018	-
		23 218 123	**22 154 934**
Non-Current Liabilities			
Other financial liabilities	13	2 638 228	3 482 375
Retentions	14	-	149 627
Employee benefit obligations	15	1 679 000	1 727 000
		4 317 228	**5 359 002**
Total Liabilities		**27 535 351**	**27 513 936**
Net Assets		**419 678 132**	**406 308 819**
Accumulated surplus		419 678 133	406 308 820
Total Net Assets		**419 678 133**	**406 308 820**

* See Note 2 & 44

Statement of Financial Performance

Figures in Rand	Notes	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges		668 998	666 705
Rental of facilities and equipment	16	560 391	777 059
Licences and permits	17	304 181	328 438
Operational revenue	18	1 651 950	314 142
Interest revenue	19	3 939 637	2 294 336
Total revenue from exchange transactions		**7 125 157**	**4 380 680**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	27 099 047	25 634 672
Interest on outstanding receivables	21	1 120 545	1 064 392
Transfer revenue			
Government grants and subsidies	22	211 953 437	208 196 968
Fines, Penalties and Forfeits	23	480 226	535 276
Contract revenue	24	1 976 506	-
Donation income	25	2 031 998	1 010 143
Total revenue from non-exchange transactions		**244 661 759**	**236 441 451**
Total revenue	26	**251 786 916**	**240 822 131**
Expenditure			
Employee related costs	27	(77 460 661)	(73 743 163)
Remuneration of councillors	28	(13 257 082)	(12 197 381)
Depreciation,impairment loss and amortisation	29	(34 248 626)	(33 121 403)
Finance costs	30	(610 818)	(616 871)
Lease rentals on operating lease	31	(1 024 602)	(964 872)
Debt Impairment	32	(4 016 435)	(1 141 734)
Bad debts written off	33	(12 458 419)	-
Contract cost - INEP	24	(1 976 506)	-
Contracted services	34	(52 485 186)	(59 437 347)
Transfers and Subsidies	35	(4 602 825)	(822 847)
Operational costs	36	(48 031 387)	(47 504 289)
Total expenditure		**(250 172 547)**	**(229 549 907)**
Operating surplus		**1 614 369**	**11 272 224**
Loss on disposal of municipal assets		(142 881)	(87 122)
Actuarial gains/(losses)	15	240 000	31 940
Reversal of impairments gains/(losses)	37	11 657 825	-
		11 754 944	**(55 182)**
Surplus for the year		**13 369 313**	**11 217 042**

The accounting policies on pages 18 to 33 and the notes on pages 34 to 95 form an integral part of the annual financial statements.

* See Note 2 & 44

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	394 247 230	394 247 230
Adjustments		
Prior year adjustments	844 548	844 548
Balance at 01 July 2021	**395 091 778**	**395 091 778**
Changes in net assets		
Surplus for the year	11 217 042	11 217 042
Total changes	11 217 042	11 217 042
Restated* balance at 01 July 2022	**406 308 820**	**406 308 820**
Changes in net assets		
Surplus for the year	13 369 313	13 369 313
Total changes	13 369 313	13 369 313
Balance at 30 June 2023	**419 678 133**	**419 678 133**

* See Note 2 & 44

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		33 825 084	21 194 408
Grants		212 827 405	203 614 594
Interest income		5 060 182	3 358 728
Fines, Penalties and Forfeits		480 226	535 276
		252 192 897	228 703 006
Payments			
Employee costs		(91 303 611)	(85 554 718)
Suppliers		(109 149 863)	(101 644 630)
Finance costs		(405 818)	(616 871)
		(200 859 292)	(187 816 219)
Net cash flows from operating activities	38	**51 333 605**	**40 886 787**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(39 412 367)	(54 809 944)
Proceeds from sale of property, plant and equipment	8	-	1 170 743
Net cash flows from investing activities		**(39 412 367)**	**(53 639 201)**
Cash flows from financing activities			
Repayment of other financial liabilities		(819 028)	(738 043)
Net cash flows from financing activities		**(819 028)**	**(738 043)**
Net increase/(decrease) in cash and cash equivalents		**11 102 210**	**(13 490 457)**
Cash and cash equivalents at the beginning of the year		21 760 836	35 251 293
Cash and cash equivalents at the end of the year	7	**32 863 046**	**21 760 836**

* See Note 2 & 44

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Difference in percentage (%)	Reference
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	767 000	(100 000)	**667 000**	668 998	**(1 998)**	0.3%	
Rental of facilities and equipment	871 000	(200 000)	**671 000**	560 391	**110 609**		
Licences and permits	212 000	213 000	**425 000**	304 181	**120 819**		
Operational revenue	214 000	2 000	**216 000**	1 651 950	**(1 435 950)**	224%	1
Interest received - investment	1 912 000	283 000	**2 195 000**	3 939 637	**(1 744 637)**	79%	2
Total revenue from exchange transactions	**3 976 000**	**198 000**	**4 174 000**	**7 125 157**	**(2 951 157)**		
Revenue from non-exchange transactions							
Taxation revenue							
Property rates	29 928 000	(1 534 000)	**28 394 000**	27 099 047	**1 294 953**		
Interest on outstanding receivables	1 272 000	-	**1 272 000**	1 120 545	**151 455**		
Transfer revenue							
Government grants and subsidies	174 250 000	750 000	**175 000 000**	171 763 535	**3 236 465**		
Fines, Penalties and Forfeits	453 000	-	**453 000**	480 226	**(27 226)**	5%	
Contract revenue	-	-	**-**	1 976 506	**1 976 506**	100%	9
Donation income	-	-	**-**	2 031 998	**(2 031 998)**	100%	3
Total revenue from non-exchange transactions	**205 903 000**	**(784 000)**	**205 119 000**	**204 471 857**	**4 600 155**		
Total revenue excluding Capital Transfers and contributions)	**209 879 000**	**(586 000)**	**209 293 000**	**211 597 014**	**1 648 998**		
Expenditure							
Employee related costs	(83 651 000)	3 853 000	**(79 798 000)**	(77 460 661)	**(2 337 339)**		
Remuneration of councillors	(12 958 000)	(263 000)	**(13 221 000)**	(13 257 082)	**36 082**	0.2%	
Depreciation and asset impairment	(18 329 000)	-	**(18 329 000)**	(34 248 626)	**15 919 626**	86%	4

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference		
Finance costs	(445 000)	-	**(445 000)**	(610 818)	**165 818**	37%	5
Lease rentals on operating lease	-	-	**-**	(1 024 602)	**1 024 602**	100%	6
Debt Impairment	(2 189 000)	476 000	**(1 713 000)**	(4 016 435)	**2 303 435**	134%	
Bad debts written off	-	-	**-**	(12 458 419)	**12 458 419**	100%	7
Contract costs - INEP	-	-	**-**	(1 976 506)	**1 976 506**	100%	9
Contracted Services	(47 580 000)	(1 212 000)	**(48 792 000)**	(52 485 186)	**3 693 186**	7%	
Transfers and Subsidies	(2 769 000)	210 000	**(2 559 000)**	(4 602 825)	**2 043 825**	79%	8
Operational Costs	(40 781 000)	(2 163 000)	**(42 944 000)**	(48 031 387)	**5 087 387**	16%	9
Total expenditure	**(208 702 000)**	**901 000**	**(207 801 000)**	**(250 172 547)**	**42 371 547**		
Operating deficit	**1 177 000**	**315 000**	**1 492 000**	**(38 575 533)**	**(40 067 533)**		
Loss on disposal of municipal assets	-	-	**-**	(142 881)	**142 881**	100%	10
Reversal of Impairment gain/(loss)	-	-	**-**	11 657 825	**(11 657 825)**	100%	11
Actuarial gains/losses	-	-	**-**	240 000	**(240 000)**	100%	12
Transfers and subsidies -capital (Monetary calculations National/Provincial/District)	28 016 000	14 250 000	**42 266 000**	40 189 902	**2 076 098**	4%	
	28 016 000	**14 250 000**	**42 266 000**	**51 944 846**	**(9 678 846)**		
Surplus for the year	**29 193 000**	**14 565 000**	**43 758 000**	**13 369 313**	**(30 388 687)**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

1. **Operational Revenue**

This is due to revenue from the insurance claim of R248 648 received as result of the fire that broke out at Nzalabantu community hall. Recognision of long overdue retention for Maduna Project of R149 627.

2. **Interest received - Investment**

The municipality during the current year under review opened on a quarterly basis a fixed deposit investment account which it earned additional interest that was deposited back into the Nedbank investment account.

3. **Donation Income**

Donations of a community centre from Transnet received on 1 March 2023 not budgeted for.

4. **Depreciation, impairment loss and amortisation**

Variance is due to the impairment loss not being budgted for,and also the capitalisation of material projects that resulted in an increase in depreciation.

5. **Finance Costs**

Variance is due to the interest incurred in the with the valuation of Grap 25 at the end of financial yeart

6.**Rentals on operating lease**

Rentals on operating leases were not budgeted for in the 2022/2023 financial year.

7. **Bad debts written-off**

Bad debt writ-off not budgeted for in the 2022/2023 financial year.

8. **Transfers and subsidies**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

The difference is due to additional councillor donations that resulted from the natural disaster within the municipality demacation during the current financial year

9. **Operational costs**

The municipality received INEP grant for the 2022/2023 which brought upon unforseen expenditure in terms of attributable contruction costs recognised in terms of the National Treasury INEP grant allocation guidelines issued in July 2023. There is also a significant increase in the advertising and publicity expenditure resulting from additional advertisement of vacant posts of senior managers in addition to the staff vacancies and purchases of protective clothing

10. **Loss on disposal of municipal assets**

Loss on disposal of municipal assets were not budgeted for in the current financial year.

11.**Reversal of impairment gains**

Reversal of impairment gains were not budgeted for in the current financial year.

12. **Actuarial gains**

Actuarial gains were not budgeted for in the current financial year

13. **Debt Impairment**

The difference was due to the municipality anticipating to recover more revenue from customers as an incentive of 50% discount on payment of the full debtors outstanding balances was given by the municipality to all consumers for the financial year under review.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from Exchange transactions	22 970 000	(23 727 000)	**(757 000)**	1 969 054	**2 726 054**	-176%	14
VAT receivable	-	-	**-**	7 701 766	**7 701 766**	100%	15
Receivables from Non-Exchange Transactions	9 403 000	15 040 000	**24 443 000**	8 235 465	**(16 207 535)**		
Cash and cash equivalents	28 638 000	162 098 000	**190 736 000**	32 863 046	**(157 872 954)**		
	61 011 000	**153 411 000**	**214 422 000**	**50 769 331**	**(163 652 669)**		
Non-Current Assets						
Property, plant and equipment	400 878 000	10 498 000	**411 376 000**	396 232 082	**(15 143 918)**		
Intangible assets	1 667 000	(1 462 000)	**205 000**	212 070	**7 070**	93%	16
	402 545 000	**9 036 000**	**411 581 000**	**396 444 152**	**(15 136 848)**		
Total Assets	**463 556 000**	**162 447 000**	**626 003 000**	**447 213 483**	**(178 789 517)**		
Liabilities						
Current Liabilities						
Other financial liabilities	1 224 000	(215 000)	**1 009 000**	1 033 918	**24 918**	2%	
Payables from exchange transactions	19 925 000	(8 541 000)	**11 384 000**	12 939 120	**1 555 120**	14%	17
Unspent conditional grants and receipts	-	-	**-**	1 904 264	**1 904 264**	100%	18
Retentions	-	-	**-**	6 322 803	**6 322 803**	100%	19
Employee benefit Obligation	-	-	**-**	291 000	**291 000**	100%	20
Deferred revenue	-	-	**-**	727 018	**727 018**	100%	21
	21 149 000	**(8 756 000)**	**12 393 000**	**23 218 123**	**10 825 123**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Non-Current Liabilities						
Other financial liabilities	2 686 000	18 000	**2 704 000**	2 638 228	**(65 772)**	
Provisions	-	2 002 000	**2 002 000**	-	**(2 002 000)**	
Employee benefit obligations	-	-	**-**	1 679 000	**1 679 000**	100%	20
	2 686 000	**2 020 000**	**4 706 000**	**4 317 228**	**(388 772)**		
Total Liabilities	**23 835 000**	**(6 736 000)**	**17 099 000**	**27 535 351**	**10 436 351**		
Net Assets	**439 721 000**	**169 183 000**	**608 904 000**	**419 678 132**	**(189 225 868)**		
Net Assets							
Net Assets Attributable to Owners of Controlling Entity							
Reserves							
Accumulated surplus	439 721 000	5 564 000	**445 285 000**	419 678 133	**(25 606 867)**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

14. **Receivables from exchange transactions**

The variance of -176% which is below the 10% variance is due to an mSCOA budget template that errorneously reflected the budgted as an liability on receivables, the actual amount vs budget amount is thus not above what was budgeted for by the municipality.

15. **VAT Receivables**

VAT receivables was not budgeted for in the current financial year

16. **Intangible Assets**

Variance due to additional software bought for new laptops for councillors and senior managers.

17. **Payables from exchange transactions**

Varaince is due to the municipality not anticipating to incur balances in terms of unallocated deposits and debtors with credit balances at the end of the financial year.

18. **Unspent conditional grants and receipts**

Unspent grant was not budgeted for by the muncipality, as initial anticipation is to spend total grants allocation, and also due to the fact that the unspent grants are to possibly be refunded to treasury based on the response on the application of the roll over of unspent grants.

19. **Retentions**

Retentions was not budgeted for in the current financial year.

20. **Employee benefit obligation**

Variance is due to the year end valuation in terms of Grap 25 not budgeted for by the municipality.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	42 123 000	(742 000)	**41 381 000**	33 825 084	**(7 555 916)**	
Grants	205 266 000	15 321 000	**220 587 000**	212 827 405	**(7 759 595)**	
Interest income	2 548 000	(353 000)	**2 195 000**	5 060 182	**2 865 182**	130%	21
Fines, Penalties and Forfeits	-	-	**-**	480 226	**480 226**	100%	22
	249 937 000	**14 226 000**	**264 163 000**	**252 192 897**	**(11 970 103)**	
Payments						
Employee costs	(93 019 000)	-	**(93 019 000)**	(91 303 611)	**1 715 389**	
Suppliers	(110 893 000)	188 000	**(110 705 000)**	(109 149 863)	**1 555 137**	
Finance costs	(445 000)	-	**(445 000)**	(405 818)	**39 182**	
	(204 357 000)	**188 000**	**(204 169 000)**	**(200 859 292)**	**3 309 708**	
Net cash flows from operating activities	**45 580 000**	**14 414 000**	**59 994 000**	**51 333 605**	**(8 660 395)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(36 117 000)	(9 662 000)	**(45 779 000)**	(39 412 367)	**6 366 633**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash flows from financing activities						
Repayment of other financial liabilities	(779 000)	-	**(779 000)**	(819 028)	**(40 028)**	5%
Net increase/(decrease) in cash and cash equivalents	8 684 000	4 752 000	**13 436 000**	11 102 210	**(2 333 790)**	
Cash and cash equivalents at the beginning of the year	19 955 000	1 806 000	**21 761 000**	21 760 836	**(164)**	
Cash and cash equivalents at the end of the year	**28 639 000**	**6 558 000**	**35 197 000**	**32 863 046**	**(2 333 954)**	

21. **Interest income**

Variance is due to the budget amount on cashflow statement only accounting for interest on investment and excludes budget amount on interest on outstanding debtors, variances are further detailed on the statement of financial performance under statement of comparison of budget and actual amounts.

22. **Fine, Penalties and Forfeits**

Variance is due to fines,penalties and forfeits not being budgeted for in the current year

Accounting Policies

Figures in Rand	Note(s)	2023	2022

1. Presentation of Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Presentation currency

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

The amounts presented in the Annual Financial Statements are rounded-off to the nearest rand.

1.2 Going concern assumption

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

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis.

Significant judgements include:

Trade receivables and/or loans and receivables

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

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

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of valuein-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand and interest.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Useful lives of Property,Plant and Equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property plant and equipment. This estimate is based on the pattern in which an asset's future economic benefit or service potential are expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, and vice versa.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

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

Provision for impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

An impairment of the trade receivables is accounted for by reducing the carrying amount of the trade receivable through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When the trade receivable is uncollectable, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for impairments is calculated by categorising the outstanding debtors into three:
Category A are government properties and those who owe less than 60 days. The provision is provided for at 0%.
Category B are those who are irregular payers and the debt is from 60 - 120 days. The provision is provided for at 25%.
Category C are bad payers and debt that is more than 120 days. The provision is provided for at 50%.

Accounting Policies

1.5 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. All assets that can be classified as assets and that are constructed by the Municipality should be recorded in the asset register and depreciated over their estimated useful life for that category of asset.Work in progress shall be flagged as such in the asset register until such time that the facility is completed. Depreciation will commence when the construction of the asset is finalised and the asset is in the condition necessary for it to operate in the manner intended by management.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Item	Depreciation method	Average useful life
Community Assets	Straight-line	5-30 Years
Furniture and Office Equipment	Straight-line	5-15 Years
Other Assets	Straight-line	10-30 Years
ICT Infrastructure	Straight-line	5-80 Years
Storm Water Infrastructure	Straight-line	5-80 Years
Road Infrastructure	Straight-line	5-80 Years
Water Supply Infrastructure	Straight-line	5-80 Years
Computer Equipments	Straight-line	5-30 Years
Machinery and Equipment	Straight-line	5-30 Years
Transport Assets	Straight-line	5-30 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Accounting Policies

1.5 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is 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 entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Accounting Policies

1.6 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	2- 5 Years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The Municipality determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement - A financial instrument is recognised, when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement – financial assets
Financial assets consist of cash and cash equivalents, deposits, receivables and investments. Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably are subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of Financial Performance.

Subsequent measurement – financial liabilities
Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of Financial Performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

Fair value measurement considerations
The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Municipality establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership..

Accounting Policies

1.8 Leases (continued)

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Contract revenue

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Accounting Policies

1.9 Contract revenue (continued)

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs.

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.11 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity’s own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

Accounting Policies

1.11 Employee benefits (continued)

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

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

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

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

The entity recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.12 Provisions and contingencies

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

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

Accounting Policies

1.12 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;

1.12 Provisions and contingencies (continued)

- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

1.15 Revenue from Exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of refuse removal) to the other party in exchange.

Measurement

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Sale of goods (Licence and Permits)

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

the Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;

the Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and

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

Accounting Policies

1.15 Revenue from Exchange transactions (continued)

Rendering of services

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

the amount of revenue can be measured reliably;

it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;

the stage of completion of the transaction at the reporting date can be measured reliably; and

the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service charges

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the municipality receives value from another municipality without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The amount of the revenue can be measured reliably; and
- There has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect. Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate:

Government grants

1.16 Revenue from non-exchange transactions (continued)

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality,
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

The Municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Donations and Contributions

Donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue:

1.17 Investment income

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

1.18 Borrowing costs

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

1.19 Conditional Grants

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance

1.20 Unauthorised expenditure

‘‘Unauthorised expenditure’’, in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- overspending of the total amount appropriated in the municipality’s approved budget;
- overspending of the total amount appropriated for a vote in the approved budget:
- expenditure from a vote unrelated to the department or functional area covered by the vote;

1.20 Unauthorised expenditure (continued)

- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraphs (b), (c) or (d) of the definition of ‘‘allocation otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act;

Unauthorised expenditure means:

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

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

1.21 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.22 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

1.23 Segment information

Basis of segmentation

Segment were identified based on the MFMA S71 monthly budget statements that are reviewed by the executive management and council to make strategic decisions and in monitoring segment performance . The disclosure of information about segments in these reports are organised around the type of service delivered in a standardised format, and is considered approprite for external reporting purposes to achieve the objectives of GRAP 18.

Segments are aggregated for reporting purposes when management considered that the economic characteristics and nature or services are sufficiently similar to warrant aggregation. The components of each aggregated segment is explained under the description of operations of the segments.

Reportable segments are identified based on activities of the municipality that generates economic benefits or service potential including internal services that contribute to achieving the municipality’s objectives without necessarily generating net cash inflows.

Accounting Policies

1.23 Segment information (continued)

Accounting policy and measurement basis

The accounting policies of the reportable segments are the same as the municipality's accounting policies.

Inter-segment pricing is determined on an arm's length basis, similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the "elimination of intersegment transactions" column of the segment report.

Geographic information

All the municipality's operations are located in the Republic of South Africa in the KwaMbonambi area.

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.24 Comparative of actual information to budgeted information

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

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

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

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

The budget for the economic entity includes all the entities approved budgets under its control.

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

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budged 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 2022 to 30 June 2023.

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.

1.25 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Accounting Policies

1.25 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.26 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.27 Statutory receivables identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and nonexchange transactions.

Statutory recievables include:

- Taxes income tax, property rates
- Fines usually breach of law

Recognition

If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;

If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

Accounting Policies

1.27 Statutory receivables identification (continued)

Initial measurement

The Municipality initially measures statutory recievables at their transaction amount.

Subsequent measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

Interest or other charges that may have accrued on the receivable (where applicable);

Impairment losses; and

Amounts derecognised.

Where the Municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Derecognition

The Municipality derecognises a statutory receivable, or a part thereof, when:

- The rights to the cash flows from the receivable are settled, expire or are waived;
- The Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- The Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2022 is as follows:

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

[If retrospective application is impracticable for a particular prior period, or for periods before those presented, disclose the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.]

The entity has not applied the new [name the standard or interpretation] issued, and effective for periods commencing . [Describe the new required treatment and the current treatment.] The estimated impact of the implementation of the new standard on the 2023 annual financial statements is as follows:

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

There are no new standards that were issued and effective in the current year. The municipality has applied all standards and interpretations that were issued by the accounting standards board that are applicable to the municipality consistently with prior year.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 Financial Instruments(revised)	01 April 2023	Unlikely there will be a material impact
• GRAP 25 Employee Benefits (revised)	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact
• GRAP 103 Heritage Assets	date to be determinedbythe Minister ofFinance	Unlikely there will be a material impact
• Amendments to GRAP 1: going concern issuedDecember2022	date to be determinedbythe Minister ofFinance	Unlikely there will be a material impact
• Improvements to Standards of GRAP (2021)	01 April 2023	Unlikely there will be a material impact
• IGRAP 21 on The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact

GRAP 25 (as revised): Employee Benefits

Background

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made. This interpretation explains the nature of past materially decisions and their potential effect on current and subsequent reporting periods.

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

This interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:
- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation is on 1 April 2023.

The municipality expects to adopt the interpretation for the first time in the 2023/2024 financial year.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB’s Amendments to IAS 1.

Summary of amendments are:

The amendments clarify that:

Information should not be obscured by aggregating or by providing immaterial informationt:
- Materiality considerations apply to all parts of the financial statements; and
- Even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The entity expects to adopt the amendment for the first time in the 2024/2025 annual financial statements. The adoption of this amendment is not expected to impact on the results of the municipalty, but may result in more disclosure than currently provided in the financial statements.

4. Receivables from Exchange transactions

Refuse	828 574	846 736
Provision for debt Impairment - refuse	(507 979)	(336 007)
Prepayments	585 324	1 119 414
Sundry receivables	144 196	-
Other receivables	829 939	-
Creditors with debit balances	89 000	89 000
	1 969 054	**1 719 143**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

4. Receivables from Exchange transactions (continued)

Refuse		
Current (0-30 days)	84 749	30 203
31 - 60 days	25 131	24 736
61 - 90 days	18 998	17 683
91 - 120 days	18 956	17 297
121 - 365 days	680 740	756 817
	828 574	**846 736**

Sundry receivables		
Current (0-30 days)	144 196	-

Reconciliation of provision for impairment

Opening balance	336 007	330 674
Provision for debt impairment	171 972	5 333
	507 979	**336 007**

5. Receivables from Non exchange transactions

Gross balances		
Property rates	19 049 479	18 236 924
Traffic Fines	920 864	12 133 139
	19 970 343	**30 370 063**

Less: Allowance for impairment		
Property rates	(10 892 678)	(7 392 669)
Traffic Fines	(842 200)	(12 133 139)
	(11 734 878)	**(19 525 808)**

Net balance		
Property rates	8 156 801	10 844 255
Traffic fines	78 664	-
	8 235 465	**10 844 255**

Property Rates		
Current (0 -30 days)	976 178	922 469
31 - 60 days	2 089 687	780 621
61 - 90 days	1 267 819	2 432 893
91 - 120 days	326 302	357 987
121 - 365 days	10 592 346	10 472 496
	15 252 332	**14 966 466**

Interest		
Current (0 -30 days)	70 871	92 035
31 - 60 days	99 749	94 457
61 - 90 days	97 675	89 318
91 - 120 days	97 839	87 213
121 - 365 days	3 431 013	2 907 435
	3 797 147	**3 270 458**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Receivables from Non exchange transactions (continued)

Summary of property rates by customer classification

Residential		
Current (0 -30 days)	208 198	155 560
31 - 60 days	97 006	109 138
61 - 90 days	249 207	94 019
91 - 120 days	79 453	86 494
121 - 365 days	3 790 722	4 010 581
	4 424 586	**4 455 792**

Commercial and Industrial		
Current (0 -30 days)	843 894	859 386
31 - 60 days	742 498	751 920
61 - 90 days	1 056 372	366 727
91 - 120 days	325 114	346 688
121 - 365 days	8 661 548	8 118 701
	11 629 426	**10 443 422**

National and provincial government		
Current (0 -30 days)	14 957	13 579
31 - 60 days	1 349 932	2 061 465
61 - 90 days	59 915	12 018
91 - 120 days	19 574	12 197
121 - 365 days	1 551 089	1 238 452
	2 995 467	**3 337 711**

Total		
Current (0 -30 days)	1 067 049	1 028 524
31 - 60 days	2 189 436	2 922 523
61 - 90 days	1 365 494	472 764
91 - 120 days	424 141	445 379
121 - 365 days	14 003 359	13 367 734
	19 049 479	18 236 924
Less: Allowance for impairment	(10 892 678)	(7 392 669)
	8 156 801	**10 844 255**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

5. Receivables from Non exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:

Property rates	19 049 479	18 236 924
Traffic fines	920 864	12 133 139
	19 970 343	**30 370 063**

Statutory receivable that are past due and impaired included in receivables from non-exchange transactions are as follows:

Property rates	(10 892 678)	(7 392 669)
Traffic fines	(842 200)	(12 133 139)
	(11 734 878)	**(19 525 808)**

Statutory receivables included in receivables from non-exchange transactions above are as follows, net of impairment:

Property rates	8 156 801	10 844 255
Fines	78 664	-
	8 235 465	**10 844 255**

Interest or other charges levied/charged

The Municipality charges interest on all outstanding rates debtors' balances older than 30 days in respect of rate accounts at a simple interest rate of prime plus 1% determined as at 28 February of each year for the financial year starting 1 July.

No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the Municipality.

Basis used to assess and test whether a statutory receivable is impaired

The Municipality assess at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivable is reduced. The amount of the loss is recognised in the surplus or deficit.

6. VAT receivable

VAT	7 701 766	6 062 627

VAT summary		
Opening balance	6 062 627	7 976 042
Movement	1 639 139	(1 913 415)
	7 701 766	**6 062 627**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	10 200	1 310
Main Bank balance	3 196 093	(124 861)
Other Bank balances	29 656 753	21 884 387
	32 863 046	**21 760 836**

The entity had the following bank accounts

Account number / descriptio	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA Bank- Account Type- Cheque- 40 5385 7155	3 196 093	(124 861)	185 344	3 196 093	(124 861)	185 344
ABSA Bank- Account Type- Traffic- 40 7854 4599	77 556	54 142	36 897	77 556	54 142	36 897
ABSA Bank- Account Type- INEP- 92 8652 5057	1 065	1 026	1 017	1 065	1 026	1 017
ABSA Bank- Account Type- MIG- 92 8651 3913	1 310	1 261	1 250	1 310	1 262	1 250
ABSA Bank- Account Type- EPWP - 92 861 3769	997	997	997	997	998	997
ABSA Bank- Account Type- FMG- 92 8652 5340	1 163	1 118	1 110	1 163	1 117	1 110
ABSA Bank- Account Type- MSIG- 92 8651 3028	1 435	1 380	1 370	1 435	1 380	1 370
ABSA Bank- Account Type- Call- 91 0739 9765	2 142	2 069	2 093	2 142	2 069	2 093
ABSA Bank- Account Type- Traffic- 40 6506 2322	21 025	24 619	3 036	21 025	24 620	3 033
ABSA Bank- 93 3848 2339	239 146	1 075 566	35 000 692	239 146	1 075 566	35 000 692
Nedbank Investmen- Account Type -1766000029	17 829 789	20 722 205	-	17 933 798	20 722 205	-
ABSA Bank - Reserve Account - 9374542719	11 377 116	-	-	11 377 116	-	-
Total	**32 748 837**	**21 759 522**	**35 233 806**	**32 852 846**	**21 759 524**	**35 233 803**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	16 742 853	-	16 742 853	16 742 853	-	16 742 853
Machinery and Equipment	5 765 227	(2 894 898)	2 870 329	5 673 385	(1 745 116)	3 928 269
Furniture and office Equipment	7 093 260	(4 032 354)	3 060 906	6 965 662	(3 128 722)	3 836 940
Computer Equipment	5 592 965	(2 435 590)	3 157 375	4 834 328	(1 640 676)	3 193 652
Road Infrastructure	180 040 815	(55 459 672)	124 581 143	154 039 068	(42 754 508)	111 284 560
Community Assets	183 744 478	(61 692 841)	122 051 637	176 655 284	(48 960 927)	127 694 357
Storm Water Infrastructure	4 242 074	(410 629)	3 831 445	3 028 547	(336 950)	2 691 597
Water Supply Infrastructure	28 646	(13 014)	15 632	28 646	(11 060)	17 586
Buildings	65 634 442	(18 603 540)	47 030 902	65 463 209	(15 801 532)	49 661 677
Work in Progress	60 807 011	(1 664 569)	59 142 442	55 692 908	(1 664 569)	54 028 339
Transport Assets	20 343 050	(8 211 039)	12 132 011	19 735 465	(5 858 974)	13 876 491
ICT Infrastructure	3 083 353	(1 467 946)	1 615 407	3 083 353	(1 064 586)	2 018 767
Total	**553 118 174**	**(156 886 092)**	**396 232 082**	**511 942 708**	**(122 967 620)**	**388 975 088**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers In/(out)	impairment loss	Donations	Depreciation	Total
Land	16 742 853	-	-	-	-	-	-	16 742 853
Machinery and Equipment	3 928 264	507 726	(141 999)	-	(870 565)	-	(553 097)	2 870 329
Furniture and office equipment	3 836 940	130 546	(237)	-	-	-	(906 343)	3 060 906
Computer Equipment	3 193 652	760 095	(365)	-	-	-	(796 007)	3 157 375
Road Infrastructure	111 284 560	102 516	-	25 747 840	(1 366 850)	-	(11 186 923)	124 581 143
Community Assets	127 694 357	-	-	5 057 196	(6 386 287)	2 031 998	(6 345 627)	122 051 637
Storm Water Infrastructure	2 691 597	-	-	1 213 527	(597)	-	(73 082)	3 831 445
Water Supply Infrastructure	17 586	-	-	-	-	-	(1 954)	15 632
Buildings	49 661 677	171 233	-	-	(413 246)	-	(2 388 762)	47 030 902
Work-in-Progress	54 028 339	37 132 666	-	(32 018 563)	-	-	-	59 142 442
Transport Assets	13 876 491	607 585	-	-	-	-	(2 352 065)	12 132 011
ICT Infrastructure	2 018 767	-	-	-	-	-	(403 360)	1 615 407
	388 975 083	**39 412 367**	**(142 601)**	**-**	**(9 037 545)**	**2 031 998**	**(25 007 220)**	**396 232 082**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers in/(out)	Donations	Depreciation	Impairment loss	Prior year adjustment	Total
Land	16 742 853	-	-	-	-	-	-	-	16 742 853
Machinery and Equipment	4 107 748	329 510	(78 048)	-	219 800	(650 746)	-	-	3 928 264
Furniture and Office Equipment	4 311 384	675 236	(216 491)	-	-	(933 189)	-	-	3 836 940
Computer Equipment	2 586 303	1 205 051	(41 376)	-	52 555	(608 881)	-	-	3 193 652
Road Infrastructure	98 494 262	52 644	-	24 186 044	-	(9 009 760)	(2 919 345)	480 715	111 284 560
Community Assets	128 296 708	-	-	11 039 343	-	(5 928 754)	(5 712 940)	-	127 694 357
Storm Water Infrastructure	2 283 813	-	-	467 130	-	(56 950)	(2 396)	-	2 691 597
Water Supply Infrastructure	19 540	-	-	-	-	(1 954)	-	-	17 586
Buildings	52 029 544	17 999	-	-	-	(2 380 420)	(5 446)	-	49 661 677
Work-in-Progress	42 822 068	48 656 372	-	(35 692 517)	-	-	(1 664 569)	(93 015)	54 028 339
Transport Assets	12 880 178	3 873 132	(921 950)	-	737 788	(2 692 657)	-	-	13 876 491
ICT Infrastructure	2 422 302	-	-	-	-	(403 535)	-	-	2 018 767
	366 996 703	**54 809 944**	**(1 257 865)**	**-**	**1 010 143**	**(22 666 846)**	**(10 304 696)**	**387 700**	**388 975 083**

Pledged as security

There is no Property, plant and equipment pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Property, plant and equipment (continued)

Property, plant and equipment- Fully depreciated

The Municipality has thirty one assets (31) included in the Fixed Assets Register which have a net book value of zero. These assets are in a poor condition and have been budgeted for replacement.

The Municipality will therefore continue to measure these assets at a net book value of zero.

The class of assets which are affected as well as the total cost is detailed below:

Community Assets	2 889 560	2 949 319
Furniture and office equipment	55 722	56 851
Buildings	-	15 005
Road infrastructure	302 960	363 412
	3 248 242	**3 384 587**

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that has been impaired

Cinci MPCC The project was discontinued as it was not prioritised in the 2017/2018 IDP (projects to be executed).The project will be continued in the 2022/23 financial period, however the project will be constructed in a different location. Due to the above, the project has been impaired as there is no recoverable service benefit.	439 131	439 131
Dondotha Sports Complex The Dondotha Sports complex which comprises of work in progress infrastructure assets were severly damaged by heavy floods in January 2022 that caused extensive damage to the infrastructure and as a result the structure was due to be impaired.	1 225 438	1 225 438

Carrying value of property, plant and equipment that is taking a longer period of the time to complete than expected.

Maqabaqabeni Access Road The project has been delayed due to the poor performance by the contractor appointed at the beginning of the project. The Municipality ended up terminating the contract and appointed a new contractor to complete the project.	4 025 466	314 375
Security camera installation The service provider was contracted for the installation of camera, biometrics, and metal detectors. The supplier has installed the camera's and delivered the biometric devices and metal detectors during September 2023; however the service provider has not installed the devices. Therefore the assets are not available for use.	990 000	990 000

8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Road Infrastructure	Community Assets	Machinery and Equipment	Storm Water Infrustructure	Total
Opening balance: Cost	14 558 727	38 479 642	990 000	-	54 028 369
Additions/capital expenditure	29 911 876	7 220 706	-	1 213 527	37 132 582
Capitalised	(26 961 366)	(5 057 196)	-	(1 213 527)	(32 018 562)
	17 509 237	**40 643 152**	**990 000**	**990 000**	**59 142 389**

Reconciliation of Work-in-Progress 2022

	Road Infrastructure	Community Assets	Machinery and Equipment	Total
Opening balance	9 535 774	33 286 241	-	42 822 015
Additions/capital expenditure	25 911 892	21 574 583	990 000	48 476 475
Capitalised	(20 795 924)	(14 896 613)	-	(35 692 537)
Prior period adjustment	(93 015)	-	-	(93 015)
Impairment Expense	-	(1 664 569)	-	(1 664 569)
	14 558 727	**38 299 642**	**990 000**	**53 848 369**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Furniture and office equipment	181 718	116 394
Solid Waste Infrustructure	325 914	-
Community assets	4 746 710	2 401 464
Other assets	28 000	2 246 403
Transport assets	2 796 675	2 590 520
Machinery and equipment	1 252 877	1 047 994
Storm water	1 262 937	998 364
Computer equipment	19 488	-
Road Infrastructure	2 842 944	-
	13 457 263	**9 401 139**

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

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 646 492	(1 434 422)	212 070	1 668 309	(1 252 096)	416 213

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software, other	416 213	(280)	(203 863)	212 070

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Impairment loss	Total
Computer software, other	639 124	(216 702)	(6 209)	416 213

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Payables from exchange transactions

Trade payables	5 103 585	6 376 675
Unallocated deposits	188 265	549 951
Accrued leave pay	4 450 915	5 039 783
Accrued Bonus	1 638 804	1 632 652
Accruals	613 080	601 049
Other creditors	33 750	11 452
Debtors with credit balance	910 721	794 703
	12 939 120	**15 006 265**

11. Conditional Grants receivables

Municipal Infrustructure Grant	-	4 044 593

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	256 505	-
Spatial Development Framework Grant	260 964	260 964
Title Deeds Restoration Grant	200 000	200 000
Development Planning and Shared Services Grant	172 498	172 498
Small Town Rehabilitation Grant	336 034	336 034
Schemes Support Programme Grant	60 800	60 800
Maintenance of Sport Facilities Grant	567 463	-
Financial Management Grant	50 000	-
	1 904 264	**1 030 296**

See note 22 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

13. Other financial liabilities

At amortised cost		
ABSA Loan	3 672 146	4 491 174

The following loan bears interest at 10.93% per annum, with bi-annual instalments of R611 853.57 in January and July of each year. The loan is fully repayable by 1 July 2026.

Non-current liabilities		
At amortised cost	2 638 228	3 482 375

Current liabilities		
At amortised cost	1 033 918	1 008 799

14. Retentions

Current portion	6 322 803	4 834 574
Non-current portion	-	149 627
	6 322 803	**4 984 201**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying values

Present value of the defined benefit obligation - wholly unfunded (LSA)	1 970 000	2 002 000
Non-Current liabilities	1 679 000	1 727 000
Current liabilities	291 000	275 000
	1 970 000	**2 002 000**

The municipality provides certain long term service bonus awards. The municipality offers bonuses for every 5 years of completed services from 5 years to 20 years. Long term service accummulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed out. Municipal employees, in most cases choose to excericise the option to convert their accummulated leave bonus to cash

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2023 by Ms. Julian van der Spuy. Fellow of the Actuarial Society of South Africa and Mr. Dihan Goussard.employee of ZAQEN Actuaries (Pty)Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit funding method

Long service awards

The number of members entitled to receive long service leave awards from the municipality were as follows:

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

15. Employee benefit obligations (continued)

Gender		
Male	75	78
Female	57	53
	132	**131**

Movements in the present value of the defined benefit obligations were as follows:		
Opening balance	2 002 000	1 891 000
Net expenses recognised in the statement of financial performance	(32 000)	111 000
	1 970 000	**2 002 000**

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	271 000	284 000
Interest cost	205 000	129 000
Actuarial (gains)/losses	(240 000)	(24 000)
Benefits Paid	(268 000)	(278 000)
	(32 000)	**111 000**

Assumptions used at the reporting date:

Long service benefits are awarded in the form of leave days and a percentage of salary. The awarded leave days have been converted into a percentage of the employee's annual salary. The conversion is based on a 249 working day year and therefore the benfits awarded can be expressed as follows:

Completer years of services	**Long Services Leave Award (Working Days)**	**Formula used to calculate total Long Service Benefit award**
5	5	(5/249)
10	10	(10/249)
15	20	(20/249)
20	30	(30/249)

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. The mortality,retirements and withdrawals from services as set out in the next section was also allowed.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee uo to the end of the interval at which the benefit becomes payable, Further is it assumed that the current policy for awarding long service awards remains unchanged in the future.

Financial Variables

The following are assumed values for these variables:

Financial Variable	**Assumed value 30-06-2023 (Current Valuation)**	**Assumed Value at 30-06-2023 (Preceding Valuation)**
Disclount Rate	Yield Curve	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	Difference between nominal and real yield curve
Normal salary Increase Rate	Equal to CPI +1%	Equal to CPI+1%
Net Effective Discount Rate	Yield Curve Based**	Yield Curve Based**

The nominal and zero curves was used as at 30 June 2023 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period.

15. Employee benefit obligations (continued)

** The net Effective Discount Rate is different for each relevant time period of the yield curves various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

The implied duration of the liability for this valuation is 5,42 years. It is however important to note that this is solely for indicative purposes as we use the entire yield curve to obtain our financial variables

Financial Variable	Assumed Value30-06-2023(Current Valuation)	Assumed Value30-06-2022(Preceding Valuation)
Discount Rate	10.42%	10.26%
CPI (Consumer Price Inflation)	5.72%	7.41%
Normal Salary Increase Rate	6.72%	8.41%
Net Effective Discount Rate	3.46%	1.71%

The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2023 of 5,4%.

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

Age Band	Promotional Increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

A table setting out the assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

Sensitivity Analysis

In order to illustrate the sensitivity of the results to changes in certain key variables, The liabilities have been recalcuated using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Withdrawal rate

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

15. Employee benefit obligations (continued)

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turn out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

The effect of higher and lower withdrawal rates have been illustrated by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Withdrawal rate	**Valuation Assumption**	**+20% Withdrawal rate**
Total Accrued Liability	2 082 000	1 970 000	1 868 000
Current service Cost	274 000	255 000	238 000
Interest Cost	217 000	205 000	193 000
	2 573 000	**2 430 000**	**2 299 000**

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

The effect of a 1% p.a. change have been tested in the Normal Salary inflation assumption. The effect is as follows:

	-1% Normal salary inflation	**Valuation Assumptio n**	**+1% Normal salary inflation**
Total Accrued Liability	1 876 000	1 970 000	2 072 000
Current Service Cost	241 000	255 000	271 000
Interest Cost	194 000	205 000	216 000
	2 311 000	**2 430 000**	**2 559 000**

16. Rental of facilities and equipment

Premises		
Rental of facilities and equipment	560 391	777 059

17. Licences and permits

Learner driver application	304 181	328 438

18. Operational revenue

Other Income	951 930	-
Clearance Certificates	5 252	382
Administration fees	78 770	163 056
Tender Documents	178 797	105 473
Insurance claim	248 648	-
Building Plans	8 665	3 450
Staff Recoveries	179 888	41 781
	1 651 950	**314 142**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

19. Interest revenue

Interest on investment	3 844 556	2 194 852
Interest on outstanding receivables	95 081	99 484
	3 939 637	**2 294 336**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

20. Property rates

Rates received

Property rates	36 600 075	34 555 182
Less: Income forgone	(9 501 028)	(8 920 510)
	27 099 047	**25 634 672**

Property rates by category		
Residential Properties	3 072 528	2 854 630
Agricultural Property	3 907 038	3 590 535
Business and Commercial Properties	4 841 654	4 530 229
Public Service Infrastructure Properties	58 253	54 866
State-owned Properties	17 407 231	16 592 142
Industrial properties	7 313 371	6 932 779
	36 600 075	**34 555 181**

Property rates foregone		
Residential Properties	(1 323 621)	(1 245 364)
Agricultural Property	(1 562 815)	(1 436 214)
Business and Commercial Properties	(1 210 414)	(1 141 754)
Public Service Infrastructure Properties	(50 098)	(47 185)
State-owned Properties	(3 525 737)	(3 325 993)
Industrial properties	(1 828 343)	(1 724 000)
	(9 501 028)	**(8 920 510)**

Valuations

Agricultural	1 105 918 000	1 105 918 000
Commercial	84 691 000	84 691 000
Communal land	175 075 000	175 075 000
Industrial	133 153 000	133 153 000
Municipal	31 354 000	31 354 000
Place of worship	1 948 000	1 948 000
Public benefit organisation	6 565 000	4 065 000
Public service infrastructure	19 926 000	19 926 000
Public service purposes	323 865 000	291 365 000
Residential	202 344 000	201 507 000
Residential hospitality	2 200 000	2 200 000
Sectional title- Commercial	2 115 000	2 115 000
Sectional title- Residential	20 690 000	20 690 000
	2 109 844 000	**2 074 007 000**

The Municipality of uMfolozi has determined the rates payable on all rate-able property within the area of uMfolozi Municipality financial year effective from 01 July 2022 to 30 June 2023. The Budget related tarrifs were approved by Council at its meeting held on the 29 May 2022. The revised Property Rates Tarrifs are as follows:

Property Rates Category - Tariffs		
Agricultural	0.00344	0,00324
Business/Hotel	0.05490	0.05179
Industrial	0.05490	0.05179
Residential	0.01375	0.01297
Public Service Purposes	0.06178	0.05828
Public Service Infrastructure	0.00344	0.00324
Church/PBO	Exempt	Exempt
Municipal Properties	Exempt	Exempt

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

21. Interest on outstanding receivables

Interest - Property rates	1 120 545	1 064 392

22. Government grants & subsidies

Operational grants		
Equitable share	165 314 000	147 696 000
Library Grant	2 472 000	3 037 000
Financial Management Grant	1 800 000	1 850 000
Expanded Public Works Program Grant	1 847 000	1 557 722
Maintenance of Sport Facilities Grant	330 535	37 606
	171 763 535	**154 178 328**
Capital grants		
Sports and Recreation Grant	-	7 448 047
Municipal Infrastructure Grant	40 189 902	46 570 593
	40 189 902	**54 018 640**
	211 953 437	**208 196 968**

Conditional and Unconditional

Included in above are the following grants and subsidies received and spent:

Conditional grants received	46 639 437	60 500 968
Unconditional grants received	165 314 000	147 696 000
	211 953 437	**208 196 968**

Equitable Share

In terms of section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	(4 044 593)	-
Current-year receipts	44 491 000	42 526 000
Conditions met - transferred to revenue	(40 189 902)	(46 570 593)
	256 505	**(4 044 593)**

Conditions still to be met - remain liabilities (see note 12).

The grant is mainly used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

Spatial Development Framework Grant

Balance unspent at beginning of year	260 964	260 964

Conditions still to be met - remain liabilities (see note 12).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Government grants & subsidies (continued)

Library Grant

Current-year receipts	2 472 000	3 037 000
Conditions met - transferred to revenue	(2 472 000)	(3 037 000)
	-	-

The purpose is to fund capital projects and maintenance of library facilities of the community.

Financial Management Grant

Current-year receipts	1 850 000	1 850 000
Conditions met - transferred to revenue	(1 800 000)	(1 850 000)
	50 000	-

Conditions still to be met - remain liabilities (see note 12).

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Title Deeds Restoration Grant

Balance unspent at beginning of year	200 000	200 000

Conditions still to be met - remain liabilities (see note 12).

Development Planning and Shared Services Grant

Balance unspent at beginning of year	172 498	172 498

Conditions still to be met - remain liabilities (see note 12).

Small Town Rehabilitation Grant

Balance unspent at beginning of year	336 034	336 034

Conditions still to be met - remain liabilities (see note 12).

Sport and Recreation Grant

Balance unspent at beginning of year	-	4 198 046
Current-year receipts	-	3 250 000
Conditions met - transferred to revenue	-	(7 448 046)
	-	-

Maintenance of Sport Facilities Grant

Balance unspent at beginning of year	-	37 605
Current-year receipts	898 000	-
Conditions met - transferred to revenue	(330 535)	(37 605)
	567 465	-

Conditions still to be met - remain liabilities (see note 12).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Government grants & subsidies (continued)

Expanded Public Works Programme Grant

Balance unspent at beginning of year	-	346 722
Current-year repayment	-	(346 000)
Current-year receipts	1 847 000	1 557 000
Conditions met - transferred to revenue	(1 847 000)	(1 557 722)
	-	-

The purpose of the grant is incentives for municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

23. Fines, Penalties and Forfeits

Motor licenses and traffic fines	479 350	534 550
Illegal Dumping Fines	876	726
	480 226	**535 276**

24. Contract revenue

Agreements that meet all the criteria in terms of GRAP11

The cost basis was utilised to compute the percentage of completion of the contract. The percentage of completion arises from the cost incurred in the current period over the estimated total cost.Contract Revenue is measured at the fair value of the contract revenue received. The revenue measurement is affected by uncertainties that depend on outcomes of future events.

Amount of revenue in agreed contract	3 000 000	-
Contract Revenue recognised within revenue	1 976 506	-
Cost recognised within expenditure	1 976 506	-
Vat amount	296 476	-
Contract deferred income	727 018	-

25. Donation Income

Isuzu Truck FRR 600 Tipper Compact	-	737 788
FAW Generator	-	109 900
FAW Generator	-	109 900
Dell latitude 5520 Laptop	-	26 277
Dell latitude 5520 Laptop	-	26 277
Dondotha community centre	2 031 998	-
	2 031 998	**1 010 142**

The Municipality received a donation from Transnet, a Community Centre in Dondotha on 1 March 2023.

An assessment was performed by the Municipality to determine the current replacement cost or fair value of the asset during the financial period ended 30 June 2023. This is in line with paragraph 41 of GRAP 23 (Revenue from Non-Exchange Transactions) which states that, 'An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.'

At the time of the donation, the centre was not new, therefore the fair value was determined taking into account the current condition / status of the building to ensure that all factors were considered for the initial recognition of the asset in the records of the Municipality.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

26. Revenue

Service charges	668 998	666 705
Rental of facilities and equipment	560 391	777 059
Licences and permits	304 181	328 438
Operational revenue	1 651 950	314 142
Interest on investment	3 939 637	2 294 336
Property rates	27 099 047	25 634 672
Interest on outstanding receivables	1 120 545	1 064 392
Government grants & subsidies	211 953 437	208 196 968
Fines, Penalties and Forfeits	480 226	535 276
Contract revenue	1 976 506	-
Donation Income	2 031 998	1 010 143
	251 786 916	**240 822 131**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	668 998	666 705
Rental of facilities and equipment	560 391	777 059
Licences and permits	304 181	328 438
Operational revenue	1 651 950	314 142
Interest on investment	3 939 637	2 294 336
	7 125 157	**4 380 680**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	27 099 047	25 634 672
Interest on outstanding receivables	1 120 545	1 064 392
Transfer revenue		
Government grants & subsidies	211 953 437	208 196 968
Fines, Penalties and Forfeits	480 226	535 276
Contract revenue	1 976 506	-
Donations income	2 031 998	1 010 143
	244 661 759	**236 441 451**

27. Employee related costs

Basic	47 511 616	44 781 172
Bonus	3 035 525	2 896 071
Medical aid - company contributions	3 626 168	3 619 313
UIF	363 380	347 763
SDL	770 348	723 054
Pension	6 102 951	5 859 485
Leave pay provision charge	1 603 845	1 318 136
Overtime payments	2 914 137	3 373 608
Acting allowances	338 777	303 469
Car allowance	7 297 946	7 164 607
Housing benefits and allowances	168 246	171 697
Cellphone allowances	515 494	532 030
Stand-by Allowance	1 215 724	839 145
Group Life Insurance	1 974 980	1 792 199
Bargaining Council	21 524	21 414
	77 460 661	**73 743 163**

Senior management remuneration included in employee related cost is as follows:

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Employee related costs (continued)

Remuneration of Municipal Manager - KE Gamede

Annual Remuneration	265 869	694 893
Travel Allowance	105 227	297 812
Leave Payout	178 607	-
Contributions to UIF	1 063	2 125
Other contributions	5 330	9 739
	556 096	**1 004 569**

Terminated on 31 October 2022

Remuneration of Municipal Manager - LS Jili

Annual Remuneration	470 211	-
Travel Allowance	201 519	-
Cellphone Allowance	10 000	-
Contributions to UIF	1 417	-
Other contributions	6 591	-
	689 738	**-**

Appointed 01 November 2022

Remuneration of Chief Financial Officer - ZJ Ndlovu

Annual Remuneration	608 001	570 544
Travel Allowance	251 854	244 519
Cellphone Allowance	-	7 500
Contributions to UIF	2 125	2 125
Other contributions	8 504	7 931
	870 484	**832 619**

Remuneration of Technical Services Director - SG Hlatshwayo

Annual Remuneration	646 976	611 297
Travel Allowance	209 879	203 766
Cellphone Allowance	18 000	18 000
Contributions to UIF	2 125	2 125
Other contributions	8 903	8 471
	885 883	**843 659**

Remuneration of Corporate Services Director - AS Shandu

Annual Remuneration	608 001	570 544
Travel Allowance	251 854	244 519
Cellphone Allowance	18 000	18 000
Contributions to UIF	2 125	2 125
Other contributions	8 453	8 047
	888 433	**843 235**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Employee related costs (continued)

Remuneration of Community Services Director- SS Maphanga

Annual Remuneration	581 511	47 545
Acting Allowance	14 128	-
Travel Allowance	254 547	20 377
Cellphone Allowace	18 000	1 500
Contribution to UIF	2 125	177
Other Contributions	8 302	664
	878 613	**70 263**

Acting Municipal Manager from 01st of July 2022 to 08th of September 2022.

Remuneration of Acting Municipal Manager - PM Manqele

Annual Remuneration	111 534	-
Travel Allowance	37 178	-
Cellphone Allowance	3 542	-
Contributions to UIF	552	-
Leave Payout	11 960	-
Other Contribution	1 795	-
	166 561	**-**

Acting Municipal Manager from 09th of September 2022 to 31st of October 2022

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Remuneration of councillors

Hon. Mayor	944 200	735 674
Deputy Mayor	481 063	559 200
Hon. Speaker	733 553	602 816
Executive committee members	1 240 038	1 182 144
Executive committee chair person	654 214	344 275
Chief Whip	415 495	259 191
All other Councillors	8 788 519	8 514 081
	13 257 082	**12 197 381**

Honourable Mayor - X.M. Bhengu		
Salary and back pay	898 595	522 250
Cellphone and data allowance	42 000	25 900
	940 595	**548 150**

Former Mayor - Mr S.Mgenge (terminated 08 November 2021)		
Salary and back pay	3 606	128 741
Travel Allowance	-	42 914
Cellphone and data allowance	-	15 870
	3 606	**187 525**

Deputy Mayor - T.B. Biyela (Appointed January 2023)		
Salary and back pay	148 980	-
Travel allowance	49 660	-
Cellphone and data allowance	20 400	-
	219 040	**-**

Former Deputy Mayor- N.N. Gumede (Period: December 2021 to December 2022)		
Salary and back pay	259 127	401 735
Cellphone and data allowance	2 896	7 753
	262 023	**409 488**

Former Deputy Mayor - S.R. Thabethe (Terminated November 2021)		
Salary and back-pay	-	102 993
Travel allowance	-	35 972
Cellphone and data allowance	-	10 747
	-	**149 712**

Former Speaker - Z.D. Mfusi (terminated 08 November 2021)		
Salary and back-pay	2 627	137 324
Cellphone and data allowance	-	15 870
	2 627	**153 194**

Honorable Speaker - M.M. Mthiyane		
Salary and back-pay	717 114	432 614
Cellphone and data allowance	13 812	17 008
	730 926	**449 622**

Former MPAC - MN Mlambo (Terminated 08 November 2021)		
Salary and back-pay	2 275	93 723
Travel allowance	-	31 241

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Remuneration of councillors (continued)

Cellphone and data allowance	-	15 870
	2 275	**140 834**

MPAC - S.Z. Mtetwa

Salary and back-pay	459 707	135 931
Travel allowance	150 232	45 310
Cellphone and data allowance	42 000	22 200
	651 939	**203 441**

Chief Whip - C.Makhunga

Salary and back-pay	373 495	230 438
Cellphone and data allowance	42 000	28 753
	415 495	**259 191**

Former Executive Committee members - N.T. Mthiyane, B.M. Mkhize and S.T. Khumalo (Terminated 08 November 2021)

Salary and back-pay	7 147	-

Executive Committee members - S.P Mpanza, B.T Mtombela and N.S. Ngubane

Salary and back-pay	937 570	615 222
Travel allowance	-	52 528
Cellphone and data allowance	104 400	80 553
	1 041 970	**748 303**

Former Executive Committee Member - T.M. Biyela (Period:July 2022 to December 2022)

Salary and back-pay	144 269	-
Travel allowance	45 452	-
Cellphone and data allowance	21 600	-
	211 321	**-**

Former executive Committee members - N.T. Mthiyane, B.M. Mkhize and S.T. Khumalo (Terminate 08 November 2021)

Salary and back-pay	-	321 859
Travel allowance	-	64 372
Cellphone and data allowance	-	47 610
	-	**433 841**

All other councillors

Salary and back-pay	7 426 571	6 884 367
Travel allowance	208 205	433 904
Cellphone and data allowance	1 133 343	1 195 810
	8 768 119	**8 514 081**

In-kind benefits

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

The Hon. Mayor. Hon. Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

29. Depreciation,impairment loss and amortisation

Machinery and Equipment	1 423 662	650 746
Furniture and office equipment	906 343	933 189
Computer Equipment	796 007	608 881
Intangible assets	203 863	222 911
Road Infrastructure	12 553 773	11 929 105
Community Assets	12 731 914	11 641 694
Storm Water Infrastructure	73 679	59 346
Water Supply Infrastructure	1 954	1 954
Buildings	2 802 008	2 385 866
Transport Assets	2 352 065	2 692 657
ICT Infrastructure	403 360	403 535
	34 248 628	**31 529 884**

30. Finance costs

Employee benefit obligations	205 000	129 000
Other financial liabilities	404 679	485 664
Interest paid	1 139	2 207
	610 818	**616 871**

31. Lease rentals on operating lease

Lease rentals on operating lease - Photocopiers		
Contractual amounts	1 024 602	964 872

Operating lease payments represents rentals payable by the municipality for certain of its photocopiers

32. Debt impairment

Refuse Removal and Other	149 540	564 102
Traffic Fines	366 886	475 314
Property Rates	3 500 009	102 318
	4 016 435	**1 141 734**

33. Bad debt Written off

Consumer debtors	800 594	-
Traffic Fines	11 657 825	-
	12 458 419	**-**

Council resolved to write-off the total amount that was impaired in the 2021/22 financial year of traffic fines during a council meeting held on the 31 August 2022 and write off consumer debtors of R800 594 during the current year under review with a council meeting held 29 May 2023.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Contracted services

Outsourced Services		
Catering Services	2 970 216	2 240 719
Cleaning Services	1 934 627	2 533 827
Other contractors	577 968	296 855
Researcher	846 056	368 886
Electrical	-	165 275
Consultants and Professional Services		
Business and Advisory	20 166 467	25 641 017
Legal Cost	586 640	167 945
Contractors		
Electrical	-	2 757 600
Event Promoters	427 903	445 212
Maintenance of unspecified assets	13 457 261	9 776 514
Medical Services	256 663	372 735
Safeguard and Security	7 280 438	9 519 701
Sewerage Services	2 962 602	3 613 438
Stage and Sound Crew	1 018 345	1 537 623
	52 485 186	**59 437 347**

35. Transfer and subsidies

Social relief funds		
Councillors donations	4 602 825	822 847

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

36. Operational Costs

Advertising and publicity	7 027 960	4 621 045
Auditors remuneration	2 311 206	2 108 499
Bank charges	130 861	168 459
Computer expenses	2 488 463	2 148 346
Consulting and professional fees	1 170 819	1 280 679
Consumables	2 145 312	1 854 370
Workmen's Compensation	467 853	424 800
Entertainment	74 293	69 731
Hire Charges	5 501 400	6 459 161
Insurance	774 927	1 075 666
Community development and training	838 184	1 053 755
Conferences and seminars	282 459	872 391
Levies	175 048	25 176
Minor Assets	7 562	-
Fuel and oil	7 027 797	6 621 337
Postage and courier	8 122	3 685
Printing and stationery	644 857	769 714
Protective clothing	134 416	-
Repairs and maintenance	44 706	397 663
Telephone and fax	1 159 620	1 274 838
Training	116 955	301 744
Travel - local	4 313 022	5 348 493
Municipal Services	3 744 207	2 471 349
Uniforms	1 763 999	658 285
Ward committees remuneration	2 482 650	1 492 400
Indigent	900 679	1 277 297
Gifts and promotions	1 394 535	3 949 557
Municipali disaster Relief	159 020	29 000
Sitting allowance	13 800	21 000
Hostel charges	726 655	725 849
	48 031 387	**47 504 289**

37. Reversal of impairments gains/(Losses)

Reversal of impairments - gains/(losses)		
Trade and receivables from non-exchange revenue	11 657 825	-
Council resolved to write-off the total amount that was impaired in the 2021/22 financial year of traffic fines during a council meeting held on the 31 August 2022.		

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

38. Cash generated from operations

Surplus	13 369 313	11 217 042
Adjustments for:		
Depreciation and amortisation	34 248 626	33 121 403
Loss on disposal of property, plant and equipment	142 881	87 122
Impairment reversals	(11 657 825)	-
Debt impairment	4 016 435	1 141 734
Bad debts written off	12 458 419	-
Movements in retirement benefit assets and liabilities	(32 000)	111 000
Donation received	(2 031 998)	(1 010 142)
Changes in working capital:		
Receivables from non-exchange transactions	(2 058 699)	(1 394 927)
Other receivables from exchange transactions	(421 883)	(1 087 068)
Conditional Grants receivable	4 044 593	(4 044 593)
Payables from exchange transactions	(1 340 119)	3 770 680
VAT receivables	(1 616 708)	1 914 112
Unspent conditional grants and receipts	873 968	(4 582 376)
Retentions	1 338 602	1 642 800
	51 333 605	**40 886 787**

39. Auditors' remuneration

External audit Fees	2 311 206	2 108 499

40. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	1 969 054	1 969 054
Rreceivables from non-exchange transactions	8 235 465	8 235 465
Cash and cash equivalents	32 863 046	32 863 046
	43 067 565	**43 067 565**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	3 672 146	3 672 146
Payables from exchange transactions	12 939 120	12 939 120
Retentions	6 322 803	6 322 803
Employee benefit obligation	1 679 000	1 679 000
	24 613 069	**24 613 069**

2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1 719 143	1 719 143

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

40. Financial instruments disclosure (continued)

Other receivables from non-exchange transactions	10 844 255	10 844 255
Cash and cash equivalents	21 760 836	21 760 836
	34 324 234	**34 324 234**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	4 491 174	4 491 174
Trade and other payables from exchange transactions	15 006 265	15 006 265
Retentions	4 984 201	4 984 201
Employee benefit obligation	2 002 000	2 002 000
	26 483 640	**26 483 640**

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Community assets	16 183 786	10 815 688
• Road Infrastructure	22 448 916	21 135 352
• Machinery and equipment	297 000	297 000
	38 929 702	**32 248 040**

Total capital commitments		
Already contracted for but not provided for	38 929 702	30 367 510

Total commitments

Total commitments		
Authorised capital expenditure	38 929 702	30 367 510

42. Contingencies

The municipality has no pending contigent liabilities

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

43. Related parties

Relationships

Members of key management with significant ifluence	Refer to note 27
Councilors with significant influence and control	Refer to note 28

Related party balances

Amounts included in Property Rates regarding Related Party		
Mr S.V. Mthethwa - Superintendent	566	595
Mr V.G. Mdletshe - Finance Manager	417	(328)
Ms A.S Shandu - Director Corporate Services	-	189

Amounts stipulated as property rates are the amounts owed by the employess to the municipality as at 30 June 2023.

Amounts included in Service charges regarding Related Party		
Mr S.V. Mthethwa	47	-

Amounts stipulated as service charges are the amounts owed by the employees to the municipality as at 30 June 2023.

No councillors nor key management own properties whose rates are levied within the municipality's jurisdiction for the year besides those mentioned above.

No councillors nor key management owed the municipality in respect of traffic fines as at 30 June 2023.

Amounts incurred in waste removal and water usage with related party		
King Cetshwayo district municipality	67 217	44 172

King Cetshwayo district municipality is a district municipality that provides services of water and waste removal to the municipality and the amounts stipulated as waste removal and water usage is the amount owing as at 30 June 2023.

Management information

Class	**Number**
Hon. Mayor	1
Executive Committee members	3
Hon Speaker	1
Hon. Deputy Mayor	1
Councillors	28
EXCO Chair Person	1
Chief Whip	1
Accounting Officer	1

43. Related parties (continued)

Remuneration of management

Management class: Section 54 managers

2023

Name	Leave accrual	Travel and subsitence allowance	Leave payout	Total
L.S. Jili	45 322	25 999	-	71 321
Z.J. Ndlovu	37 211	49 024	-	86 235
A.S. Shandu	86 051	13 680	-	99 731
S.G. Hlatshwayo	-	91 474	-	91 474
S.S. Maphanga	39 537	-	-	39 537
P.M. Manqele	-	54 662	11 960	66 622
K.E. Gamede	-	-	178 607	178 607
	208 121	**234 839**	**190 567**	**633 527**

2022

Name	Leave accrual	Travel and subsistence allowance	Total
K.E. Gamede	133 955	38 071	172 026
Z.J. Ndlovu	32 079	9 345	41 424
S.G. Hlatshwayo	117 840	53 980	171 820
A.S. Shandu	61 866	10 934	72 800
S.S. Maphanga	4 583	-	4 583
	350 323	**112 330**	**462 653**

Management class: Councillors

Notes to the Annual Financial Statements

Figures in Rand

43. Related parties (continued)

2023

Name	Basic salary	Back-pay	Travel Allowance	Travel and subsistence claim	Cellphone allowance	Skills Development levy	Data allowance	Total
Executive Mayor - Cllr.X.M. Bhengu	877 215	21 380	-	-	40 800	6 684	1 200	947 279
Deputy Mayor - Cllr. T.M. Biyela	284 536	8 712	-	95 112	40 800	3 909	1 200	434 269
Former Deputy Mayor - Cllr. N.N. Gumede	243 786	15 341	-	-	1 696	1 911	1 200	263 934
Speaker - Cllr. M.M. Mthiyane	701 773	15 341	-	-	12 612	7 246	1 200	738 172
Chief Whip - Cllr. C. Makhunga	367 037	6 458	-	756	40 800	3 999	1 200	420 250
G.M Khumalo	277 606	4 085	-	2 607	40 800	3 042	1 200	329 340
B.T. Ntombela (EXCO Member)	367 037	6 458	-	5 289	40 800	3 953	1 200	424 737
S.P. Mpaza (EXCO memeber)	367 037	-	1 448	9 019	40 800	3 427	1 200	422 931
T.Z Mdhletshe	277 606	4 085	-	1 822	40 800	3 033	1 200	328 546
S.Z Mtetwa (MPAC)	448 139	-	150 323	6 580	40 800	6 047	1 200	653 089
S.G. Mthethwa	277 606	4 085	-	7 249	40 800	3 088	1 200	334 028
B.V. Mhlongo	277 606	4 085	-	3 902	40 800	3 047	1 200	330 640
P.M. Gumbi	277 606	4 085	-	-	40 800	3 033	1 200	326 724
M.N. Nxumalo	281 691	-	-	-	40 800	3 033	1 200	326 724
T. Ndimande	277 606	4 085	-	-	40 800	3 033	1 200	326 724
S.E. Sibiya	281 691	1 958	-	3 513	40 800	3 049	1 200	332 211
A.M. Mtshali	277 606	5 552	-	-	40 800	2 250	1 200	327 408
T.N. Msweli	277 606	4 085	-	1 672	40 800	3 033	1 200	328 396
N. Conco	277 606	5 552	-	-	40 800	1 491	1 200	326 649
B.P. Sithole	277 606	4 085	-	3 043	40 800	1 935	1 200	328 669
M.E. Shobede	277 606	4 085	-	-	40 800	3 033	1 200	326 724
B.S. Bhengu	208 205	5 552	69 402	4 486	40 800	2 920	1 200	332 565
NR.L. Keyser	208 205	5 552	69 402	2 338	40 800	2 910	1 200	330 407
M.B. Makhaza	277 606	4 085	-	-	40 800	3 033	1 200	326 724
T.D. Ngwenya	277 606	4 085	-	2 267	40 800	3 033	1 200	328 991
H.B. Hadebe	277 606	4 085	-	2 764	40 800	3 033	1 200	329 488
N.B. Mkhwanazi	277 606	4 085	-	-	40 800	3 033	1 200	326 724
S.R. Thabethe	208 205	6 691	69 402	12 691	40 800	2 971	1 200	341 960
S.S. Gazu	277 606	4 084	-	4 328	40 800	3 033	1 200	331 051

Notes to the Annual Financial Statements

Figures in Rand

43. Related parties (continued)

S.M. Shabangu	277 606	5 552	-	1 064	40 800	3 048	1 200	329 270
M.Shabalala	277 606	4 085	-	1 296	40 800	3 033	1 200	328 020
A.S.Msibi	277 606	4 085	-	-	40 800	3 033	1 200	326 724
N.S. Ngubane (EXCO Member)	322 738	7 982	-	4 815	40 800	3 523	1 200	381 058
E.S. Mthethwa	252 715	1 008	-	866	37 072	2 731	871	295 263
K.S.C. Xaba	277 606	5 552	-	-	40 800	3 048	1 200	328 206
K. Mlambo	163 447	-	-	-	23 800	1 754	-	189 001
	11 135 577	**190 000**	**359 977**	**177 479**	**1 380 780**	**117 412**	**41 671**	**13 402 896**

2022

Name	Basic Salary	Back-pay	Travel allowance	Travel and subsitence allowance	Cellphone allowance	Skills Development levy	Data allowance	Total
Executive Mayor - Cllr.X.M. Bhengu	591 527	10 318	29 787	-	40 800	4 810	3 600	462 653
Cllr. T.M. Biyela (EXCO member)	244 503	-	81 230	-	40 800	3 335	3 600	373 468
Former Deputy Mayor - Cllr. S.R. Thabethe	234 284	-	78 030	6 078	40 800	3 247	3 600	366 039
Former Executive Mayor - Cllr. S. Mgenge	128 741	-	42 914	-	14 583	1 717	1 287	462 653
Former deputy Mayor - Cllr. N. N. Gumede	432 613	-	-	-	5 422	3 882	2 331	462 653
Speaker - Cllr. M.M. Mthiyane	401 735	30 879	-	-	5 422	3 882	2 331	444 249
Former Speaker - Cllr. Z.D. Mfusi	137 324	-	-	-	14 583	1 459	1 287	154 653
Chief Whip - Cllr. C. Makhunga	210 113	20 325	-	6 843	26 422	2 503	2 331	268 537
G.M Khumalo	176 423	-	-	-	26 422	1 920	2 331	207 096
B.T. Ntombela (EXCO Member)	230 438	-	-	1 950	26 422	2 460	2 331	263 601
S.P. Mpaza (EXCO memeber)	326 004	-	4 579	1 496	40 800	3 048	3 600	379 527
T.Z Mdhletshe	176 423	-	-	608	26 422	1 920	2 331	207 704
S.Z Mtetwa (MPAC)	233 268	4 824	79 364	-	40 800	3 256	3 600	365 112
NN Mlambo (Former MPAC)	93 723	-	31 241	-	14 583	1 273	1 287	142 107
Q.D. Mkhize	97 375	-	-	484	14 583	1 086	1 287	114 815
S.G. Mthethwa	176 423	-	2 358	1 064	26 422	1 939	2 331	210 537
E.B.Z. Mbhele	73 031	-	34 344	-	14 583	1 011	1 287	124 256
B.V. Mhlongo	176 423	-	2 001	1 064	26 422	1 936	2 331	210 177
K.S. Zwane	73 031	-	24 344	-	14 583	1 011	1 287	114 256
S.M. Nzama	97 375	-	-	-	14 583	1 060	1 287	114 305

Notes to the Annual Financial Statements

Figures in Rand

43. Related parties (continued)

N.S. Madonsela	97 375	-	-	-	14 583	913	1 287	114 158
P.M. Gumbi	176 423	-	-	-	26 422	1 920	2 331	207 096
J.M. Ndimande	73 031	-	24 344	-	14 583	1 011	1 287	114 256
T. Ndimande	176 423	-	-	-	26 422	1 920	2 331	207 096
S.M. Mbuyazi	73 031	-	24 344	-	14 583	1 011	1 287	114 256
A.M. Mtshali	272 430	-	3 727	734	40 800	2 211	3 600	323 502
Z.G. Mcineka	73 031	-	24 324	-	14 583	1 011	1 287	114 236
T.N. Msweli	176 423	-	-	-	26 422	1 920	2 331	207 096
N.H. Mkhize	97 375	-	-	2 919	14 583	1 060	1 287	117 224
R.L. Keyser	204 323	-	68 108	5 686	40 800	2 851	3 600	325 368
N. Conco	272 430	-	324	-	40 800	2 967	3 600	320 121
M.J. Ngema	138 677	-	-	-	20 769	1 509	1 833	162 788
M.N. Nxumalo	176 423	-	1 650	1 196	26 422	1 933	2 331	209 955
B.P. Sithole	176 423	-	1 438	1 064	26 422	1 897	2 331	209 575
S.E. Sibiya	176 423	-	2 347	608	26 422	1 938	2 331	210 069
M.E. Shobede	176 423	-	-	-	26 422	1 920	2 331	207 096
B.S. Bhengu	204 323	-	68 108	6 534	40 800	2 870	3 600	326 235
S. Mdamba	73 031	-	24 344	-	14 583	1 011	1 287	114 256
P.N. Khanyile	97 375	-	-	-	14 583	1 060	1 287	114 305
M.C. Mkize	97 375	-	-	-	14 583	1 060	1 287	114 305
B.S. Ndlovu	51 081	-	17 027	-	10 200	707	900	79 915
S. Mthethwa	97 348	-	-	-	14 583	1 060	1 287	114 278
N.T. Mthiyane (Former EXCO member)	96 558	-	32 186	-	14 583	1 309	1 287	145 923
M.B. Makhaza	176 423	-	-	1 064	26 422	1 920	2 331	208 160
T.D. Ngwenya	176 423	-	-	1 064	26 422	1 920	2 331	208 160
H.B. Hadebe	176 423	-	-	1 064	26 422	1 886	2 331	208 126
N.B. Mkhwanazi	176 423	-	1 923	-	26 422	1 935	2 331	209 034
C.M. Mkhwanazi	97 375	-	-	-	14 583	1 060	1 287	114 305
S.T. Khumalo (Former Exco member)	96 558	-	32 186	-	14 583	1 309	1 287	145 923
S.S. Gazu	176 423	-	4 553	1 342	26 422	1 956	2 331	213 027
S.M. Shabangu	272 430	-	-	1 342	40 800	2 964	3 600	321 136
M.Shabalala	176 423	-	1 714	1 064	26 422	1 933	2 331	209 887
A.S.Msibi	176 423	-	-	-	26 422	1 920	2 331	207 096
N.S. Ngubane	176 423	-	-	-	26 422	1 920	2 331	207 096
B.M. Mkhize (Former Exco member)	128 744	-	-	-	14 583	1 373	1 287	145 987
K.S.C. Xaba	272 430	-	1 543	278	40 800	2 977	3 600	321 628

Notes to the Annual Financial Statements

Figures in Rand

43. Related parties (continued)

	9 843 453	**66 346**	**744 382**	**45 546**	**1 337 135**	**108 897**	**121 686**	**12 341 072**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

44. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets						
Current Assets						
Receivables from Exchange transactions	4	1 630 143	89 000	-	1 719 143	[8]
VAT receivable	6	6 038 112	24 515	-	6 062 627	[6]
Receivables from exchange transactions	5	10 844 255	-	-	10 844 255	
Conditional Grants receivable	11	-	4 044 593	-	4 044 593	[9]
Cash and cash equivalents	7	21 760 836	-	-	21 760 836	
		40 273 346	**4 158 108**	**-**	**44 431 454**	
Non-Current Assets						
Property, plant and equipment	8	388 161 785	813 303	-	388 975 088	[6]
Intangible assets	9	416 213	-	-	416 213	
		388 577 998	**813 303**	**-**	**389 391 301**	
Total Assets		**428 851 344**	**4 971 411**	**-**	**433 822 755**	
Liabilities						
Current Liabilities						
Other financial liabilities	13	1 008 799	-	-	1 008 799	
Payables from exchange transactions	10	15 413 584	(407 319)	-	15 006 265	[1]
Unspent conditional grants and receipts	12	1 030 296	-	-	1 030 296	
Retentions	14	4 557 625	276 949	-	4 834 574	[6]
Employee benefit Obligation	15	-	275 000	-	275 000	[2]
		22 010 304	**144 630**	**-**	**22 154 934**	
Non-Current Liabilities						
Other financial liabilities	13	3 482 375	-	-	3 482 375	
Retentions	14	149 627	-	-	149 627	
Employee benefit obligations	15	2 002 000	(275 000)	-	1 727 000	[2]
		5 634 002	**(275 000)**	**-**	**5 359 002**	
Total Liabilities		**27 644 306**	**(130 370)**	**-**	**27 513 936**	
Net Assets		**401 207 038**	**5 101 781**	**-**	**406 308 819**	
Accumulated surplus		401 207 038	5 101 782	-	406 308 820	[1]

44. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Revenue						
Revenue from exchange transactions						
Service charges		666 705	-	-	666 705	
Rental of facilities and equipment	16	777 059	-	-	777 059	
Licences and permits	17	328 438	-	-	328 438	
Benefits Paid	15	270 060	-	(270 060)	-	[1]
Operational revenue	18	314 142	-	-	314 142	
Interest on Investments	19	3 358 728	-	(1 064 392)	2 294 336	[3]
Total revenue from exchange transactions		**5 715 132**	**-**	**(1 334 452)**	**4 380 680**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	20	25 634 672	-	-	25 634 672	
Interest on outstanding receivables		-	-	1 064 392	1 064 392	[3]
Transfer revenue						
Government grants & subsidies	22	204 152 375	4 044 593	-	208 196 968	[9]
Fines, Penalties and Forfeits	23	535 276	-	-	535 276	
Donation Income	25	1 010 143	-	-	1 010 143	
Total revenue from non-exchange transactions		**231 332 466**	**4 044 593**	**1 064 392**	**236 441 451**	
Total revenue	26	**237 047 598**	**4 044 593**	**(270 060)**	**240 822 131**	
Expenditure						
Employee related costs	27	(74 057 652)	44 429	270 060	(73 743 163)	[1]
Remuneration of councillors	28	(12 197 381)	-	-	(12 197 381)	
Depreciation and amortisation	29	(22 788 720)	(21 755)	(10 310 928)	(33 121 403)	[4] & [6]
Finance costs	30	(616 871)	-	-	(616 871)	
Lease rentals on operating lease		(964 872)	-	-	(964 872)	
Debt Impairment	32	(1 141 734)	-	-	(1 141 734)	
Bad debts written off	32	-	-	-	-	
Contracted services	34	(59 549 922)	112 575	-	(59 437 347)	[6]
Transfers and Subsidies	35	(822 847)	-	-	(822 847)	
Operational Costs	36	(47 581 680)	77 391	-	(47 504 289)	
Total expenditure		**(219 721 679)**	**212 640**	**(10 040 868)**	**(229 549 907)**	
Operating (deficit) surplus		**17 325 919**	**4 257 233**	**(10 310 928)**	**11 272 224**	
Loss on disposal of assets and liabilities		(87 122)	-	-	(87 122)	
Actuarial losses		31 940	-	-	31 940	
Impairment loss	29	(10 310 928)	-	10 310 928	-	[4]
		(10 366 110)	**-**	**10 310 928**	**(55 182)**	
Surplus for the year		**6 959 809**	**4 257 233**	**-**	**11 217 042**	
Attributable to:						
Irregular Expenditure		131 565 084	-	1 490 122	133 055 206	[5]
Commitments		30 367 510	1 880 530	-	32 248 040	[7]
Unauthorized expenditure		-	-	-	-	
		161 932 594	**1 880 530**	**1 490 122**	**165 303 246**	

* See Note 2 & 44

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*

44. Prior period errors (continued)

[1] Trade and other payable was decreased by a total amount of R441 619 resulting from a decrease in leave accrual by R44 429.01 due to the leave accrual calculation in the prior year not based on capped days of 48days and a decrease in trade and other payable by an amount of R397 190.00 resulting from long outstanding invoices disputed from the financial period 2020/2021, the adjustment resulted to an decrease in employee related costs of R356 269 resulting from - decrease in leave expense with an amount of R44 429.01, decrease in Basic salary with an amount of R270 060.00 - , decrease in cellphone allowance with an amount of R41 781.00 and an increase in accumulated surplus with an amount of R397 190.00.

[2] Employee benefit obligation liability was disclosed in full as a long term liability, the short term liability relating to the expected long service awards within the next 12 months was not disclosed. This resulted in a decrease of the long term liability by R275 000.00 and an increase in short term liability by the same amount.

[3]There was a classification error where interest on investment and interest on outstanding receivables was disclosed as one line item of interest income amounting to R3 358 728.00. This resulted in a reclassification and renaming of the line item which resulted in a decrease in interest on investment by R1 064 392.48 and increase in interest on outstanding receivables fron non-exchange transactions with the same amount as per GRAP 23.09A.

[4] In terms of GRAP 16 impairment loss is recognised as an expense (unless it relates to a revalued asset where the impairment loss is treated as a revaluation decrease), thus impairment loss on assets was reclassified from operating surplus to expenditure note - depreciation,impairment loss and amortisation which resulted in an increase in the expenditure note and a decrease in operating surplus with an amount of R10 310 928 .

[5] Irregular expenditure was restated based on the prior financial year unresolved auditors findings that were raised in the management report. Management revisited the entire population based on the finding raised by the external auditors and an adjustment of R1 490 122 was raised as irregular expenditure, refer to the Note of irregular expenditure for the analysis of the expenditure.

[6] Plant,Property and equipment

The adjustment resulted in an increase in the Vat receivables of R36 124, increase in property, plant and equipment R813 303, decrease in contracted services of R146 875, increase in deprecaition of R21 755 and an increase in retention of R276 949. The adjustment are as a result of the below stated events.

Nhlanzini Access Roads:

The Municipality identified that there was surety withheld from contractors that was not recorded in the records of the Municipality. The correction of this error resulted in an increase in the retentions and surety liability for the financial period ended 30 June 2022.

Lanjini Access Roads:

The Municipality identified that there was additional work done on the project during August 2021. This transaction had been misallocated to repairs and maintenance.

Esikhaleni Access Roads:

The Municipality identified that there was an additional payment made towards the close out of the project. In addition, there was a payment made towards the project which was misallocated.

Conditional Assessment:

A conditional assessment was performed during the financial period. Assets were identified to have an opening carrying value of zero which resulted in these assets being restated in the previous financial year.

44. Prior period errors (continued)

Newly Identified Assets:

During the verification of movable assets, there were newly identified assets which were found on the ground. The recognition of these assets resulted in a prior period error.

[7] Commitments

The contract value of projects were not accurately dislcosed in the register, resulting in the commitment amount being understated in the prior financial.

[8] KIS Technology (Pty) Ltd: Over payment by the Municipality. In this matter a service provider payment was duplicated in the amount of R189 750.20. Upon demand of re-imbursement, the service provider only refunded R100 750.20. A balance of R89 000.00 remains due and owing.

[9] Conditional grants receivable

Municipal Infrustucture Grant receivables (conditions met) of R4 044 592.86 were not recognised in prior year resulting in revenue and Receivables being understated.

45. Risk management

Financial risk management

The entity’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. Risk management is carried out by a central treasury department (municipality treasury) under policies approved by the Accounting Officer. The Accounting Officer provides written principles for overall risk management.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from exchange transactions	12 939 120	-	-	-
Unspent conditional grants and receipts	1 904 264	-	-	-
Other financial liabilities	1 033 918	2 638 228	-	-
Retentions	6 322 803	-	-	-
Employee benefit obligations	-	1 679 000	-	-

At 30 June 2022	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Payables from exchange transactions	15 006 265	-	-	-
Unspent conditional grants and receipts	1 030 296	-	-	-
Other financial liabilities	1 008 799	3 482 375	-	-
Retentions	4 834 574	149 627	-	-
Employee benefit obligations	-	1 727 000	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

45. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors

	2023	2022
Cash and cash equivalents	32 863 046	21 760 836
Trade and other receivables from exchange transactions	1 969 054	1 719 143
Trade and other receivables from non-exchange transactions	8 235 465	10 844 255
	43 067 565	**34 324 234**

Market risk

Interest rate risk

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

46. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

-Material impairment of R9 027 696.66 (2022: R19 525 808) as a result of a debt impairment of receivables from non exchange transactions, due to non-collection of outstanding balances owned to the municipal.ity

- Material bad debt write off of R12 458 419 (2022: R0) on receivables from non-exchnage transactions - traffic fines R11 657 825 (2022:R0) and Consumber debtors R800 594 (2022: R0).

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

	2022/23	**2023/24**	**2024/25**
Finance Management Grant (FMG)	1 850 000	1 850 000	1 850 000
Expanded Public Works Program (EPWP)	1 847 000	-	-
Municipal Infrastructure Grant (MIG)	44 491 000	30 664 000	31 913 000
Integrated National Electrification Grant (INEG)	3 000 000	10 000 000	14 629 000
Equitable Share	165 314 000	176 706 000	189 299 000
	216 502 000	**219 220 000**	**237 691 000**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

47. Events after the reporting date

No reportable events after reporting date.

48. Unauthorised expenditure

Opening unauthorised expenditure	148 543 532	124 976 689
Add: Unauthorised expenditure - Current year	42 978 208	23 566 843
	191 521 740	**148 543 532**

The over expenditure incurred by municipal functions during the year is attributable to the following categories
Non-cash
Cash

Analysed as follows: non-cash		
Depreciation, amortisation and impairment	15 919 626	6 442 602
Debt impairment	4 016 435	-
Bad debts written-off	12 458 419	-
Loss on disposal of municipal assets	142 881	-
	32 537 361	**6 442 602**

Analysed as follows: cash		
Employee related costs	-	663 352
Remuneration of councillors	36 082	-
Finance costs (Ii.e. Interest on eskom and interest on other financial liabilities)	165 818	69 871
Lease rentals on operating lease	1 024 602	244 872
Contract services	3 693 186	2 491 207
Transfers and subsidies	2 043 825	152 847
Operational costs	6 414 387	11 652 386
Contract costs: INEP	1 976 506	-
	15 354 406	**15 274 535**

Unauthorised expenditure: Budget overspending – per municipal function

Operating expenditure		
Community and Social Services	-	2 616 406
Energy sources and environmental protection	10 179	-
Executive and Council	392 426	907 269
Finance and Development	11 982 159	10 755
Planning and Development	606 219	2 739 132
Public Safety	8 811 689	-
Road Transport	19 476 603	15 257 131
Sports and Recreation	1 299 373	-
Waste Management	136 579	2 036 151
	42 715 227	**23 566 844**

Capital single-year expenditure		
Finance and Development	262 981	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

49. Fruitless and wasteful expenditure

Opening balance as previously reported	1 936 261	1 357 419
Add: Repairs to vehicles	-	576 635
Add: Professional feess - Cinci project	439 131	-
Add: interests paid	1 139	2 207
Closing balance	**2 376 531**	**1 936 261**

Interest was incurred on overdue accounts and for professional fees of Cinci project that was discontinued as it was not prioritised in the 2017/2018 IDP. The fruitless and wasteful expenditure in the Note are exclusive of Vat.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. Irregular expenditure

Opening balance as previously reported	133 055 206	122 896 256
Add: Irregular expenditure - current	16 160 961	53 670 457
Add: Irregular expenditure - current year identified during the audit	18 334 336	1 490 122
Less: Amount written off - current	(53 670 457)	(45 001 629)
Closing balance	**113 880 046**	**133 055 206**

Analysis of irregular expenditure - Current year

Contravention of section 112(1) of the MFMA	14 231 516	40 194 203
Contravention of section 112(1) of the MFMA and Regulation 19	653 855	-
CIDB Expired	-	665 721
Contravention of section 18 of the CIDB Act	6 181 412	-
Non-compliance with SCM regulation 36(1)	1 719 347	74 874
Contract expired	-	2 142 302
Regulation 5 of PPR 2017	3 090 468	4 370 479
Contravention of MFMA section 33(3) and 116(3)	240 515	-
Contravention of MSR Regulation 13	103 506	-
Contravention of Regulation 12 of the SCMR	266 000	-
Contravention of Regulation 13 of the SCMR	622 650	-
Contravention of Regulation 12(1) of the SCMR	4 675 316	-
Contravention of Regulation 6 of PPR 2017	661 164	-
Contranvention of Regulation 37	2 049 547	7 713 000
	34 495 296	**55 160 579**

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	1 028 631	854 205
Amount paid - current year	(1 028 631)	(854 205)
	-	-

Audit fees

Current year subscription / fee	2 311 206	2 425 199
Amount paid - current year	(2 311 206)	(2 425 199)
	-	-

PAYE and UIF

Current year subscription / fee	14 355 556	14 264 160
Amount paid - current year	(14 355 556)	(14 264 160)
	-	-

Pension Fund and Medical aid

Current year subscription / fee	9 729 119	9 478 797
Amount paid - current year	(9 729 119)	(9 478 797)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

51. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	74 702 996	72 496 257
VAT payable	(67 001 230)	(66 433 630)
	7 701 766	**6 062 627**

VAT output payables and VAT input receivables are shown in note 6.

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

Skills Devellopment Levy

Current year subscription/fee	770 348	723 054
Amount paid - current year	(770 348)	(723 054)
	-	-

52. Statutory Receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The receivables within the scope of GRAP 108, effective for all periods started on or after 1 April 2019.

The following are regarded as statutory receivables;

Statutory Receivable		
Vat receivables	7 701 766	6 062 627
Receivables from non exchange transactions	8 235 465	10 844 255
	15 937 231	**16 906 882**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

53. Deviations from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer and have noted by Council. Furthermore, management did not note any material non-compliance with the Municipal Finance Management Act.

Reasons	Month	Supplier	Amount	Description
An urgent attention is required and health concerns has to be taken into account, for this reason it is an emergency.	July 2022	Phozongo Trading PTY LTD	24 011	Mawombe Sports Ground Plumbing
Emergency Breakdown. The vehicle is used for municipal basic services and it is significant to repair it for continued functioning of the institution.	July 2022	PowerTech Service Centre	27 612	Municipal Vehicle NRB 40912 Repairs
Emergency Services. The jaws of life tools are special equipment with hydraulic fluid used for extricating victims of accidents from compressed areas, especially during a fatal car crash.	July 2022	Lebowela Hydraulic Services PTY LTD	112 500	Municipal Jaws of Life Service
Strip and qoute .The vehicle is used for provision of municipal services hence it is significant to repair to minimise the risk to individual and other road users.	August 2022	Nqolamasondo Investment PTY LTD	76 310	Municipal Vehicle Fintess Test
TLB Emergency breakdown . The municipal grader required an urgent replacement of monitor parts to enable to continue to carry out grading of gravel roads in and around Mbonambi efficiently	August 2022	RB Plant Repairs	73 551	Municipal Plant Breakdown
Bell is the manufactor of the Grader, service is available from a single provider	September 2022	Bell Equipment Sales SA Limited	38 331	Grader Services Repairs
Bell is the manufactor of the Grader, service is available from a single provider	September 2022	Bell Equipment Sales SA Limited	15 652	Grader Repairs
An urgent attention is required and health concerns has to be taken into account, for this reason it is an emergency	October 2022	Faliphi Construction PTY LTD	130 194	Emergency
The truck is need to collect skip bins in municipal wards, failure to repair it in time will results in hygene issues hence it is an emergency.	October 2022	Powerstar Services Centre	44 335	Emergency
Grader NRB73492 Emergency Breakdown in ward 08 Nozambula which compels the municipality to act promptly to avoid the plant being physically harmed	November 2022	Align 360 Sales and Services PTY LTD	113 439	Emergency
Grader 772G Emergency Breakdown in Sokhulu ward 04 . The municipal grader required an urgent replacement of monitor parts to enable to continue to carry out grading of gravel roads in and around Mbonambi efficiently	November 2022	Bell Equipment Sales SA Limited	39 364	Emergency
TBL Emergency Breakdown, the grader is needed to provide minimum level of basic municipal services.	November 2022	Awandiswe Trading & Projects	38 331	Emergency
Emergency Electric faulty in Municipal Buildings and has to be repair for smooth operations of the municipality	November 2022	Sibukakonke Electrical Installation Maintena	59 560	Emergency
Municipal Plubic Toilets Repairs and Maintenance. Ablution facilities are important to minimise hygene issue to communities.	December 2022	Gugulethu Plumbing and Renovation	110 250	Emergency
The jaws of life tools are special equipment with hydraulic fluid used for extricating victims of accidents from compressed areas, especially during a fatal car crash.	December 2022	Lebowela Hydralic Services PTY LTD	81 125	Emergency

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

53. Deviations from supply chain management regulations (continued)

Municipal Plubic Toilets Repairs and Maintenance. Ablution facilities are important to minimise hygene issue to communities.	December 2022	MSV Plumbing Services	92 000	Emergency
Municipal Truck NRB40912 Emergency Breakdown - required an urgent replacement of monitor parts to enable to continue to collect skip bins in and around Mbonambi efficiently	January 2023	Align 360 Sales and Services PTY LTD	21 518	Emergency
Grader 772G Emergency Breakdown AND Repairs and Maintenance, the grader is needed to provide minimum level of basic municipal services.	January 2023	Bell Equipment Sales SA Limited	141 119	Emergency
The municipal grader required an urgent replacement of monitor parts to enable to continue improving municpal roads inMbonambi efficiently	January 2023	Align 360 Sales and Services PTY LTD	38 331	Emergency
Wheel puncture on the municipal tractor,the case is considered emergency as the grader is needed for the provision of minimum level of municipal basic services	February 2023	Amandla Ethu Equipment CC	41 055	Emergency
Emergency. The electric fault in Thusong centre hinders smooth operations of the munipality	March 2023	RCD Electrical and Supplies	22 000	Assessment of power outage and repair cable fault
Emergency. Truck is needed to do its duties of service delivery by Mfolozi Municipality and failure to the necessary action will result in the municipality not being able to render essential service to community.	March 2023	Faith Eco Projects	181 700	Hiring of Skip Loader Truck
Emergency, the slasher is needed to provide minimum level of basic municipal services.	March 2023	Amandla Ethu Equipment CC	22 414	Repair of tractor slasher
Emergency Breakdown in ward 17, it is important to attend to the issue as the municipal asset could be vandalised if it left unattended.	March 2023	Align 360 Sales and Services Pty Ltd	23 431	Supply and replace new tractor back tyre(tubeless)
Emergency breakdown in ward 2. It is significant to attend to the issue as the municipal asset could be vandalised if it left unattended.	March 2023	Align 360 Sales and Services Pty Ltd	45 877	Repair of grader tyre(incl valve)
Emergency Breakdown in ward 7 which compels the municipality to act promptly to avoid the plant being physically harmed	March 2023	Awandiswe Trading & Projects	13 814	Repair of hydraulic pipe on grader
Emergency Breakdown in Mzingazi . The municipal grader required an urgent replacement of monitor parts to enable to continue to carry out grading of gravel roads in and around Mbonambi efficiently	March 2023	RB Plant Repair and Maintenance	38 200	Repair of KCDM Grader:Assessment and repair
The contract with Brand Partners will lapse soon and telephones must be advertised urgently for communication purposes and Ilanga newspaper is the only newspaper for Zulu readers that can be available for days.	March 2023	Ilanga Newspaper	7 984	Adverts for telephone systems
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language.	March 2023	Zululand Observer	10 493	Adverts for telephone systems
To ratify minor breaches or error on the advert publicised by thenewspaper	March 2023	Ilanga Newspaper	5 284	Erratum for annual reports
To ratify minor breaches or error on the advert publicised by thenewspaper	March 2023	Zululand Observer	7 120	Erratum for annual reports
Single provider only. Powerstar is the manufacturer of the truck and supplier of truck.	March 2023	Powerstar	87 336	Repairs and maintenance of the skip loader truck and COR/COF

53. Deviations from supply chain management regulations (continued)

The contract with Harvey World Travel lapsed soon and telephones must be advertised urgently and Ilanga newspaper is the only newspaper for Zulu readers that can be available for days.	March 2023	Ilanga Newspaper	11 272	Adverts for travel agency
Single provider only. Municipal photocopying machines is under contract and Konica Minolta is the only provider for toners.	March 2023	Konica Minolta	4 493	Supply of stapler catridges
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language.	March 2023	Zululand Observer	18 988	Adverts for travel agency
Some of the vacancies to be filled urgently to smoothen the operations of the municipality.	March 2023	Ilanga Newspaper	15 029	Adverts for vacant posts
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language. Some of the vacancies to be filled urgently to smoothen the operations of the municipality.	March 2023	Zululand Observer	24 278	Adverts for vacant posts
Repairs and maintenance of Equipment	March 2023	Bell Equipment	153 391	Emergency
Repairs and maintenance of grader cutting edges and hydraulic pipe	March 2023	RB Plant Repair and Maintenance	63 046	Emergency
Emergency. The electric fault in Thusong centre hinders smooth operations of the munipality	April 2023	Kevins Key	2 233	Unlocking bathrooms in the office of the Municipal Manager and Thusong Centre Building
Emergency breakdown. It is significant to attend to the issue as the municipal asset could be vandalised if it left unattended.	April 2023	Amandla Ethu Equipment CC	12 225	Repairs and maintenance of grader
Emergency, the grader is needed to provide minimum level of basic municipal services.	April 2023	Bell Equipment	42 226	Re-gas grader air-conditioner & fit spare wheel
The municipal grader required an urgent replacement of monitor parts to enable to continue to carry out grading of gravel roads in and around Mbonambi efficiently	April 2023	Align 360 Sales and Services	45 155	Breakdown of municipal graders
The bacteria from a leaking septic system can cause illness. A failing septic system leaking dangerous bacteria into your water can cause illness to you and your pets immediately. There is even risk of serious illnesses.	April 2023	NMBN Group	28 950	Excavation and changing 24mm PVC water & connecting to water to the 5000 liter tank to control over flow & inspection & fixing the water pump in Zonza Library
The truck is need to collect skip bins in municipal wards, failure to repair it in time will results in hygene issues hence it is an emergency.	April 2023	JMC SALES AND SERVICES CC	157 765	Repairs and maintenance of skip loader truck

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

53. Deviations from supply chain management regulations (continued)

Emergency. Truck is needed to do its duties of service delivery by Mfolozi Municipality and failure to the necessary action will result in the municipality not being able to render essential service to community.	April 2023	FAITH ECO PROJECTS	158 000	Clearing Kwambo Transfer station to dumping site
Emergency Services for health reasons. Desludgeing your septic tank will ensure the system runs efficiently. If sludge becomes too built up, it can back up essential parts of your system, and your septic tank will not work as efficiently.	May 20223	Pelepele Investments PTY LTD	92 000	Emergency
The municipal grader required an urgent replacement of monitor parts to enable it to function efficiently and effectively.	May 20223	SMB Group PTY LTD	10 425	Emergency
The municipal grader required an urgent replacement of monitor parts to enable it to function efficiently and effectively.	May 20223	Bell Equipment Sales SA Limited	4 929	Emergency
Assess and Repair electrical fault in Municipal Executive Office	May 2023	Ma-Ayina Trading PTY LTD	17 000	Emergency
The municipal grader required an urgent supply of monitor parts to enable to the grader to operate in a manner intended.	May 2023	Align 360 Sales and Services PTY LTD	45 155	Emergency
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language. Some of the vacancies to be filled urgently to smoothen the operations of the municipality.	June 2023	Zululand Observer	11 493	Adverts for vacant posts.
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language. This was for the advertisement 2023/24 Final IDP and Final Annual Budget.	June 2023	Zululand Observer	24 971	Advertisement 2023/24 Final IDP and Final Annual Budget
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language. Some of the vacancies to be filled urgently to smoothen the operations of the municipality.	June 2023	Zululand Observer	9 249	Adverts for vacant posts.
Some of the vacancies to be filled urgently to smoothen the operations of the municipality.	June 2023	Ilanga Newspaper	5 918	Adverts for vacant posts.
Ilanga is the only newspaper circulating in isiZulu and is available for more than two days, hence the advertisement of 2023/24 Final IDP and Final Annual Budget was an emergency here.	June 2023	Ilanga Newspaper	14 794	Advertisement 2023/24 Final IDP and Final Annual Budget
Some of the vacancies to be filled urgently to smoothen the operations of the municipality: Executive Secretary MM	June 2023	Ilanga Newspaper	6 411	Adverts for vacant posts.
Zululand Observer is the only newspaper circulating locally which is easily accessible by community members and available in english language. It is important that public notices that are directed to community are published in the correct manner.	June 2023	Zululand Observer	4 497	Advertisement of Public notice of incentives schemes
The only newspaper published in the area that is available in isizulu and is readily available to community people is Ilanga. The right way to publish public messages that are intended for the community is crucial.	June 2023	Ilanga Newspaper	2 959	Advertisement of Public notice of incentives schemes
This is one of uMfolozi Municipality's hall and it is utilised for various events by the community hence electrical faults and matters are treated with much urgency.	June 2023	Teevo Trading (Pty) Ltd	24 966	x1 Assess & Resolve electrical fault on the Distribution Board

Notes to the Annual Financial Statements

Figures in Rand			2023	2022

53. Deviations from supply chain management regulations (continued)

The TLB is significant in provision of minimum level of municipal basic services and it is important to repair it to avoid service delivery delays	June 2023	RB Plant Repair and Mantenance	177 639	Service provider requested
The truck was purchased from the Fury Motor Provincial therefore it can only be repaired to it initial state by the manufacturer.	June 2023	Fury Motor Group Provincials	27 756	The repairment of the Isizu F-series FTR 850 compactor CHASSIS
Mainteance of building	June 2023	ISABELO SAKA MDLULI TRADING AND CONTSTRUCTION	44 212	Emergency
Emergency. Truck is needed to do its duties of service delivery by Mfolozi Municipality and failure to the necessary action will result in the municipality not being able to render essential service to community.	June 2023	Faith Eco Project	79 000	Emergency
Emergency. Truck is needed to do its duties of service delivery by Mfolozi Municipality and failure to the necessary action will result in the municipality not being able to render essential service to community.	June2023	Faith Eco Project	165 900	Emergency
Emergency. Truck is needed to do its duties of service delivery by Mfolozi Municipality and failure to the necessary action will result in the municipality not being able to render essential service to community.	June 2023	Faith Eco Project	165 900	Emergency
			3 456 466	

54. Segment information

General information

Identification of segments

The entity were organised based on the type and nature of service delivered by the Municipality.These services are delivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area (guided by mSCOA regulations).Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as set out below :

Reportable segment	Goods and/or services
Community and social services	Provision of an acceptable standard of social services, environmental and health services, Emergency services, community safety and road traffic management.
Energy Sources and Environmental Protection	This segment consists of all services for eergy supply to the communities by providing a link between Eskom and electricity consumers through electrification programme entered into between the municipality and Eskom. Facilitating campaigns for environmental protection in the community.
Executive and Council	This segment consists of services such as executive services, support services to the executive and finance and administration services.
Finance and Adminstartion	Provision of financial and administrative services toother segments of the municipality
Planning and Development	Provision of planning and development including policy and procedures. Co-ordination work relating to thepreparation ofthe Annual Development Programme andits review
Public Safety	This segment consists of various departments with aligned objectives. It is responsible for traffic enforcement, and crime prevention.
Road Transport	Construction and maintenance of roads andinfrastructure owned by the municipality
Sports and Recreation	Provision of advancement of participation in sport and recreation, fast-tracking the revival of sport,talent identification and optimization of talent,Empowerment programmes.
Waste Management	This segment consists of all services for the management of waste, colection and disposal of waste in a safe manner as required by legislation. Ensure the general cleanliness in the communities'streets, public spaces and rivers.

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community and social services	Energy Sources and Environemental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Revenue										
Service Charges	-	-	-	-	-	-	-	-	668 998	668 998
Rental of facilities and equipment	-	-	-	560 391	-	-	-	-	-	560 391
Contract revenue	-	-	-	1 976 506	-	-	-	-	-	1 976 506
Licences and permits	-	-	-	9 921	-	-	294 260	-	-	304 181
Operational revenue	-	-	-	1 651 950	-	-	-	-	-	1 651 950
Interest on revenue	-	-	-	5 060 182	-	-	-	-	-	5 060 182
Property rates	-	-	-	27 099 047	-	-	-	-	-	27 099 047
Government grants and subsidies	2 472 000	-	-	163 069 407	991 622	-	43 242 873	330 535	1 847 000	211 953 437
Fines, Penalties and Forfeits	876	-	-	479 350	-	-	-	-	-	480 226
Donation income	2 031 998	-	-	-	-	-	-	-	-	2 031 998
Total segment revenue	**4 504 874**	**-**	**-**	**199 906 754**	**991 622**	**-**	**43 537 133**	**330 535**	**2 515 998**	**251 786 916**
Reversal of impairments gain										11 657 825
Actuarial gains										240 000
Total revenue reconciling items										**11 897 825**
Entity's revenue										**263 684 741**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environementa l Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Expenditure										
Employee related costs	10 809 156	-	6 747 980	19 986 037	6 167 485	20 121 544	3 213 003	3 484 647	6 930 809	77 460 661
Remuneration of councillors	-	-	13 257 082	-	-	-	-	-	-	13 257 082
Depreciation,impairment loss and amortisation	1 627 578	-	-	3 682 537	169 561	-	24 206 292	4 487 622	75 036	34 248 626
Finance costs	-	-	-	610 818	-	-	-	-	-	610 818
Lease rentals on operating lease	-	-	17 217	1 007 385	-	-	-	-	-	1 024 602
Debt impairment	-	-	-	4 016 435	-	-	-	-	-	4 016 435
Bad debts written off	-	-	-	12 458 419	-	-	-	-	-	12 458 419
Contracted services	4 929 991	505 500	10 589 024	28 206 538	798 111	151 193	3 600 380	-	3 704 449	52 485 186
Operational costs	1 184 052	900 679	14 058 425	28 533 184	1 840 062	16 826	1 113 928	3 104	381 127	48 031 387
Transfers and subsidies	-	-	2 756 698	-	-	1 846 127	-	-	-	4 602 825
Contract cost - INEP	-	-	-	1 976 506	-	-	-	-	-	1 976 506
Total segment expenditure	**18 550 777**	**1 406 179**	**47 426 426**	**100 477 859**	**8 975 219**	**22 135 690**	**32 133 603**	**7 975 373**	**11 091 421**	**250 172 547**
Total segmental surplus/(deficit)										**13 512 194**
Loss on disposal of municipal assets										(142 881)
Entity's surplus (deficit) for the period										**13 369 313**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environementa l Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Assets										
Receivables from Exchange Transactions	-	-	-	1 969 054	-	-	-	-	-	1 969 054
Receivables from Non-Exchange Transactions	-	-	-	6 954 467	-	-	1 280 998	-	-	8 235 465
VAT Receivable	-	-	-	7 701 766	-	-	-	-	-	7 701 766
Cash and cash equivalents	-	-	-	32 863 046	-	-	-	-	-	32 863 046
Property, plant and equipment	62 182 298	97 811	30 426	109 859 702	-	209 668	155 707 906	60 364 660	7 779 611	396 232 082
Intangible assets	-	-	-	212 070	-	-	-	-	-	212 070
Total segment assets	**62 182 298**	**97 811**	**30 426**	**159 560 105**	**-**	**209 668**	**156 988 904**	**60 364 660**	**7 779 611**	**447 213 483**
Total assets as per Statement of financial Position										**447 213 483**
Liabilities										
Other financial liabilities	-	-	-	3 672 146	-	-	-	-	-	3 672 146
Unspent conditional grants and receipts	-	-	-	1 904 264	-	-	-	-	-	1 904 264
Payables from exchange transactions	-	-	-	12 939 120	-	-	-	-	-	12 939 120
Retention	-	-	-	6 322 803	-	-	-	-	-	6 322 803
Employee benefit obligation	-	-	-	1 970 000	-	-	-	-	-	1 970 000
Deferred revenue	-	-	-	727 018	-	-	-	-	-	727 018
Total segment liabilities	**-**	**-**	**-**	**27 535 351**	**-**	**-**	**-**	**-**	**-**	**27 535 351**

Notes to the Annual Financial Statements

Figures in Rand

	Community and social services	Energy Sources and Environemental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
54. Segment information (continued)										
Total liabilities as per Statement of financial Position										**27 535 351**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

2022

	Community and social services	Energy Sources and Environemental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Revenue										
Service charges	-	-	-	-	-	-	-	-	666 705	666 705
Rental of facilities and equipment	-	-	-	777 059	-	-	-	-	-	777 059
Licenses and permits	-	-	-	4 847	323 591	-	-	-	-	328 438
Operational revenue	-	-	-	314 141	-	-	-	-	-	314 141
Interest on revenue	-	-	-	3 358 728	-	-	-	-	-	3 358 728
Property rates	-	-	-	25 634 673	-	-	-	-	-	25 634 673
Government grants and subsidies	3 037 000	-	-	153 590 593	-	-	42 526 000	7 485 653	1 557 722	208 196 968
Fines penalties and forfeits	726	-	-	534 550	-	-	-	-	-	535 276
Donation income	-	-	-	1 010 143	-	-	-	-	-	1 010 143
Total segment revenue	**3 037 726**	**-**	**-**	**185 224 734**	**323 591**	**-**	**42 526 000**	**7 485 653**	**2 224 427**	**240 822 131**
										-
Actuarial gain										31 940
Total revenue reconciling items										**31 940**
Total revenue										**240 854 071**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environemental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Expenditure										
Employee related costs	11 873 197	-	6 832 500	24 825 017	6 744 398	11 873 697	7 658 757	11 825	3 923 772	73 743 163
Remuneration of councillors	-	-	12 197 381	-	-	-	-	-	-	12 197 381
Depreciation, impairment loss and amortisation	5 569 055	-	-	3 266 875	-	130 884	24 154 589	-	-	33 121 403
Finance costs	-	-	-	616 871	-	-	-	-	-	616 871
Lease rental on operating lease	-	-	37 708	927 164	-	-	-	-	-	964 872
Debt impairment	-	-	-	1 141 734	-	-	-	-	-	1 141 734
Contracted services	4 093 976	541 862	13 053 390	30 736 525	1 016 106	246 651	5 538 564	-	4 210 273	59 437 347
Transfers and subsidies	290 008	-	532 839	-	-	-	-	-	-	822 847
Operational costs	1 287 752	865 274	12 505 902	27 392 025	3 104 738	895 326	297 748	117	1 155 407	47 504 289
Loss on disposal of assets and liabilities	-	-	-	87 122	-	-	-	-	-	87 122
Total segment expenditure	**23 113 988**	**1 407 136**	**45 159 720**	**88 993 333**	**10 865 242**	**13 146 558**	**37 649 658**	**11 942**	**9 289 452**	**229 637 029**
Total segmental surplus/(deficit)										**11 217 042**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environementa l Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Assets										
Receivables from Exchange transactions	-	-	-	1 208 414	-	-	-	-	510 729	1 719 143
Receivables from non-exchange transactions	-	-	-	10 844 255	-	-	-	-	-	10 844 255
VAT receivables	-	-	-	6 062 627	-	-	-	-	-	6 062 627
Cash and cash equivalents	-	-	-	21 760 836	-	-	-	-	-	21 760 836
Property, plant and equipment	105 091 076	97 811	-	89 227 339	93 015	4 120 384	124 034 590	62 476 180	3 834 693	388 975 088
Conditional Grants receivables	-	-	-	4 044 593	-	-	-	-	-	4 044 593
Intangible assets	-	-	-	416 213	-	-	-	-	-	416 213
Total segment assets	**105 091 076**	**97 811**	**-**	**133 564 277**	**93 015**	**4 120 384**	**124 034 590**	**62 476 180**	**4 345 422**	**433 822 755**
Total assets as per Statement of financial Position										**433 822 755**
Liabilities										
Payables from exchange transactions	-	-	-	15 066 265	-	-	-	-	-	15 066 265
Unspent conditional grants and subsidies	-	-	-	1 030 296	-	-	-	-	-	1 030 296
Retention	-	-	-	4 984 201	-	-	-	-	-	4 984 201
Other financial liabilities	-	-	-	4 491 174	-	-	-	-	-	4 491 174
Employee benefit obligations	-	-	-	2 002 000	-	-	-	-	14 288	2 016 288
Total segment liabilities	**-**	**-**	**-**	**27 573 936**	**-**	**-**	**-**	**-**	**14 288**	**27 588 224**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environemental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Total liabilities as per Statement of financial Position										**27 588 224**