UMFOLOZI LOCAL MUNICIPALITY
(REGISTRATION NUMBER :KZN281)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

General Information

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.
Executive Council Members	
Honourable Mayor	Cllr. X.M. Bhengu (EXCO Member)
Deputy Mayor	Cllr. T.M. Biyela (EXCO Member)
	Cllr. S.P. Mpanza (EXCO Member)
	Cllr. B.T. Ntombela (EXCO Member)
	Cllr N.S. Ngubane (EXCO Member)
Ordinary Council Members	M.M. Mthiyane (Speaker)
	C. Makhunga (Chief Whip)
	Z.S. Mthethwa (MPAC Chair)
	T.S.W. Ndawonde
	T.Z. Mdhletshe
	S.G Mthethwa
	B.V Mhlongo
	P.M. Gumbi
	T. Ndimande
	A.M. Mtshali
	K.S.C Xaba
	N. Conco
	B.P. Sithole
	S.E. Sibiya
	M.E. Shobede
	B.S Bhengu
	R.L. Keyser
	M.B. Makhaza
	T.D. Ngwenya
	H.B. Hadebe
	T.N. Msweli
	N.B. Mkhwanazi
	S.R. Thabethe
	S.S. Gazu
	S.M. Shabangu
	M. Shabalala
	A.S. Msibi
	G.M. Khumalo
	M.N. Nxumalo
	E.S. Mthethwa
	K. Mlambo

General Information

Accounting Officer	Mr. M.T. Nkosi (Acting)
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 FNB
Auditor	Auditor General of South Africa
Legal Representatives	Kloopers Incorporated
Telephone	(035) 580-1421
Email Address (Accounting Officer)	cfo@umfolozi.org.za

Index

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

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

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

The Accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 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 revenues including equitable share 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 93 , which have been prepared on the going concern basis, were approved by the council on the 31 August 2024 and were signed on its behalf by:

Mr. M.T. Nkosi
Accounting officer (Acting)

Statement of Financial Position as at 30 June 2024

Figures in Rand	Notes	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	2,361,589	1,969,054
Receivables from non-exchange transactions	4	25,328,809	8,235,465
VAT receivable	5	761,445	1,999,438
Cash and cash equivalents	6	20,138,658	32,863,046
		48,590,501	**45,067,003**
Non-Current Assets			
Property, plant and equipment	7	409,299,703	396,245,870
Intangible assets	8	90,116	212,070
		409,389,819	**396,457,940**
Total Assets		**457,980,320**	**441,524,943**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	12,301,046	12,939,120
Unspent conditional grants and receipts	10	2,694,087	1,904,264
Other financial liabilities	11	1,081,177	1,033,918
Retentions	12	4,922,486	6,322,803
Employee benefit obligation	13	169,000	291,000
Deferred revenue	22	3,258,571	727,018
		24,426,367	**23,218,123**
Non-Current Liabilities			
Other financial liabilities	11	1,676,578	2,638,228
Employee benefit obligation	13	1,929,000	1,679,000
		3,605,578	**4,317,228**
Total Liabilities		**28,031,945**	**27,535,351**
Net Assets		**429,948,375**	**413,989,592**
Accumulated surplus		429,948,375	413,989,592
Total Net Assets		**429,948,375**	**413,989,592**

* See Note 45

Statement of Financial Performance

Figures in Rand	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges		698,029	668,998
Rental of facilities and equipment	14	1,039,103	560,391
License and permits	15	413,579	304,181
Operational revenue	16	463,152	1,651,950
Interest revenue	17	4,595,142	3,939,637
Total revenue from exchange transactions		**7,209,005**	**7,125,157**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	18	43,596,461	27,099,047
Interest on outstanding receivables	19	1,351,501	1,120,545
Transfer revenue			
Government grants and subsidies	20	217,681,176	211,953,437
Fines, Penalties and Forfeits	21	613,273	480,226
Contract revenue	22	3,966,448	1,976,506
Donation income	23	-	2,031,998
Total revenue from non-exchange transactions		**267,208,859**	**244,661,759**
Total revenue	24	**274,417,864**	**251,786,916**
Expenditure			
Employee related costs	25	(85,966,532)	(77,460,661)
Remuneration of councillors	26	(14,576,008)	(13,257,082)
Depreciation,impairment loss and amortisation	27	(30,791,655)	(34,501,568)
Finance costs	28	(517,547)	(610,818)
Lease rentals on operating lease	29	(934,715)	(1,024,602)
Debt Impairment	30	(7,476,444)	(4,016,435)
Bad debts written off	31	-	(12,458,419)
Contract cost - INEG	22	(3,966,448)	(1,976,506)
Contracted services	32	(55,811,066)	(52,485,186)
Transfers and subsidies	33	(5,386,110)	(4,602,825)
Operational costs	34	(54,528,517)	(48,031,387)
Total expenditure		**(259,955,042)**	**(250,425,489)**
Operating surplus		**14,462,822**	**1,361,427**
Profit /(Loss) on disposal of municipal assets		154,034	(142,881)
Gain on newly identified assets		59,493	-
Actuarial gains/(losses)	13	57,000	240,000
Reversal of impairments gains/(losses)	35	1,225,438	11,657,825
		1,495,965	**11,754,944**
Surplus for the year		**15,958,787**	**13,116,371**

* See Note 45

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	400,960,679	400,960,679
Adjustments		
Prior year adjustments	(87,458)	(87,458)
Balance at 01 July 2022	**400,873,221**	**400,873,221**
Changes in net assets		
Surplus for the year	13,116,371	13,116,371
Total changes	13,116,371	13,116,371
Opening balance as previously reported	419,691,916	419,691,916
Adjustments		
Prior year adjustments	(5,702,328)	(5,702,328)
Restated* Balance at 01 July 2023	**413,989,588**	**413,989,588**
Changes in net assets		
Surplus for the year	15,958,787	15,958,787
Total changes	15,958,787	15,958,787
Balance at 30 June 2024	**429,948,375**	**429,948,375**

* See Note 45

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Sale of goods and services		39,967,335	33,825,084
Grants		226,244,000	212,827,405
Interest income		4,585,709	5,060,182
Fines, Penalties and Forfeits		55,241	480,226
		270,852,285	252,192,897
Payments			
Employee costs		(100,342,105)	(91,303,611)
Suppliers		(139,031,413)	(109,149,863)
Finance costs		(312,547)	(405,818)
		(239,686,065)	(200,859,292)
Net cash flows from operating activities	36	**31,166,220**	**51,333,605**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(42,976,217)	(39,412,367)
Cash flows from financing activities			
Repayment of other financial liabilities		(914,391)	(819,028)
Net cash flows from financing activities		**(914,391)**	**(819,028)**
Net increase/(decrease) in cash and cash equivalents		**(12,724,388)**	**11,102,210**
Cash and cash equivalents at the beginning of the year		32,863,046	21,760,836
Cash and cash equivalents at the end of the year	6	**20,138,658**	**32,863,046**

* See Note 45

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	706,868	-	**706,868**	698,029	**8,839**	1%	
Rental of facilities and equipment	711,037	269,233	**980,270**	1,039,103	**(58,833)**	-6%	
License and permits	395,000	1,700	**396,700**	413,579	**(16,879)**	4%	
Operational revenue	229,433	(11,962)	**217,471**	463,152	**(245,681)**	113%	1
Interest received - investment	2,326,543	1,749,187	**4,075,730**	4,595,142	**(519,412)**	13%	2
Total revenue from exchange transactions	**4,368,881**	**2,008,158**	**6,377,039**	**7,209,005**	**(831,966)**		
Revenue from non-exchange transactions							
Taxation revenue							
Property rates	30,097,974	-	**30,097,974**	43,596,461	**(13,498,487)**	45%	3
Interest on outstanding receivables	1,348,320	-	**1,348,320**	1,351,501	**(3,181)**	0.2%	
Transfer revenue							
Government grants and subsidies	186,846,000	76,000	**186,922,000**	185,501,672	**1,420,328**	0.7%	
Fines, Penalties and Forfeits	479,777	(69,777)	**410,000**	613,273	**(203,273)**	-50%	4
Contract revenue	-	-	**-**	3,966,448	**3,966,448**	100%	9
Total revenue from non-exchange transactions	**218,772,071**	**6,223**	**218,778,294**	**235,029,355**	**(8,318,165)**		
Total revenue excluding Capital Transfers and contributions)	**223,140,952**	**2,014,381**	**225,155,333**	**242,238,360**	**(9,150,131)**		
Expenditure							
Employee related costs	(90,855,466)	(2,413,153)	**(93,268,619)**	(85,966,532)	**(7,302,087)**	9%	5
Remuneration of councillors	(13,457,324)	-	**(13,457,324)**	(14,576,008)	**1,118,684**	8%	6
Depreciation and asset impairment	(23,603,479)	-	**(23,603,479)**	(30,791,655)	**7,188,176**	30%	
Finance costs	(357,000)	-	**(357,000)**	(517,547)	**160,547**	45%	7

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
Lease rentals on operating lease	-	-	**-**	(934,715)	**934,715**	100%	6
Debt Impairment	-	(1,077,372)	**(1,077,372)**	(7,476,444)	**6,399,072**	798%	8
Bad debts written off	(1,577,372)	1,577,372	**-**	-	**-**		
Contract costs - INEP	-	-	**-**	(3,966,448)	**3,966,448**	100%	9
Contracted Services	(47,430,290)	650,498	**(46,779,792)**	(55,811,066)	**9,031,274**	19%	10
Transfers and Subsidies	(2,420,000)	(324,300)	**(2,744,300)**	(5,386,110)	**2,641,810**	-96%	11
Operational Costs	(41,446,405)	(3,456,713)	**(44,903,118)**	(52,283,985)	**7,380,867**	-19%	12
Inventory consumed	(1,099,000)	(51,570)	**(1,150,570)**	(2,244,532)	**1,093,962**	95%	
Total expenditure	**(222,246,336)**	**(5,095,238)**	**(227,341,574)**	**(259,955,042)**	**32,613,468**		
Operating deficit	**894,616**	**(3,080,857)**	**(2,186,241)**	**(17,716,682)**	**(15,530,441)**		
Loss on disposal of municipal assets	-	-	**-**	154,034	**(154,034)**	100%	13
Reversal of Impairment gain/(loss)	-	-	**-**	1,225,438	**(1,225,438)**	100%	11
Gains on newly identified assets	-	-	**-**	59,493	**59,493**	100%	14
Actuarial gains/losses	-	-	**-**	57,000	**(57,000)**	100%	15
Transfers and subsidies -capital (Monetary calculations National/Provincial/District)	32,127,000	1,444,000	**33,571,000**	32,179,504	**1,391,496**	4%	
	32,127,000	**1,444,000**	**33,571,000**	**33,675,469**	**14,517**		
Surplus for the year	**33,021,616**	**(1,636,857)**	**31,384,759**	**15,958,787**	**(15,425,972)**		

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

1. **Operational Revenue**

The variance on operational revenue increased because of staff recoveries which were processed during the year but not budgeted for.

2. **Interest received - Investment**

Interest revenue depends on investments made by the municipality during the year and the underlying interest rate on those investments. Municipality has generated higher returns on the investments than budgeted for.

3. **Property rates**

The budget was based on old valuation roll and the year under audit was the first year of implementation of new roll and a number of property's market values increase.

4. **Fines and penalties**

Traffic fines are based on number of offences which were higher then anticipated

5. **Employee Related Costs**

Funded post or budgeted positions not yet filled. The position for Chief financial Officer and Municipal manager were filled on 01 June 2024 and Director Community position is still vacant and management position and officer.

6. **Remuneration of councillors**

Councillors budget was under budgeted ,the budget was based on the previous government gazette.

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

7. **Finance Costs**

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

8. **Debt Impairment**

Debt impairment increased significantly due to events that could only be identified at the end of the year depending on the individual debtor risk and payment profile. During the budget process, the municipality is conservative with impairment estimations with anticipated collection during the year.

9. **Contract costs**

INEG revenue and expenditure is not budgeted for by the municipality

10. **Contracted services**

The proportionately overspent budget is attributable to seasonal utilisation which includes maintenance of buildings, roads and vehicles. Due to unforeseen circumstances like heavy rains damaging roads and other facilities that were not budgeted for.

11. **Transfers and subsidies**

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

12. **Operational costs**

The reason for over expenditure is due to most projects being under budgeted and the usage or utilisation votes of fuel, travel and subsistence being high.

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

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

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

14. **Gains on newly discovered assets**

Gains on newly discovered assets were not budgeted for in the current year.

15. **Actuarial gains**

Actuarial gains were not budgeted for in the current financial year.

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 Position							
Assets							
Current Assets							
Inventories	(51,570)	-	**(51,570)**	-	**51,570**	100%	
Receivables from exchange transactions	12,636,977	(11,405,899)	**1,231,078**	2,361,589	**1,130,511**	92%	16
VAT receivable	15,410,290	2,693,123	**18,103,413**	761,445	**(17,341,968)**	65%	17
Receivables from Non-Exchange Transactions	5,996,286	(5,917,622)	**78,664**	25,328,809	**25,250,145**	290241%	18
Cash and cash equivalents	24,421,679	5,917,163	**30,338,842**	20,138,658	**(10,200,184)**	34%	19
	58,413,662	**(8,713,235)**	**49,700,427**	**48,590,501**	**(1,109,926)**		
Non-Current Assets							
Property, plant and equipment	404,698,613	9,313,148	**414,011,761**	409,299,703	**(4,712,058)**	1%	
Intangible assets	586,529	(314,143)	**272,386**	90,116	**(182,270)**	67%	
	405,285,142	**8,999,005**	**414,284,147**	**409,389,819**	**(4,894,328)**		
Total Assets	**463,698,804**	**285,770**	**463,984,574**	**457,980,320**	**(6,004,254)**		
Liabilities							
Current Liabilities							
Other financial liabilities	(141,799)	(25,119)	**(166,918)**	(1,081,177)	**(914,259)**	547%	20
Payables from exchange transactions	(23,703,985)	2,816,985	**(20,887,000)**	(12,301,046)	**8,585,954**	41%	21
VAT payable	(292,766)	(30,521)	**(323,287)**	-	**323,287**	100%	
Unspent conditional grants and receipts	-	-	**-**	(2,694,087)	**(2,694,087)**	100%	22
Provisions	(291,000)	-	**(291,000)**	(169,000)	**122,000**	41%	25
Retentions	(1,969,704)	65,440	**(1,904,264)**	(4,922,486)	**(3,018,222)**	158%	23
Deferred revenue	-	-	**-**	(3,258,571)	**(3,258,571)**	100%	24
	(26,399,254)	**2,826,785**	**(23,572,469)**	**(24,426,367)**	**(853,898)**		

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
Non-Current Liabilities							
Other financial liabilities	(4,196,375)	1,558,147	**(2,638,228)**	(1,676,578)	**961,650**	36%	20
Provisions	(2,002,000)	323,000	**(1,679,000)**	(1,929,000)	**(250,000)**	15%	25
	(6,198,375)	**1,881,147**	**(4,317,228)**	**(3,605,578)**	**711,650**		
Total Liabilities	**(32,597,629)**	**4,707,932**	**(27,889,697)**	**(28,031,945)**	**(142,248)**		
Net Assets	**431,101,175**	**(4,422,162)**	**436,094,877**	**429,948,375**	**(6,146,502)**		
Accumulated surplus	431,101,175	(4,422,162)	**436,094,877**	429,948,375	**(6,146,502)**	0.3%	

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

16. **Receivables from exchange transactions**

The variance is due to service charges that have increased in line with receivables from exchange transactions and other receivables from insurance proceeds that were not budgeted for.

17. **VAT Receivables**

Variance is due to errors in the budget template that did not take into account refunds during the year resulting in a large VAT receivable balance

18. **Receivables from non-exchange transactions**

Variance due to budgeting figures not realistic to consider new valuation roll and actual debtor balances have significantly increased due to implementation of a new valuation roll. Expected debtor collections also did not materialise.

19. **Cash and cash equivalents**

Variance is due to lower expenditures that were expected but the municiapality exceeded expenditure on both contracted services and operational costs

20. **Financial liabilties**

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.

21. **Trade payables**

Retentions was not budgeted for in the current financial year.

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

22. **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

23. **Retention**

Retentions cannot be effectively budgeted for as they depend on progress made by contractors during the financial year.

24. **Deferred income**

Unspent INEG was not budgeted for by the muncipality, as initial anticipation is to spend total allocation

25. **Employee benefits (provisions)**

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	Difference in percentage (%)	Reference
Cash Flow Statement							
Cash flows from operating activities							
Receipts							
Sale of goods and services	38,744,810	(3,414,534)	**35,330,276**	39,967,335	**4,637,059**	30%	26
Grants	218,973,000	6,620,000	**225,593,000**	226,244,000	**651,000**	1%	
Interest income	-	4,075,730	**4,075,730**	4,585,709	**509,979**	12%	27
Fines, Penalties and Forfeits	-	-	**-**	55,241	**55,241**	100%	28
	257,717,810	**7,281,196**	**264,999,006**	**270,852,285**	**5,853,279**		
Payments							
Employee costs	(105,077,000)	-	**(105,077,000)**	(100,342,105)	**4,734,895**	5%	
Suppliers	(104,283,063)	(9,278,652)	**(113,561,715)**	(139,031,413)	**(25,469,698)**	9%	29
Finance costs	-	(357,000)	**(357,000)**	(312,547)	**44,453**	12%	
	(209,360,063)	**(9,635,652)**	**(218,995,715)**	**(239,686,065)**	**(20,690,350)**		
Net cash flows from operating activities	**48,357,747**	**(2,354,456)**	**46,003,291**	**31,166,220**	**(14,837,071)**		
Cash flows from investing activities							
Purchase of property, plant and equipment	(43,444,518)	(4,210,977)	**(47,655,495)**	(42,976,217)	**4,679,278**	10%	

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
Cash flows from financing activities							
Repayment of other financial liabilities	-	-	-	(914,391)	**(914,391)**	100%	30
Net increase/(decrease) in cash and cash equivalents	4,913,229	(6,565,433)	**(1,652,204)**	(12,724,388)	**(11,072,184)**		
Cash and cash equivalents at the beginning of the year	21,760,836	11,102,210	**32,863,046**	32,863,046	-		
Cash and cash equivalents at the end of the year	**26,674,065**	**4,536,777**	**31,210,842**	**20,138,658**	**(11,072,184)**		

26. **Sale of goods and services**

Variance is due to the municipality collecting lower than expected on both exchange and non-exchange debtors

27. **Interest income**

Variance is due to the budget for purchases of intangible assets being included in the capital assets budget which is reflected under purchases of property, plant and equipment in the above cashflow statements under cash flow from investing activities.

28. **Fines, Penalties and Forfeits**

Fines, penalties and forfeits are not budgeted for by the municipality.

29. **Employee costs and suppliers**

Expenditure on both operational (general) expenditure and contracted services increased during the year compared to the budget which would have an impact on the cash flows.

30. **Repayment of other financial liabilities**

Repayment of other financial liabilities was not budgeted for in the current year by the municipality.

Accounting Policies

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 municipality 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 municipality 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 value in 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 municipality 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 municipality 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 13.

Effective interest rate

The municipality 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%.

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 municipality; 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 municipality 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 Equipment	Straight-line	5-30 Years
Machinery and Equipment	Straight-line	5-30 Years
Transport Assets	Straight-line	5-30 Years

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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 municipality. 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 municipality assesses at each reporting date whether there is any indication that the municipality 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 municipality 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 municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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 municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality 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.

1.6 Intangible assets (continued)

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

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..

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 Construction contracts and receivables

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 municipality 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.

Accounting Policies

1.9 Construction contracts and receivables (continued)

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.

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 municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an municipality'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.

Accounting Policies

1.11 Employee benefits (continued)

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.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality 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 entity 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 entity 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 entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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 entity 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.

Accounting Policies

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.

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 municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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 43.

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.

Accounting Policies

1.12 Provisions and contingencies (continued)

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;
- 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 a municipality, which represents an increase in net assets.

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 municipality.

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.

Accounting Policies

1.15 Revenue from Exchange transactions (continued)

Sale of goods (License 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.

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.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

- 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

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.

Accounting Policies

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;
- 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 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.

1.22 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.

Accounting Policies

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 appropriate 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 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 municipality:

- 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 the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30

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

Accounting Policies

1.24 Comparative of actual information to budgeted information (continued)

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 2023 to 30 June 2024.

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.

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 favorable 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 favorable and unfavorable, 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.

Accounting Policies

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 non-exchange transactions.

Statutory receivables 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

- Initial measurement

The Municipality initially measures statutory receivables 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

2. New standards and interpretations

2.1 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 2024	Unlikely there will be a material impact
• GRAP 25 Employee Benefits (revised)	01 April 2024	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2024	Unlikely there will be a material impact
• GRAP 103 Heritage Assets	01 April 2024	Unlikely there will be a material impact
• Amendments to GRAP 1: going concern	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

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to GRAP 1	Effective date to be determined	Unlikely there will be a material impact
• GRAP 103 (As revised) Heritage Assets	Effective date to be determined	Unlikely there will be a material impact
• GRAP 104 (as revised) Financial Instruments	01 April 2025	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.

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:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- 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 municipality 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 municipality 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 municipality, but may result in more disclosure than currently provided in the financial statements.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Receivables from exchange transactions

Refuse	1,388,801	828,574
Provision for debt Impairment - refuse	(869,813)	(507,979)
Prepayments	129,565	585,324
Rent receivable	89,781	144,196
Other receivables	1,521,505	829,939
Creditors with debit balances	101,750	89,000
	2,361,589	**1,969,054**

Refuse		
Current (0-30 days)	133,749	84,749
31 - 60 days	32,250	25,131
61 - 90 days	131,276	18,998
91 - 120 days	115,301	18,956
121 - 365 days	976,225	680,740
	1,388,801	**828,574**

Rent receivable		
Current (0-30 days)	89,781	144,196

Reconciliation of provision for impairment

Opening balance	(507,979)	(336,007)
Provision for debt impairment	(361,834)	(171,972)
	(869,813)	**(507,979)**

4. Receivables from Non exchange transactions

Gross balances		
Property rates	42,757,768	19,049,479
Traffic Fines	1,467,724	920,864
	44,225,492	**19,970,343**

Less: Allowance for impairment		
Property rates	(17,529,009)	(10,892,678)
Traffic Fines	(1,367,674)	(842,200)
	(18,896,683)	**(11,734,878)**

Net balance		
Property rates	25,228,759	8,156,801
Traffic fines	100,050	78,664
	25,328,809	**8,235,465**

Rates		
Current (0 -30 days)	6,785,223	976,178
31 - 60 days	1,575,544	2,089,687
61 - 90 days	1,387,486	1,267,819
91 - 120 days	1,276,182	326,302
121 - 365 days	26,322,834	10,592,346
	37,347,269	**15,252,332**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Receivables from Non exchange transactions (continued)

Interest		
Current (0 -30 days)	143,128	70,871
31 - 60 days	133,882	99,749
61 - 90 days	131,277	97,675
91 - 120 days	115,303	97,839
121 - 365 days	3,885,013	3,431,013
	4,408,603	**3,797,147**

Summary of property rates by customer classification

Residential		
Current (0 -30 days)	202,860	208,198
31 - 60 days	128,222	97,006
61 - 90 days	111,963	249,207
91 - 120 days	100,827	79,453
121 - 365 days	4,085,618	3,790,722
	4,629,490	**4,424,586**

Commercial and Industrial		
Current (0 -30 days)	1,696,830	843,894
31 - 60 days	1,295,536	742,498
61 - 90 days	1,121,123	1,056,372
91 - 120 days	1,006,091	325,114
121 - 365 days	13,148,268	8,661,548
	18,267,848	**11,629,426**

National and provincial government		
Current (0 -30 days)	5,128,696	14,957
31 - 60 days	285,667	1,349,932
61 - 90 days	285,667	59,915
91 - 120 days	284,566	19,574
121 - 365 days	13,975,871	1,551,089
	19,960,467	**2,995,467**

Total		
Current (0 -30 days)	7,028,386	1,067,049
31 - 60 days	1,709,426	2,189,436
61 - 90 days	1,518,763	1,365,494
91 - 120 days	1,391,485	424,141
121 - 365 days	31,209,757	14,003,359
	42,857,817	19,049,479
Less: Allowance for impairment	(17,529,009)	(10,892,678)
	25,328,808	**8,156,801**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. 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	42,757,768	19,049,479
Traffic fines	1,467,724	920,864
	44,225,492	**19,970,343**

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

Property rates	(17,529,009)	(10,892,678)
Traffic fines	(1,367,674)	(842,200)
	(18,896,683)	**(11,734,878)**

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

Property rates	25,228,759	8,156,801
Fines	100,050	78,664
	25,328,809	**8,235,465**

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.

5. VAT receivable

VAT	761,445	1,999,438

VAT summary		
Opening balance	1,999,438	6,062,627
Movement	(1,237,993)	(4,063,189)
	761,445	**1,999,438**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7,775	10,200
Main Bank balance	5,147,467	3,196,093
Other bank balances	14,983,416	29,656,753
	20,138,658	**32,863,046**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA Bank- Account Type-Cheque- 40 5385 7155	3,917,748	3,196,093	(124,861)	3,917,748	3,196,093	(124,861)
ABSA Bank- Account Type-Traffic- 40 7854 4599	88,460	77,556	54,142	88,460	77,556	54,142
ABSA Bank- Account Type-INEP- 92 8652 5057	1,123	1,065	1,026	1,123	1,065	1,026
ABSA Bank- Account Type-MIG- 92 8651 3913	1,380	1,310	1,261	1,380	1,310	1,262
ABSA Bank- Account Type-EPWP - 92 861 3769	997	997	997	997	997	998
ABSA Bank- Account Type-FMG- 92 8652 5340	1,225	1,163	1,118	1,225	1,163	1,117
ABSA Bank- Account Type-MSIG- 92 8651 3028	1,512	1,435	1,380	1,512	1,435	1,380
ABSA Bank- Account Type-Call- 91 0739 9765	2,142	2,142	2,069	2,142	2,142	2,069
ABSA Bank- Account Type-Traffic- 40 6506 2322	62,348	21,025	24,619	62,348	21,025	24,620
ABSA Bank- Account Type -Cheque -93 3848 2339	544,344	239,146	1,075,566	544,344	239,146	1,075,566
Nedbank Bank -Account Type-Call account- 1766000029	-	17,829,789	20,722,205	-	17,933,798	20,722,205
Nedbank Bank -Account Type-Call Account - 03/788101811	1,281,836	-	-	1,281,836	-	-
ABSA Bank -Account Type-Reserve Account -9374542719	12,259,880	11,377,116	-	12,259,880	11,377,116	-
FNB Bank -Account Type-Reserve Account -6306222888	1,229,718	-	-	1,229,718	-	-
Standard Bank - Account Type -Call Account -068747667 -001	738,171	-	-	738,171	-	-
Total	**20,130,884**	**32,748,837**	**21,759,522**	**20,130,884**	**32,852,846**	**21,759,524**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2024			2023		
	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	6,854,502	(3,300,779)	3,553,723	5,765,227	(2,894,898)	2,870,329
Furniture and Office Equipment	7,563,375	(4,723,380)	2,839,995	7,093,260	(4,016,644)	3,076,616
Computer Equipment	6,183,299	(3,231,463)	2,951,836	5,592,965	(2,435,695)	3,157,270
Road Infrastructure	215,811,071	(69,467,815)	146,343,256	180,040,815	(55,459,672)	124,581,143
Community Assets	225,363,754	(70,154,212)	155,209,542	183,744,478	(61,692,841)	122,051,637
Storm Water Infrastructure	4,242,074	(494,973)	3,747,101	4,242,074	(410,629)	3,831,445
Water Supply Infrastructure	28,646	(14,972)	13,674	28,646	(13,014)	15,632
Buildings	65,634,442	(20,957,317)	44,677,125	65,634,442	(18,603,540)	47,030,902
Work in Progress	13,879,187	(439,131)	13,440,056	60,807,011	(1,664,569)	59,142,442
Transport Assets	29,753,975	(11,184,376)	18,569,599	20,343,050	(8,212,856)	12,130,194
ICT Infrastructure	3,083,354	(1,872,411)	1,210,943	3,083,353	(1,467,946)	1,615,407
Total	**595,140,532**	**(185,840,829)**	**409,299,703**	**553,118,174**	**(156,872,304)**	**396,245,870**

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2024

	Opening balance	Additions	Disposals	Transfers in/(out)	Gains on newly discovered assets	Depreciation	Impairment loss	Impairment reversal	Total
Land	16,742,853	-	-	-	-	-	-	-	16,742,853
Machinery and Equipment	2,870,329	102,679	(19,975)	1,057,344	-	(456,654)	-	-	3,553,723
Furniture and office equipment	3,076,616	606,347	(37,641)	-	2,613	(807,940)	-	-	2,839,995
Computer Equipment	3,157,270	452,860	(10,156)	175,140	4,367	(827,645)	-	-	2,951,836
Road Infrastructure	124,581,143	-	-	35,770,256	-	(14,008,143)	-	-	146,343,256
Community Assets	122,051,637	11,700	-	41,607,577	-	(8,110,315)	(351,057)	-	155,209,542
Storm Water Infrastructure	3,831,445	-	-	-	-	(84,344)	-	-	3,747,101
Water Supply Infrastructure	15,632	-	-	-	-	(1,958)	-	-	13,674
Buildings	47,030,902	-	-	-	-	(2,353,777)	-	-	44,677,125
Work-in-Progress	59,142,442	31,682,493	-	(78,610,317)	-	-	-	1,225,438	13,440,056
Transport Assets	12,130,194	10,120,138	(469,843)	-	52,513	(3,263,403)	-	-	18,569,599
ICT Infrastructure	1,615,407	-	-	-	-	(404,466)	-	-	1,210,943
	396,245,870	**42,976,217**	**(537,615)**	**-**	**59,493**	**(30,318,645)**	**(351,057)**	**1,225,438**	**409,299,703**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2023

	Opening balance	Additions	Disposals	Transfers in/(out)	Impairment loss	Prior period adjustments	Donations received	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)	-	-	32,714	-	(923,347)	3,076,616
Computer Equipment	3,193,652	760,095	(365)	-	-	8,336	-	(804,448)	3,157,270
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	-	-	-	225,678	-	(2,579,560)	12,130,194
ICT Infrastructure	2,018,767	-	-	-	-	-	-	(403,360)	1,615,407
	388,975,083	**39,412,367**	**(142,601)**	**-**	**(9,037,545)**	**266,728**	**2,031,998**	**(25,260,160)**	**396,245,870**

Pledged as security

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

7. Property, plant and equipment (continued)

Property, plant and equipment- Fully depreciated

The Municipality has thirty one assets (473) 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:

	2024	2023
Community Assets	-	2,889,560
Furniture and office equipment	23,140	55,722
Computer equipment	55,582	-
Intangible assets	82,041	-
Road infrastructure	-	302,960
Machinery and equipment	24,099	-
Transport assets	4,815	-
	189,677	**3,248,242**

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

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

	2024	2023
Cinci MPCC The project was discontinued as it was not prioritised in the 2017/2018 IDP (projects to be executed).Due to the above, the project has been impaired as there is no recoverable service benefit. See note 47 for disclosures.	-	439,131
Dondotha Sports Complex The Dondotha Sports complex which comprises of work in progress infrastructure assets were severely damaged by heavy floods in January 2022 that caused extensive damage to the infrastructure and as a result the structure was impaired in the 2022/23 financial year. During the 2023/24 financial year, the complex was repaired therefore the impairment raised has been reversed.	-	1,225,438

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

	2024	2023
Maqabaqabeni Access Road In the prior years, the projects was 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. The project has been completed in June 2024.	-	4,025,466
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

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress June 2024

	Road Infrastructure	Community Assets	Machinery and Equipment	Computer Equipment	Total
Opening balance	17,509,237	40,643,152	990,000	-	59,142,389
Additions/capital expenditure	20,596,717	10,247,036	242,484	596,256	31,682,493
Other movements	-	1,225,438	-	-	1,225,438
Capitalised	(35,770,256)	(41,607,577)	(1,232,484)	-	(78,610,317)
	2,335,698	**10,508,049**	**-**	**596,256**	**13,440,003**

Reconciliation of Work-in-Progress June 2023

	Road Infrastructure	Community Assets	Machinery and Equipment	Storm Water Infrustructure	Total
Opening balance	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**	**-**	**59,142,389**

Figures in Rand	2024	2023

7. 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	308,183	181,718
Solid Waste Infrastructure	702,990	325,914
Community assets	7,580,648	4,746,710
Other assets	21,046	28,000
Transport assets	3,834,869	2,796,675
Machinery and equipment	101,170	1,252,877
Storm water	265,834	1,262,937
Computer equipment	109,688	19,488
Road Infrastructure	5,123,793	2,842,944
	18,048,221	**13,457,263**

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.

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,646,492	(1,556,376)	90,116	1,646,492	(1,434,422)	212,070

Reconciliation of intangible assets - June 2024

	Opening balance	Amortisation	Total
Computer software, other	212,070	(121,954)	90,116

Reconciliation of intangible assets - June 2023

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

9. Payables from exchange transactions

Trade payables	3,194,937	5,103,585
Unallocated deposits	185,566	188,265
Accrued leave pay	5,592,338	4,450,915
Accrued Bonus	1,831,716	1,638,804
Accruals	348,740	613,080
Other creditors	39,595	33,750
Debtors with credit balance	1,108,154	910,721
	12,301,046	**12,939,120**

10. 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	663,792	567,463
Financial Management Grant	-	50,000
Market Stalls Grant	1,000,000	-
	2,694,088	**1,904,264**

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

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

11. Other financial liabilities

At amortised cost		
ABSA Loan	2,757,755	3,672,146

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	1,676,578	2,638,228
Current liabilities		
At amortised cost	1,081,177	1,033,918

12. Retentions

Current portion	4,922,486	6,322,803

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

13. Employee benefit obligation

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

Carrying values

Present value of the defined benefit obligation - wholly unfunded (LSA)	2,098,000	1,970,000
Non-Current liabilities	1,929,000	1,679,000
Current liabilities	169,000	291,000
	2,098,000	**1,970,000**

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 accumulated 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 exercise the option to convert their accumulated 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 2024 by Ms. Julian van der Spuy. Fellow of the Actuarial Society of South Africa and Ms. Elmarie Swanepoel 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	2024	2023

13. Employee benefit obligation (continued)

Gender		
Male	78	75
Female	58	57
	136	**132**

Movements in the present value of the defined benefit obligations were as follows:		
Opening balance	1,970,000	2,002,000
Net expenses recognised in the statement of financial performance	128,000	(32,000)
	2,098,000	**1,970,000**

The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	255,000	271,000
Interest cost	205,000	205,000
Benefits paid	(275,000)	(240,000)
Actuarial (gains)/losses	(57,000)	(268,000)
	128,000	**(32,000)**

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 benefits 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 up 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 30-06-2024 (Current Valuation)	Assumed Value at 30-06-2024 (Preceding Valuation)		
Discount Rate	Yield Curve	Yield Curve	-	-
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	Difference between nominal and real yield curve	8	8
Normal salary Increase Rate	Equal to CPI +1%	Equal to CPI+1%	1	1
Net Effective Discount Rate	Yield Curve Based**	Yield Curve Based**	1	1
			10	**10**

The nominal and zero curves was used as at 30 June 2024 supplied by the JSE to determine the discounted rates and CPI assumptions at each relevant time period.

Notes to the Annual Financial Statements

13. Employee benefit obligation (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 Value 30-06-2024 (Current Valuation)	Assumed Value 30-06-2023 (Preceding Valuation)
Discount Rate	10,94%	10.42%
CPI (Consumer Price Inflation)	6,04%	5,72%
Normal Salary Increase Rate	7,04%	6,72%
Net Effective Discount Rate	3.46%	3,46%

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 2024 of 5,3%.

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 recalculated 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	2024	2023

13. Employee benefit obligation (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	2,216,000	2,098,000	1,990,000
Current service Cost	296,000	276,000	257,000
Interest Cost	243,000	230,000	217,000
	2,755,000	**2,604,000**	**2,464,000**

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	1,997,000	2,098,000	2,207,000
Current Service Cost	260,000	276,000	293,000
Interest Cost	218,000	230,000	242,000
	2,475,000	**2,604,000**	**2,742,000**

14. Rental of facilities and equipment

	2024	2023
Premises		
Rental of facilities and equipment	1,039,103	560,391

15. License and permits

	2024	2023
Learner driver application	413,579	304,181

See Note 51 for disclosure related to the Principa/Agent relationship with the Department of Transport.

16. Operational revenue

	2024	2023
Other Income	-	951,930
Clearance Certificates	7,040	5,252
Administration fees	224,125	78,770
Tender Documents	43,639	178,797
Insurance claim	-	248,648
Building Plans	11,404	8,665
Staff Recoveries	176,944	179,888
	463,152	**1,651,950**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Interest revenue

Interest on investment	4,595,142	3,844,556
Interest on outstanding receivables	-	95,081
	4,595,142	**3,939,637**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

18. Property rates

Rates received

Property rates	61,155,753	36,600,075
Less: Income forgone	(17,559,292)	(9,501,028)
	43,596,461	**27,099,047**

Property rates by category		
Residential Properties	8,574,937	3,072,528
Agricultural Property	5,608,567	3,907,038
Business and Commercial Properties	19,728,496	12,155,025
Public Service Infrastructure Properties	79,716	58,253
State-owned Properties	27,164,037	17,407,231
	61,155,753	**36,600,075**

Property rates foregone		
Residential Properties	(3,260,833)	(1,323,621)
Agricultural Property	(2,523,856)	(1,562,815)
Business and Commercial Properties	(6,218,894)	(3,038,757)
Public Service Infrastructure Properties	(68,556)	(50,098)
State-owned Properties	(5,487,153)	(3,525,737)
	(17,559,292)	**(9,501,028)**

Valuations

Agricultural	1,538,356,000	1,105,918,000
Commercial	150,060,000	86,806,000
Industrial	210,390,000	133,153,000
Municipal	99,430,000	31,354,000
Place of worship	3,000,000	1,948,000
Public benefit organisation	25,150,000	6,565,000
Public service infrastructure	21,900,000	19,926,000
Public service purposes	420,121,000	476,142,000
Residential	547,962,001	225,234,000
Vacant land	22,798,000	22,798,000
	3,039,167,001	**2,109,844,000**

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 2023 to 30 June 2024. The Budget related tarrifs were approved by Council at its meeting held on the 29 May 2023. The revised Property Rates Tarrifs are as follows:

Property Rates Category - Tariffs		
Agricultural	0.00344	0.00344
Business and Commercial	0.05819	0.05490
Industrial	0.05819	0.05490
Residential	0.01457	0.01375
Public Service Purposes	0.06548	0.06178
Public Service Infrastructure	0.00364	0.00344
Church/PBO	Exempt	Exempt
Municipal Properties	Exempt	Exempt

19. Interest on outstanding receivables

Interest - Property rates	1,351,501	1,120,545

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

20. Government grants & subsidies

Operating grants		
Equitable share	177,234,000	165,314,000
Library Grant	2,472,000	2,472,000
Financial Management Grant	1,850,000	1,800,000
Expanded Public Works Program Grant	2,012,000	1,847,000
Maintenance of Sport Facilities Grant	933,672	330,535
Market Stalls Grant	1,000,000	-
	185,501,672	**171,763,535**
Capital grants		
Municipal Infrastructure Grant	32,179,504	40,189,902
	217,681,176	**211,953,437**

Conditional and Unconditional

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

Conditional grants received	40,447,176	46,639,437
Unconditional grants received	177,234,000	165,314,000
	217,681,176	**211,953,437**

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	256,505	(4,044,593)
Current-year receipts	32,180,000	44,491,000
Conditions met - transferred to revenue	(32,179,505)	(40,189,902)
Repayment	(257,000)	-
	-	**256,505**

Conditions still to be met - remain liabilities (see note 10).

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 10).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

20. Government grants & subsidies (continued)

Library Grant

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

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

Financial Management Grant

Balance unspent at beginning of year	50,000	-
Current-year receipts	1,850,000	1,850,000
Conditions met - transferred to revenue	(1,850,000)	(1,800,000)
Repayment	(50,000)	-
	-	**50,000**

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 10).

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 10).

Small Town Rehabilitation Grant

Balance unspent at beginning of year	336,034	336,034

Conditions still to be met - remain liabilities (see note 10).

Market stalls grant

Current-year receipts	2,000,000	-
Conditions met - transferred to revenue	(1,000,000)	-
	1,000,000	-

Conditions still to be met - remain liabilities (see note 10).

Schemes Support Program Grant

Balance unspent at beginning of year	60,800	60,800

Conditions still to be met - remain liabilities (see note 10).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

20. Government grants & subsidies (continued)

Maintenance of Sport Facilities Grant

Balance unspent at beginning of year	567,465	-
Current-year receipts	1,030,000	898,000
Conditions met - transferred to revenue	(933,672)	(330,535)
	663,793	**567,465**

Conditions still to be met - remain liabilities (see note 10).

Expanded Public Works Programme Grant

Current-year receipts	2,012,000	1,847,000
Conditions met - transferred to revenue	(2,012,000)	(1,847,000)
	-	-

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.

21. Fines, Penalties and Forfeits

Motor licenses and traffic fines	611,750	479,350
Illegal Dumping Fines	1,523	876
	613,273	**480,226**

22. Construction contracts and receivables

Agreements that meet all the criteria in terms of GRAP 11

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.

The aggregate amount of costs incurred for agreements in progress	4,561,415	3,000,000
Recognised surpluses (less recognised deficits) to date for agreements in progress	3,966,448	1,976,506
Amount of advances received for agreements in progress	3,966,448	1,976,506
VAT claimed	594,967	296,476
Contract deferred income	3,258,571	727,018
Amount repaid	(727,018)	-

23. Donation Income

Dondotha community centre	-	2,031,998

The Municipality had 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	2024	2023

24. Revenue

Service charges	698,029	668,998
Rental of facilities and equipment	1,039,103	560,391
Licences and permits	413,579	304,181
Operational revenue	463,152	1,651,950
Interest on investment	4,595,142	3,939,637
Property rates	43,596,461	27,099,047
Interest on outstanding receivables	1,351,501	1,120,545
Government grants & subsidies	217,681,176	211,953,437
Fines, Penalties and Forfeits	613,273	480,226
Contract revenue	3,966,448	1,976,506
Donation Income	-	2,031,998
	274,417,864	**251,786,916**

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

Service charges	698,029	668,998
Rental of facilities and equipment	1,039,103	560,391
Licences and permits	413,579	304,181
Operational revenue	463,152	1,651,950
Interest on investment	4,595,142	3,939,637
	7,209,005	**7,125,157**

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

Taxation revenue		
Property rates	43,596,461	27,099,047
Interest on outstanding receivables	1,351,501	1,120,545
Transfer revenue		
Government grants & subsidies	217,681,176	211,953,437
Fines, Penalties and Forfeits	613,273	480,226
Contract revenue	3,966,448	1,976,506
Donations income	-	2,031,998
	267,208,859	**244,661,759**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

25. Employee related costs

Basic	54,087,866	47,511,616
Bonus	3,167,226	3,035,525
Medical aid - company contributions	3,601,650	3,626,168
UIF	398,175	363,380
SDL	831,420	770,348
Pension	7,089,687	6,102,951
Leave pay provision charge	2,494,719	1,603,845
Overtime payments	1,734,219	2,914,137
Acting allowances	678,986	338,777
Car allowance	7,271,992	7,297,946
Housing benefits and allowances	180,250	168,246
Cellphone allowances	702,519	515,494
Stand-by Allowance	1,591,872	1,215,724
Group Life Insurance	2,110,208	1,974,980
Bargaining Council	25,743	21,524
	85,966,532	**77,460,661**

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

Remuneration of Municipal Manager - KE Gamede

Annual Remuneration	305,591	265,869
Car Allowance	128,062	105,227
Leave encashment	23,341	178,607
Contributions to UIF	1,048	1,063
Cellphone Allowance	12,530	-
Other contributions	-	5,330
	470,572	**556,096**

Remuneration of former Municipal Manager - LS Jili

Annual Remuneration	451,444	470,211
Car Allowance	187,664	201,519
Cellphone Allowance	-	10,000
Contributions to UIF	1,417	1,417
Other contributions	-	6,591
Leave encashment	61,269	-
	701,794	**689,738**

Termination date 31 January 2024

Remuneration of Chief Financial Officer - MT Nkosi

Annual Remuneration	71,009	-
Contributions to UIF	177	-
Cellphone Allowance	1,950	-
	73,136	**-**

Appointment date 01 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

25. Employee related costs (continued)

Remuneration of former Chief Financial Officer - ZJ Ndlovu

Annual Remuneration	426,381	608,001
Car Allowance	174,017	251,854
Contributions to UIF, Medical and Pension Funds	1,419	2,125
Other	-	8,504
Leave paid out	47,910	-
	649,727	**870,484**

Termination date 25 February 2024

Remuneration of former Technical Services Director - SG Hlatshwayo

Annual Remuneration	272,514	646,976
Car Allowance	84,058	209,879
Cellphone Allowance	8,552	18,000
Contributions to UIF, Medical and Pension Funds	1,063	2,125
Other contributions	-	8,903
Leave paid out	136,029	-
	502,216	**885,883**

Termination date 10 November 2023

Remuneration of Corporate Services Director - AS Shandu

Annual Remuneration	634,189	608,001
Car Allowance	263,078	251,854
Cellphone Allowance	23,400	18,000
Contributions to UIF, Medical and Pension Funds	2,125	2,125
Other contributions	-	8,453
	922,792	**888,433**

Remuneration of Community Services Director- SS Maphanga

Annual Remuneration	295,827	581,511
Acting Allowance	424	14,128
Car Allowance	118,247	254,547
Cellphone Allowance	10,126	18,000
Contributions to UIF, Medical and Pension Funds	1,195	2,125
Leave encashment	31,141	8,302
	456,960	**878,613**

Termination date 06 December 2023

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

25. Employee related costs (continued)

Remuneration of Former Acting Municipal Manager - PM Manqele

Annual Remuneration	6,348	111,534
Travel Allowance	1,115	37,178
Contributions to UIF	72	552
Cellphone Allowance	-	3,542
Leave encashment	-	11,960
Other contributions	-	1,795
	7,535	**166,561**

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

Remuneration of Technical Services Director - N. Qwabe

Annual Remuneration	248,531	-
Car Allowance	106,513	-
Contributions to UIF	886	-
Cellphone Allowance	9,750	-
	365,680	**-**

Appointment date 01 February 2024

Remuneration of acting Corporate Services Director - BL Zondo

Remuneration	38,328	-
Car Allowance	9,582	-
Contributions to UIF	196	-
Cellphone allowance	1,316	-
	49,422	**-**

Was acting Director of Corporate Services from 26th of September 2023 to 13th of October 2023

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Remuneration of councillors

	2024	2023
Hon. Mayor	1,018,140	944,200
Deputy Mayor	495,776	481,063
Hon. Speaker	818,278	733,553
Executive committee members	1,370,703	1,240,038
Executive committee chairperson	759,565	654,214
Chief Whip	456,992	415,495
All other Councillors	9,656,554	8,788,519
	14,576,008	**13,257,082**

Honourable Mayor - X.M. Bhengu		
Salary and back pay	955,365	898,595
Other allowances	9,567	-
Cellphone and data allowance	53,208	42,000
	1,018,140	**940,595**

Former Mayor - Mr S.Mgenge (terminated 08 November 2021)		
Salary and back pay	-	3,606

Deputy Mayor - T.B. Biyela		
Salary and back pay	319,447	148,980
Travel allowance	106,482	49,660
Cellphone and data allowance	53,208	20,400
Other allowances	4,555	-
	483,692	**219,040**

Former Deputy Mayor- N.N. Gumede		
Salary and back pay	9,892	259,127
Cellphone and data allowance	2,193	2,896
	12,085	**262,023**

Former Speaker - Z.D. Mfusi (terminated 08 November 2021)		
Salary and back pay	-	2,627

Honorable Speaker - M.M. Mthiyane		
Salary and back pay	764,292	717,114
Other allowances	7,825	-
Cellphone and data allowance	46,161	13,812
	818,278	**730,926**

Former MPAC - MN Mlambo (Terminated 08 November 2021)		
Salary and back pay	-	2,275

MPAC - S.Z. Mtetwa		
Salary and back pay	525,185	459,707
Travel allowance	175,062	150,232
Cellphone and data allowance	53,208	42,000
Other allowances	6,110	-
	759,565	**651,939**

Notes to the Annual Financial Statements

26. Remuneration of councillors (continued)

Figures in Rand	2024	2023
Chief Whip - C.Makhunga		
Salary and back pay	399,736	373,495
Cellphone and data allowance	53,208	42,000
Other allowances	4,048	-
	456,992	**415,495**

Figures in Rand	2024	2023
Former Executive Committee members - N.T. Mthiyane, B.M. Mkhize and S.T. Khumalo		
Salary and back pay	-	7,147

Figures in Rand	2024	2023
Executive Committee members - S.P Mpanza, B.T Ntombela and N.S. Ngubane		
Salary and back pay	1,197,577	937,570
Other allowances	13,502	-
Cellphone and data allowance	159,624	82,800
	1,370,703	**1,020,370**

Figures in Rand	2024	2023
Former Executive Committee Member - T.M. Biyela (Period:July 2022 to December 2022)		
Salary and back pay	-	152,616
Travel allowance	-	45,452
Cellphone and data allowance	-	21,600
	-	**219,668**

Figures in Rand	2024	2023
All other councillors		
Salary and back pay	7,908,910	7,426,571
Travel allowance	226,753	208,205
Cellphone and data allowance	1,429,981	1,153,743
Other allowances	90,910	-
	9,656,554	**8,788,519**

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.

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.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Depreciation,impairment loss and amortisation

Machinery and Equipment	456,654	1,423,662
Furniture and office equipment	807,940	923,347
Computer Equipment	827,645	804,448
Intangible assets	121,954	203,863
Road Infrastructure	14,008,143	12,553,773
Community Assets	8,461,371	12,731,914
Storm Water Infrastructure	84,344	73,679
Water Supply Infrastructure	1,958	1,954
Buildings	2,353,777	2,802,008
Transport Assets	3,263,403	2,579,560
ICT Infrastructure	404,466	403,360
	30,791,655	**34,501,568**

28. Finance costs

Employee benefit obligations	205,000	205,000
Other financial liabilities	309,317	404,679
Interest paid	3,230	1,139
	517,547	**610,818**

29. Lease rentals on operating lease

Lease rentals on operating lease - Photocopiers		
Contractual amounts	934,715	1,024,602

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

30. Debt impairment

Refuse Removal	314,640	149,540
Traffic Fines	525,474	366,886
Property Rates	6,636,330	3,500,009
	7,476,444	**4,016,435**

31. Bad debt Written off

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

There were no bad debts written off in the current year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Contracted services

Outsourced Services		
Catering Services	4,336,606	2,970,216
Cleaning Services	1,925,337	1,934,627
Other contractors	753,451	577,968
Researcher	80,920	846,056
Consultants and Professional Services		
Business and Advisory	14,739,458	20,166,467
Legal Cost	1,904,206	586,640
Contractors		
Event Promoters	292,969	427,903
Maintenance of unspecified assets	17,960,807	13,457,261
Medical Services	875,985	256,663
Photographer	20,000	-
Safeguard and Security	7,386,673	7,280,438
Sewerage Services	4,027,357	2,962,602
Stage and Sound Crew	1,507,297	1,018,345
	55,811,066	**52,485,186**

33. Transfer and subsidies

Other subsidies		
Councillors donations	5,386,110	4,602,825

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

34. Operational Costs

Advertising and publicity	8,173,263	7,027,960
Auditors remuneration	3,261,045	2,311,206
Bank charges	132,375	130,861
Computer expenses	2,405,550	2,488,463
Consulting and professional fees	1,368,492	1,170,819
Consumables	2,244,532	2,145,312
Workmen's Compensation	478,082	467,853
Entertainment	63,847	74,293
Hire Charges	5,105,567	5,501,400
Insurance	1,300,949	774,927
Community development and training	786,847	838,184
Conferences and seminars	352,860	282,459
Levies	142,396	175,048
Minor Assets	34,640	7,562
Fuel and oil	6,099,723	7,027,797
Postage and courier	-	8,122
Printing and stationery	711,842	644,857
Protective clothing	35,524	134,416
Repairs and maintenance	39,260	44,706
Telephone and fax	2,903,741	1,159,620
Training	6,500	116,955
Travel - local	5,909,154	4,313,022
Municipal Services	2,717,518	3,744,207
Uniforms	1,658,053	1,763,999
Ward committees remuneration	2,359,200	2,482,650
Indigent	1,620,225	900,679
Gifts and promotions	3,342,387	1,394,535
Municipal disaster relief	631,600	159,020
Sitting allowance	10,000	13,800
Hostel charges	633,345	726,655
	54,528,517	**48,031,387**

35. Reversal of impairments gains/(Losses)

Reversal of impairments		
Property, plant and equipment	1,225,438	-
Trade and receivables from non-exchange revenue	-	11,657,825
	1,225,438	**11,657,825**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

36. Cash generated from operations

Surplus	15,958,787	13,116,371
Adjustments for:		
Depreciation and amortisation	30,791,655	34,501,568
Loss on disposal of property, plant and equipment	(154,034)	142,881
Gain on newly discovered assets	(59,493)	-
Impairment loss (reversal)	(1,225,438)	(11,657,825)
Debt impairment	7,476,444	4,016,435
Bad debts written off	-	12,458,419
Movements in retirement benefit assets and liabilities	(57,000)	(32,000)
Donation received	-	(2,031,998)
Changes in working capital:		
Receivables from non-exchange transactions	(23,693,134)	(2,058,699)
Receivables from exchange transactions	(392,535)	(421,883)
Conditional grant receivable	-	4,044,593
Payables from exchange transactions	(638,084)	(1,340,119)
VAT receivables	1,237,993	(1,616,708)
Unspent conditional grants and receipts	789,823	873,968
Retentions	(1,400,317)	1,338,602
Deferred revenue	2,531,553	-
	31,166,220	**51,333,605**

37. Auditors' remuneration

External audit Fees	3,261,045	2,311,206

38. Financial instruments disclosure

Categories of financial instruments

June 2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2,361,589	2,361,589
Other receivables from non-exchange transactions	25,328,809	25,328,809
Cash and cash equivalents	20,138,658	20,138,658
	47,829,056	**47,829,056**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	2,757,755	2,757,755
Trade and other payables from exchange transactions	12,301,046	12,301,046
Taxes and transfers payable (non-exchange)	4,922,486	4,922,486
	19,981,287	**19,981,287**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

38. Financial instruments disclosure (continued)

June 2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,969,054	1,969,054
Other receivables 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
Trade and other payables from exchange transactions	12,939,120	12,939,120
Taxes and transfers payable (non-exchange)	6,322,803	6,322,803
	22,934,069	**22,934,069**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Community assets	10,695,924	16,183,786
• Roads infrastructure	-	22,448,916
• Machinery and equipment	-	297,000
	10,695,924	**38,929,702**

Total capital commitments		
Already contracted for but not provided for	10,695,924	38,929,702

Authorised operational expenditure

Already contracted for but not provided for		
• Provision of ICT and advisory services	5,572,342	-
• Provision of cleaning and hygiene services	4,256,362	-
• Install and maintenance of telephone services	1,734,093	-
• Financial support	4,015,686	-
• General valuation and preparation of valuation	286,443	-
• Provision of dislodging of septic tank services	9,018,310	-
	24,883,236	**-**

Total operational commitments		
Already contracted for but not provided for	24,883,236	-

Total commitments

Total commitments		
Authorised capital expenditure	10,695,924	38,929,702
Authorised operational expenditure	24,883,236	-
	35,579,160	**38,929,702**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

40. Related parties

Relationships	
Members of key management with significant influence	Refer to note 25
Councillors with significant influence and control	Refer to note 26

Related party balances

Amounts included in Property Rates regarding related parties		
Mr S.V Mthethwa - Superintendent	-	566
Mrs M. Thusi - PMU Manager	1,389	417
Ms A.S. Shandu - Director Corporate Services	389	-
Mrs S.D. Sikhakhane	3,303	-

Amounts stipulated as property rates are the amounts owed by the employees to the municipality as at 30 June 2024.

Amounts included in Service charges regarding related parties		
Mr S.V Mthethwa	-	47

Amounts stipulated as service charges are the amounts owed by the employees to the municipality as at 30 June 2024.

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 2024.

Amounts incurred in waste removal and water usage with related party		
King Cetshwayo District Municipality	70,677	67,217

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 2024.

Management information

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

Notes to the Annual Financial Statements

Figures in Rand

40. Related parties (continued)

Remuneration of management

Management class: Section 56 managers

2024

Name	Annual remuneration	Travel and subsistence allowance	Leave paid out	Contribution to UIF	Cellphone allowance	Acting allowance	Total
L.S. Jili	451,444	187,664	61,269	1,417	-	-	701,794
M.T. Nkosi	71,009	-	-	177	1,950	-	73,136
Z.J. Ndlovu	426,381	174,017	47,910	1,419	-	-	649,727
A.S. Shandu	634,189	263,078	-	2,125	23,400	-	922,792
S.G. Hlatshwayo	272,514	84,058	136,029	1,063	8,552	-	502,216
S.S. Maphanga	295,827	118,247	31,141	1,195	10,126	424	456,960
P.M. Manqele	6,348	1,115	-	72	-	-	7,535
K.E. Gamede	305,591	128,062	23,341	1,048	12,530	-	470,572
N. Qwabe	248,531	106,513	-	866	9,750	-	365,660
BL Zondo	38,328	9,582	-	196	1,316	-	49,422
	2,750,162	**1,072,336**	**299,690**	**9,578**	**67,624**	**424**	**4,199,814**

2023

Name	Annual remuneration	Travel and subsistence allowance	Leave paid out	Contribution to UIF	Cellphone allowance	Other benefits	Acting allowance	Total
L.S. Jili	470,211	201,519	-	1,417	10,000	6,591	-	689,738
Z.J. Ndlovu	608,001	251,854	8,504	2,125	-	-	-	870,484
A.S. Shandu	608,001	251,854	-	2,125	18,000	8,453	-	888,433
S.G. Hlatshwayo	646,976	209,879	-	2,125	18,000	8,903	-	885,883
S.S. Maphanga	581,511	254,547	8,302	2,125	18,000	8,302	14,128	886,915
P.M. Manqele	111,534	37,178	11,960	552	3,542	1,795	-	166,561

Notes to the Annual Financial Statements

Figures in Rand

40. Related parties (continued)

K.E. Gamede	265,869	105,227	178,607	1,063	-	5,330	-	556,096
	3,292,103	**1,312,058**	**207,373**	**11,532**	**67,542**	**39,374**	**14,128**	**4,944,110**

Management class: Councillors

2024

Name	Basic salary	Backpay	Travel allowance	Cellphone allowance	Data allowance	Other benefits received	Total
Executive Mayor - Cllr.X.M. Bhengu	911,633	43,732	-	45,600	7,608	9,657	1,018,230
Deputy Mayor - Cllr. T.M. Biyela	305,144	14,303	106,482	45,600	7,608	4,555	483,692
Former Deputy Mayor - Cllr. N.N. Gumede	9,893	-	-	848	1,344	-	12,085
Speaker - Cllr. M.M. Mthiyane	729,307	34,985	-	38,553	7,608	7,825	818,278
Chief Whip - Cllr. C. Makhunga	381,438	18,298	-	45,600	7,608	4,048	456,992
B.T. Ntombela (EXCO Member)	381,298	18,298	-	45,600	7,608	4,097	456,901
S.P. Mpaza (EXCO memeber)	381,298	18,298	-	45,600	7,608	4,097	456,901
N.S. Ngubane (EXCO Member)	381,298	18,298	-	45,600	7,608	4,097	456,901
S.Z Mtetwa (MPAC)	525,185	-	175,062	45,600	7,608	6,110	759,565
S.G. Mthethwa	288,498	13,840	-	45,600	7,608	3,347	358,893
B.V. Mhlongo	288,498	13,840	-	45,600	7,608	3,347	358,893
P.M. Gumbi	288,498	13,840	-	45,600	7,608	3,347	358,893
M.N. Nxumalo	288,498	13,840	-	45,600	7,608	3,347	358,893
T. Ndimande	288,498	13,840	-	45,600	7,608	3,347	358,893
S.E. Sibiya	288,498	13,840	-	45,600	7,608	3,347	358,893
A.M. Mtshali	288,498	13,840	-	45,600	7,608	3,347	358,893
T.N. Msweli	288,498	13,840	-	45,600	7,608	3,347	358,893
N. Conco	288,498	13,840	-	45,600	7,608	3,347	358,893
B.P. Sithole	288,498	13,840	-	45,600	7,608	3,347	358,893
M.E. Shobede	288,498	13,840	-	45,600	7,608	3,347	358,893
B.S. Bhengu	216,374	10,380	75,584	45,600	7,608	3,347	358,893
NR.L. Keyser	216,374	10,380	75,584	45,600	7,608	3,347	358,893
M.B. Makhaza	288,498	13,840	-	45,600	7,608	3,347	358,893
T.D. Ngwenya	288,498	13,840	-	45,600	7,608	3,347	358,893
H.B. Hadebe	288,498	13,840	-	45,600	7,608	3,347	358,893

Notes to the Annual Financial Statements

Figures in Rand

40. Related parties (continued)

N.B. Mkhwanazi	96,660	13,840	-	17,147	5,102	2,017	134,766
S.S. Gazu	288,498	13,840	-	45,600	7,608	3,347	358,893
S.M. Shabangu	288,498	13,840	-	45,600	7,608	3,347	358,893
M.Shabalala	288,498	13,840	-	45,600	7,608	3,347	358,893
A.S.Msibi	288,498	13,840	-	45,600	7,608	3,347	358,893
T.Z Mdhletshe	288,498	13,840	-	45,600	7,608	3,347	358,893
E.S. Mthethwa	288,498	12,928	-	45,402	7,295	3,334	357,457
K.S.C. Xaba	288,498	13,840	-	45,600	7,608	3,347	358,893
K. Mlambo	288,498	9,226	-	44,600	6,023	3,279	351,626
TSW Ndawonde	169,905	-	-	25,200	2,219	1,858	199,182
S.R. Thabethe	216,374	10,380	75,584	45,600	7,608	3,347	358,893
G.M. Khumalo	288,498	13,840	-	45,600	7,608	3,347	358,893
	11,557,635	**523,986**	**508,296**	**1,585,350**	**265,439**	**135,302**	**14,576,008**

2023

Name	Basic salary	Backpay	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
D. Mayor - Cllr. T.M. Biyela	284,536	8,712	-	95,112	40,800	3,909	1,200	434,269
Former D. 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	7,264	1,200	738,190
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	4,200	3,033	1,200	291,946
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

Notes to the Annual Financial Statements

Figures in Rand

40. Related parties (continued)

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
N.R.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	-	12,691	40,800	2,971	1,200	272,558
S.S. Gazu	277,606	4,084	-	4,328	40,800	3,033	1,200	331,051
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)	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**	**290,575**	**177,479**	**1,344,180**	**117,430**	**41,671**	**13,296,912**

Additional information

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

41. Risk management

Financial risk management

The municipality'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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Payables from exchange transactions	12,301,046	-	-
Unspent conditional grants	2,694,087	-	-
Other financial liabilities	1,081,177	1,676,578	-
Retentions	4,922,486	-	-

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

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

	2024	2023
Cash and cash equivalents	20,138,658	32,863,046
Trade and other receivables from exchange transactions	2,361,589	1,969,054
Trade and other receivables from non-exchange transactions	25,328,809	8,235,465
	47,829,056	**43,067,565**

41. Risk management (continued)

Market risk

Interest rate risk

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

The municipality 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.

42. 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 total impairment of R21,300,558 (2023: R11,734,878) as a result of a debt impairment of receivables from non exchange transactions, due to non-collection of outstanding balance.

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.

	2024/25	2025/26	2026/27
Finance Management Grant	1,800,000	1,900,000	2,000,000
Expanded Public Works Program	2,099,000	-	-
Municipal Infrastructure Grant	38,418,000	31,537,000	33,991,000
Equitable Share	186,274,000	183,824,000	176,112,000
	228,591,000	**217,261,000**	**212,103,000**

43. Contingencies

A service provider has lodged a claim against the municipality, which is currently being contested by the municipal attorneys. The attorneys assess the likelihood of the claim succeeding as low, contingent upon the municipality's ability to provide supporting evidence that the contract was terminated by mutual agreement and all payments were fully settled. There is a possibility that the service provider may proceed with legal action. Potential legal costs are estimated to be between R 75,000 and R 100,000 while the total claim is R 106,184.

There are no other pending contingent liabilities.

44. Events after the reporting date

Council is not aware of any material reportable events that may have taken place after the reporting date.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

45. Prior period errors

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Reference
Assets						
VAT receivable	5	7,701,766	(5,702,329)	-	1,999,438	
		7,701,766	**(5,702,329)**	**-**	**1,999,438**	
Non-Current Assets						
Property, plant and equipment	7	396,232,082	13,788	-	396,245,870	[1]
Total Assets		**403,933,848**	**(5,688,541)**	**-**	**398,245,308**	
Net Assets		**403,933,848**	**(5,688,541)**	**-**	**398,245,308**	
Accumulated surplus		419,678,133	(5,688,541)	-	413,989,592	[1]

Statement of Financial Performance

Expenditure						
Depreciation and amortisation	27	(34,248,626)	(252,942)	-	(34,501,568)	[1]
Total expenditure		**(34,248,626)**	**(252,942)**	**-**	**(34,501,568)**	

[1] Plant,Property and equipment

The adjustment resulted in an increase in the total depreciation of R 252,942, decrease in property, plant and equipment R13,787. The adjustment is as a result of the below stated events.

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.

46. Change in estimate

Transport Assets	4,814	-
Computer Equipment	55,581	-
Furniture and Office Equipment	23,139	-
Intangible Assets	82,041	-
Machinery and Equipment	24,099	-
	189,674	**-**

In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of an decrease in the depreciation charges for the financial period ended 30 June 2024.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

47. Unauthorised expenditure

Unauthorised expenditure	191,521,740	148,543,532
Current year	39,025,293	42,978,208
	230,547,033	**191,521,740**

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	7,188,176	15,919,626
Debt impairment	6,399,072	4,016,435
Bad debts written-off	-	12,458,419
Loss on disposal of assets	-	142,881
Finance costs	205,000	-
	13,792,248	**32,537,361**

Analysed as follows: cash		
Remuneration of councillors	1,118,684	36,082
Finance costs	-	165,818
Lease rentals on operating lease	-	1,024,602
Contracted services	9,031,274	3,693,186
Transfers and subsidies	2,641,810	2,043,825
Operational costs	7,380,867	6,414,387
Contract costs	3,966,448	1,976,506
Inventory consumed	1,093,962	-
	25,233,045	**15,354,406**

Unauthorised expenditure: Budget overspending – per municipal function

Operating expenditure		
Energy sources and environmental protection	4,607,837	10,179
Executive and Council	9,553,880	392,426
Finance and Development	11,899,699	11,982,159
Planning and Development	1,413,414	606,219
Public Safety	-	8,811,689
Road Transport	8,397,352	19,476,603
Sports and Recreation	3,153,111	1,299,373
Waste Management	-	136,579
	39,025,293	**42,715,227**

Capital single-year expenditure		
Finance and Development	-	262,981

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

48. Fruitless and wasteful expenditure

Opening balance as previously reported	2,376,531	1,936,261
Add: professional fees - Cinci project	-	439,131
Add: interest paid	3,230	1,139
Closing balance	**2,379,761**	**2,376,531**

Interest was incurred on overdue accounts. The fruitless and wasteful expenditure disclosed is exclusive of VAT.

49. Irregular expenditure

Opening balance as previously reported	113,880,046	133,055,206
Add: Irregular expenditure - current	50,638,126	16,160,961
Add: Irregular expenditure - current year identified during the audit	20,775,159	18,334,336
Less: Amount written off - current	-	(53,670,457)
Closing balance	**185,293,331**	**113,880,046**

Details of irregular expenditures under assessment (not included in the main note)

The regulation of the use of panels (work allocation within panels)	-	12,790,678

The expenditure above was incurred through a panel appointment system. At the time of reporting it was not clear if the expenditure may be regarded as irregular expenditure or not as the process for listing of the panel was through a competitive bidding process. Management has thus resolved to draft a policy which will be implemented for the use of panels (i.e. work allocation within the panel) that will stipulate processes to be followed by the municipality in this regard. This process is done by the municipality in lign with the Preferential Procurement Regulations,2022 that took effect on 16 January 2023 and section 112 of the MFMA, in the absence of any guidelines in terms of the Preferential Procurement Regulations,2017.

Further instances of Irregular Expenditure that might have resulted from non-compliance with SCM processes are under investigation to determine the full extent of the amount.

The irregular expenditure figures in the note are inclusive of VAT

Analysis of irregular expenditure - Current year

Contravention of Circular 62 of the MFMA	-	2,107,830
Contravention of PPR 2022	38,998,694	5,809,584
Contravention of Regulation 12 of the SCMR	-	154,000
Contravention of Regulation 13 MSR	-	4,778,822
Contravention of Regulation 18 of the SCMR	555,204	4,735,352
Contravention of Regulation 19 of the SCMR	14,570,091	8,834,248
Contravention of Regulation 27 of SCMR	4,223,362	-
Contravention of Regulation 33 of the SCMR	-	240,515
Contravention of Regulation 36 of the SCMR	1,323,679	912,789
Contravention of Regulation 37 of the SCMR	-	1,843,145
Contravention of Regulation 4(1) - orders made without delegation	8,436,475	-
Contravention of Regulation 43 of SCMR	2,603,951	-
Contravention of Section 18 of the CIBD Act	125,000	4,708,992
Free basic electricity	576,830	-
	71,413,286	**34,125,277**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	1,032,750	1,028,631
Amount paid - current year	(1,032,750)	(1,028,631)
	-	-

Audit fees

Current year fee	3,261,045	2,311,206
Amount paid - current year	(3,261,045)	(2,311,206)
	-	-

PAYE and UIF

Current year subscription / fee	15,156,661	14,355,556
Amount paid - current year	(15,156,661)	(14,355,556)
	-	-

Pension Fund and Medical aid

Current year subscription / fee	7,606,199	9,729,119
Amount paid - current year	(7,606,199)	(9,729,119)
	-	-

VAT

VAT receivable	68,545,843	69,000,668
VAT payable	(67,784,398)	(67,001,230)
	761,445	**1,999,438**

VAT output payables and VAT input receivables are shown in note 5.

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

Skills Development Levy

Current year subscription/fee	831,419	770,348
Amount paid - current year	(831,419)	(770,348)
	-	-

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

51. 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	761,445	1,999,438
Receivables from non-exchange transactions	25,328,809	8,235,465
	26,090,254	**10,234,903**

52. Accounting by principals and agents

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

Details of the arrangment(s) is|are as follows:

uMfolozi Local Municipality as an Agent has an agreement with the KwaZulu-Natal Department of Transport for the Agent to provide registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation.

The Agent shall be entitled to retain fees collected for services provided in terms of the above except to the extent that the Agent shall:

- pay the prescribed fees for the production of each driving licence card as prescribed by the Department; and
- pay 3% (three percent) of all fees collected to the South African Bureau of Standards, no later than the 1st day of January for the preceding 6(six) months and the 1st day of July for the preceding 6 (six) months of each year,

Municipality as agent

Revenue recognised

The aggregate amount of revenue that the municipality recognised as compensation for the transactions carried out on behalf of the principal is 403,232 (2023: 294,260).

* See Note 45

Notes to the Annual Financial Statements

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.

Description	Month	Supplier	Reason	Amount
Attend to fitting cutting edges and repairs on 772G	July 2023	Bell	Emergency - Service avaliable from a single provider	91,752
Repairs and maintenance of Municipal Plant	August 2023	RB Plant Repair And Maintenance	The municipal TLB needs important parts for it to operate and is used to render minimum level of municipal basic services hence it is emergency.	190,017
Operations, Repairs & Maintenance AND Tractor Driver Operator refresher course for Mr N Linda	August 2023	Bell Equipment	Emergency	47,421
Repairs and maintenance of Fire Unit vehicle	August 2023	Gramech Auto Services CC	Emergency	19,555
The skipper loader truck needed immediate fixing so that the Municipality workflow can continue to function as it should.	August 2023	JMC Sales and Services	Emergency	58,397
Jaws of life are utilised by the fire fighters in terms of emergencies hence if these jaws need repairment, it should be attended to as soon as possible.	August 2023	Lebowela Hydraulic Services (PTY) Ltd	Emergency	108,135
The grader had a breakdown in Slovo ward 2 and it cannot move without repair of hydraulic pipe and tyre repair. If it is left unattended it could be vandalised.	August 2023	SMB GROUP (PTY) ltd	Emergency	42,185
Attend to nose axle and broken propshaft	September 2023	Bell Equipment Sales SA Limited	Single Provider Only	115,088
Supply, Delivery and Fitting Alternator Belt	September 2023	RB Plant Repair and Maintenance	Emergency Breakdown	34,035
Request for 80 000 service interval for Isuzu Box Shape	November 2023	Isuzu Richards Bay	An 80 000 km service is required for the truck NRB 22313, and it can only be performed at the Isuzu factory store. The manufacturer also discovered additional issues that needed to be resolved, like replacing the wiper blades, wipers, the amber LED lamp, the reflective tape and reflectors, the drag link spring pins and bushes, etc.	209,714
Servicing of jaws of life	December 2023	Lebowela Hydraulic Services (Pty) Ltd	The jaws of life are considered an emergency because they are used to help extricate victims from car accidents and other small space rescues.	108,135

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

53. Deviations from supply chain management regulations (continued)

Operations and Maintenance: Service of grader	December 2023	Bell Equipment	Service is available for a single provider since Bell Equipment is the manufacturer.	583,594
Repairs of ELB Grader	February 2024	RB Plant Repair & Maintenance	Grader is used by the Technical Department for the construction and maintenance of various projects hence it must be treated with urgency, furthermore, it had to be striped.	113,395
Repairs and Maintenance of ELB Hidromke Grader 460 MG	April 2024	Mangethe Tyres	Emergency	34,098
Repairs and Maintenance of NRB40912	April 2024	Alaysa Investment	Emergency	57,382
COF and Major service on the Municipal Truck NRB40912	April 2024	Alaysa Investments	Sprip and Quote	103,294
Breakdown of municipal Plant and Equipments	May 2024	Align 360 Sales and Services	Emergency	89,064
Breakdown of municipal graders	May 2024	Align 360 Sales and Services	Emergency	45,155
Attand Municipal Grader Breakdown	May 2024	Align 360 Sales and Services	Emergency	59,935
Grader NRB73492 Emergency Breakdown	June 2024	Align 360 Sales and Services	Emergency	113,439
Emergency Breakdowns -tyre puncture and stripping and replace with new tyre - Municipal Truck NRB40912	June 2024	Align 360 Sales and Services	Emergency	203,088
Re-gas grader air-conditioner & fit spare wheel Repair on Trans Cooler and prop shaft balancing Attand to 1000hrs service on 772G Repairs and Maintenance of Municipal Vehicles	May/June 2024	Bell Equipment	Emergency Single Service Provider	535,143
Repairs and Maintenance of Municipal Vehicles	May/June 2024	Isuzu Richards Bay	Emergency Breakdown	47,260
Jaws of Life Repairs and Maintenance	May/June 2024	Lebowela Hydralic Services PTY LTD	Emergency	81,125
-Repairs and maintenance of the skip loader truck Gear Box -Repairs and maintenance of the skip loader truck and COR/COF	May/June 2024	Powerstar Services Centre	Single provider only. Powerstar is the manufacturer of the truck and supplier of truck.	327,804
-Attanding municipal grader not moving -Municipal Plant Defects Repairs and Maintenance -RB Plant Repairs and Maintenance	May/June 2024	RB Plant Repairs and Maintenance	The repairment of the Isizu F-series FTR 850 compactor CHASSIS	144,274
				3,562,484

* See Note 45

Notes to the Annual Financial Statements

54. Segment information

General information

Identification of segments

The municipality 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 to o ther segments of the municipality
Planning and Development	Provision of planning and development including policy and procedures. Co-ordination work relating to the p reparation ofthe Annual Development Programme andi ts 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 andi nfrastructure owned by the municipality
Sports and Recreation	Provision of advancement of participation in sport a nd recreation, fast-tracking the revival of sport, t alent identification and optimization of talent, E mpowerment programmes.
Waste Management	This segment consists of all services for the management o f 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

June 2024

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Revenue										
Service Charges	-	-	-	-	-	-	-	-	698,029	698,029
Rental of facilities and equipment	-	-	-	1,039,103	-	-	-	-	-	1,039,103
Licences and permits	-	-	-	10,322	-	403,257	-	-	-	413,579
Operational revenue	-	-	101,316	361,836	-	-	-	-	-	463,152
Interest on revenue	-	-	-	4,595,142	-	-	-	-	-	4,595,142
Contract income	-	3,966,448	-	-	-	-	-	-	-	3,966,448
Property rates	-	-	-	43,596,461	-	-	-	-	-	43,596,461
Government grants and subsidies	3,472,000	-	-	179,084,000	880,854	-	31,298,650	933,672	2,012,000	217,681,176
Fines, Penalties and Forfeits	1,523	-	-	27,600	-	584,150	-	-	-	613,273
Interest on outstanding receivables	-	-	-	1,351,501	-	-	-	-	-	1,351,501
Total segment revenue	**3,473,523**	**3,966,448**	**101,316**	**230,065,965**	**880,854**	**987,407**	**31,298,650**	**933,672**	**2,710,029**	**274,417,864**
Reveral of impairment										1,225,438
Profit on disposal of municipal assets										154,034
Actuarial gains										57,000
Gains on newly discovered assets										59,493
Total revenue reconciling items										**1,495,965**

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental Protection	Executive and Council	Finance and Administration	Planning and Development	Public Safety	Road Transport	Sports and Recreation	Waste Management	Total
Entity's revenue										**275,913,829**
Expenditure										
Employee related costs	12,828,236	-	6,998,260	31,250,899	7,238,440	13,051,525	7,727,847	882,100	5,989,225	85,966,532
Remuneration of councillors	-	-	14,576,008	-	-	-	-	-	-	14,576,008
Depreciation,impairment loss and amortisation	8,110,315	-	-	8,586,896	-	-	14,094,444	-	-	30,791,655
Finance costs	-	-	-	517,547	-	-	-	-	-	517,547
Lease rentals on operating lease	-	-	21,050	913,665	-	-	-	-	-	934,715
Debt impairment	-	-	-	7,476,444	-	-	-	-	-	7,476,444
Contracted services	7,364,975	708,090	6,996,340	30,660,812	1,862,391	108,627	3,102,045	71,585	4,936,201	55,811,066
Operational costs	1,395,347	1,631,779	15,337,199	29,275,358	2,854,411	2,261,455	874,203	-	898,765	54,528,517
Transfers and subsidies	595,673	-	4,790,437	-	-	-	-	-	-	5,386,110
Contract cost - INEP	-	3,966,448	-	-	-	-	-	-	-	3,966,448
Total segment expenditure	**30,294,546**	**6,306,317**	**48,719,294**	**108,681,621**	**11,955,242**	**15,421,607**	**25,798,539**	**953,685**	**11,824,191**	**259,955,042**
Total segmental surplus/(deficit)										**15,958,787**

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental 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	-	-	-	2,361,589	-	-	-	-	-	2,361,589
Receivables from Non-Exchange Transactions	-	-	-	25,328,809	-	-	-	-	-	25,328,809
VAT Receivable	(6,875,118)	-	-	7,551,236	-	-	85,327	-	-	761,445
Cash and cash equivalents	3,472,000	-	-	(18,977,659)	-	402,660	32,180,000	1,030,000	2,031,657	20,138,658
Property, plant and equipment	152,579,962	97,811	74,426	94,400,507	439,132	(2,130,480)	135,971,920	22,817,900	5,048,525	409,299,703
Intangible assets	-	-	-	145,168	-	-	(55,052)	-	-	90,116
Total segment assets	**149,176,844**	**97,811**	**74,426**	**110,809,650**	**439,132**	**(1,727,820)**	**168,182,195**	**23,847,900**	**7,080,182**	**457,980,320**
Total assets as per Statement of financial Position										**457,980,320**
Liabilities										
Other financial liabilities	-	-	-	2,757,755	-	-	-	-	-	2,757,755
Unspent conditional grants and receipts	16,508,752	-	-	1,289,190	72,208,910	-	(68,678,145)	(14,353,620)	(4,281,000)	2,694,087
Payables from exchange transactions	5,082,411	-	-	7,218,631	-	-	-	-	-	12,301,042
Retention	1,778,769	-	-	3,377,459	-	-	(233,742)	-	-	4,922,486
Employee benefit obligation	-	-	-	2,098,000	-	-	-	-	-	2,098,000
Deferred revenue	-	(727,000)	-	7,225,000	-	-	(3,239,429)	-	-	3,258,571
Total segment liabilities	**23,369,932**	**(727,000)**	**-**	**23,966,035**	**72,208,910**	**-**	**(72,151,316)**	**(14,353,620)**	**(4,281,000)**	**28,031,941**

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental 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										**28,031,941**

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

June 2023

	Community and social services	Energy Sources and Environmental 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
Licenses 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
Contract Revenue	-	-	-	1,976,506	-	-	-	-	-	1,976,506
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 Impairment Gains										11,657,825
Actuarial gain										240,000
Total revenue reconciling items										**11,897,825**
Total revenue										**263,684,741**

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental 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	1,928,872	-	-	3,682,537	169,561	-	24,206,292	4,487,622	75,036	34,549,920
Finance costs	-	-	-	610,818	-	-	-	-	-	610,818
Lease rental on operating lease	-	-	17,217	1,007,385	-	-	-	-	-	1,024,602
Debt impairment	-	-	-	4,016,435	-	-	-	-	-	4,016,435
Contracted services	4,929,991	505,500	10,589,024	28,206,538	-	-	-	-	-	44,231,053
Bad debts Written off	-	-	-	12,458,419	-	-	-	-	-	12,458,419
Transfers and subsidies	-	-	2,756,698	-	798,111	151,193	3,600,380	-	3,704,449	11,010,831
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
Loss on disposal of assets and liabilities	-	-	-	-	-	1,846,127	-	-	-	1,846,127
Contract Cost - INEP	-	-	-	1,976,506	-	-	-	-	-	1,976,506
Total segment expenditure	**18,852,071**	**1,406,179**	**47,426,426**	**100,477,859**	**8,975,219**	**22,135,690**	**32,133,603**	**7,975,373**	**11,091,421**	**250,473,841**
Total segmental surplus/(deficit)										**13,210,900**
Loss on disposal of municipal assets										(142,881)

* See Note 45

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental 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 receivables	-	-	-	1,999,438	-	-	-	-	-	1,999,438
Cash and cash equivalents	-	-	-	32,863,046	-	-	-	-	-	32,863,046
Property, plant and equipment	62,196,086	97,811	30,426	109,859,702	-	209,668	155,707,906	60,364,660	7,779,611	396,245,870
Intangible assets	-	-	-	212,070	-	-	-	-	-	212,070
Total segment assets	**62,196,086**	**97,811**	**30,426**	**153,857,777**	**-**	**209,668**	**156,988,904**	**60,364,660**	**7,779,611**	**441,524,943**
Total assets as per Statement of financial Position										**441,524,943**
Liabilities										
Payables from exchange transactions	-	-	-	12,939,120	-	-	-	-	-	12,939,120
Unspent conditional grants and subsidies	-	-	-	1,904,264	-	-	-	-	-	1,904,264
Retention	-	-	-	6,322,803	-	-	-	-	-	6,322,803
Other financial liabilities	-	-	-	3,672,146	-	-	-	-	-	3,672,146
Employee benefit obligations	-	-	-	1,970,000	-	-	-	-	-	1,970,000
Deferred Revenue	-	-	-	727,018	-	-	-	-	-	727,018
Total segment liabilities	**-**	**-**	**-**	**27,535,351**	**-**	**-**	**-**	**-**	**-**	**27,535,351**

* See Note 45

54. Segment information (continued)

	Community and social services	Energy Sources and Environmental 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										**27,535,351**

* See Note 45