Greater Kokstad Local Municipality
Annual Financial Statements
for the year ended 30 June 2023

General Information

LEGAL FORM OF ENTITY	Local Municipality	
MEMBERS OF THE COUNCIL	Cllr M N L Madikizela	**Mayor**
	Cllr B Nozaza	**Speaker**
	Cllr K J Walker	**Deputy Mayor**
	Cllr R Ramatlapeng	**Member of Executive Committee**
	Cllr P Nocanda	**Chief Whip**
	Cllr L M Hlakanyana	**MPAC Chair**
	Cllr K Norsworthy	Member
	Cllr S Njisane	Member
	Cllr N Mfukuli	Member
	Cllr M Mjoli	Member
	Cllr A Jikazi	Member
	Cllr Z R Tshazi	Member
	Cllr N Mda	Member
	Cllr K Putuma	Member
	Cllr S Silwane	Member
	Cllr B Gugwana	Member
	Cllr S Mbabala	Member
	Cllr Z Tshangase	Member
	Cllr M Nkita	Member
GRADING OF LOCAL AUTHORITY	Grade 3	
MUNICIPAL MANAGER	Mr S R Zwane	
CHIEF FINANCE OFFICER (CFO)	Mr S.C Khoza	
REGISTERED OFFICE	75 Hope Street Kokstad 4700	
POSTAL ADDRESS	P O Box 8 Kokstad 4700	
BANKERS	First National Bank	
PHONE NUMBER	039 797 6601	
E-MAIL ADDRESS	imelda.adkins@kokstad.gov.za	
AUDITORS	Auditor General South Africa (AGSA)	

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
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.

I am responsible for the preparation of these annual financial statements, which are set out on page 4, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, benefits and allowances as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

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

The annual financial statements set out on pages 4 to 60, are prepared on the basis that the municipality is a going concern and has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Accounting Officer
Mr S R Zwane

Statement of Financial Position as at 30 June 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	883 782	677 330
Receivables from non-exchange transactions	4&4.1	35 344 213	32 081 739
Prepayments	5	787 028	1 708 370
Receivables from exchange transactions	6	42 933 939	37 265 116
Cash and cash equivalents	7	132 310 494	71 006 591
		212 259 456	**142 739 146**
Non-Current Assets			
Investment property	8	108 993 753	105 352 657
Property, plant and equipment	9	794 838 610	745 271 832
Intangible assets	10	1 040 551	1 333 745
Heritage assets	11	2 066 400	2 066 400
		906 939 314	**854 024 634**
Total Assets		**1 119 198 770**	**996 763 780**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	67 119 138	44 559 377
VAT payable	13	11 640 971	8 302 734
Consumer deposits	14	5 510 934	4 429 702
Employee benefit obligation	15	1 959 000	1 737 000
Unspent conditional grants and receipts	16	23 233 561	7 472 128
Provisions	17	569 563	1 761 153
Deferred income	18	3 221 136	3 352 522
		113 254 303	**71 614 616**
Non-Current Liabilities			
Employee benefit obligation	15	25 607 999	29 622 999
Provisions	17	15 048 542	15 273 578
		40 656 541	**44 896 577**
Total Liabilities		**153 910 844**	**116 511 193**
Net Assets		**965 287 926**	**880 252 587**
Accumulated surplus		965 287 931	880 252 526

* See Note 49

Statement of Financial Performance

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	194 295 045	195 881 270
Rental of facilities and equipment	20	3 090 164	4 449 404
Licences and permits	21	4 582 292	5 307 608
Other income	22	1 710 922	702 263
Interest earned - external investments	23	7 437 441	3 611 356
Total revenue from exchange transactions		**211 115 864**	**209 951 901**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	132 158 114	129 591 304
Interest earned - outstanding receivables	24	4 916 111	6 191 098
Transfer revenue			
Government grants and subsidies	25	162 751 994	168 710 369
Donation	9	-	775 168
Fines, Penalties and Forfeits	26	3 319 320	1 543 920
Total revenue from non-exchange transactions		**303 145 539**	**306 811 859**
Total revenue		**514 261 403**	**516 763 760**
Expenditure			
Employee costs	27	(147 802 643)	(147 508 231)
Remuneration of councillors	28	(8 107 401)	(7 606 954)
Repairs and maintenance	29	(7 044 974)	(4 693 154)
Depreciation and amortisation	30	(40 278 534)	(44 492 672)
Finance costs	17	(1 475 702)	(1 231 706)
Debt written off	31	(10 783 741)	(17 889 881)
Bulk purchases	32	(136 497 112)	(117 540 518)
Provision of impairment of debtors expense	4	(915 609)	(351 412)
Contracted services	33	(28 212 855)	(28 422 055)
General expenses	34	(66 112 221)	(60 365 290)
Total expenditure		**(447 230 792)**	**(430 101 873)**
Operating surplus		**67 030 611**	**86 661 887**
Gain on landfill site	17	1 700 738	2 391 673
Gain / (loss) on actuarial	15	7 765 000	1 894 000
Fair value adjustments	8	4 434 528	3 068 524
Profit / (Loss) on Disposal of Assets	9	(330 980)	(9 603 734)
Impairment loss		(59 774)	-
Recovery for provision debtors	4&6	4 444 352	4 164 762
Provision for performance recovery of bonuses	17	1 761 153	2 082 395
		19 715 017	**3 997 620**
Surplus for the year		**86 745 628**	**90 659 507**

* See Note 49

Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Balance at 01 July 2021	**789 593 021**	**789 593 021**
Changes in net assets		
Correction of error prior year	(680 891)	(680 891)
Net income recognised directly in net assets	(680 891)	(680 891)
Surplus for the year	91 340 396	91 340 396
Total recognised income and expenses for the year	90 659 505	90 659 505
Total changes	90 659 505	90 659 505
Restated* Balance at 01 July 2022	**878 542 303**	**878 542 303**
Changes in net assets		
Surplus for the year	86 745 628	86 745 628
Total changes	86 745 628	86 745 628
Balance at 30 June 2023	**965 287 931**	**965 287 931**
Note(s)		

* See Note 49

Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Taxation		142 496 208	135 606 438
Sale of goods and services		185 148 520	201 207 856
Grants		184 471 802	165 979 652
Interest income		8 564 158	1 631 364
Other receipts		5 268 292	7 010 236
		525 948 980	511 435 546
Payments			
Employee costs		(159 471 442)	(149 839 003)
Suppliers		(239 722 443)	(230 594 841)
Finance costs		-	-
		(399 193 885)	(380 433 844)
Net cash flows from operating activities	35	**126 755 095**	**131 001 702**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(66 166 735)	(108 589 761)
Proceeds from sale of property, plant and equipment	9	715 543	-
Net cash flows from investing activities		**(65 451 192)**	**(108 589 761)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**61 303 903**	**22 411 941**
Cash and cash equivalents at the beginning of the year		71 006 591	48 594 650
Cash and cash equivalents at the end of the year	7	**132 310 494**	**71 006 591**

The accounting policies on pages 10 to 29 and the notes on pages 30 to 62 form an integral part of the annual financial statements.

* See Note 49

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of electricity	192 196 727	477 332	**192 674 059**	172 667 066	**(20 006 993)**	46
Removal of refuse	21 334 000	(1 086 000)	**20 248 000**	18 824 218	**(1 423 782)**	
Other revenue	3 949 000	11 561 000	**15 510 000**	2 803 761	**(12 706 239)**	
Rental of facilities and equipment	2 958 767	(700 000)	**2 258 767**	3 090 164	**831 397**	
Licences and permits	4 005 000	916 302	**4 921 302**	4 582 292	**(339 010)**	46
Other income	25 282 573	8 475 000	**33 757 573**	1 710 922	**(32 046 651)**	46
Investment revenue	3 000 000	1 521 000	**4 521 000**	7 437 441	**2 916 441**	46
Total revenue from exchange transactions	**252 726 067**	**21 164 634**	**273 890 701**	**211 115 864**	**(62 774 837)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	133 216 946	(176 000)	**133 040 946**	132 158 114	**(882 832)**	46
Interest earned - outstanding receivables	4 500 000	1 001 000	**5 501 000**	4 916 111	**(584 889)**	46
Transfer revenue						
Transfer recognised - Operational & Capital	178 633 000	15 118 000	**193 751 000**	162 751 994	**(30 999 006)**	46
Rates Impairment Recovery	-	2 000 000	**2 000 000**	-	**(2 000 000)**	46
Fines, Penalties and Forfeits	125 000	91 000	**216 000**	3 319 320	**3 103 320**	46
Total revenue from non-exchange transactions	**316 474 946**	**18 034 000**	**334 508 946**	**303 145 539**	**(31 363 407)**	
Total revenue	**569 201 013**	**39 198 634**	**608 399 647**	**514 261 403**	**(94 138 244)**	
Expenditure						
Employee costs	(151 358 000)	4 383 000	**(146 975 000)**	(147 802 643)	**(827 643)**	
Remuneration of councillors	(8 041 000)	(348 000)	**(8 389 000)**	(8 107 401)	**281 599**	
Repairs and maintainance	(18 783 000)	(5 387 000)	**(24 170 000)**	(7 044 974)	**17 125 026**	46
Depreciation and asset impairment	(37 651 000)	3 302 000	**(34 349 000)**	(40 278 534)	**(5 929 534)**	46
Impairment loss/ Reversal of impairments	-	-	**-**	(59 774)	**(59 774)**	
Finance charges	-	-	**-**	(1 475 702)	**(1 475 702)**	
Debt impairment	(15 000 000)	-	**(15 000 000)**	(10 783 741)	**4 216 259**	46
Collection costs	-	-	**-**	(915 609)	**(915 609)**	
Material & bulk purchases	(139 000 000)	-	**(139 000 000)**	(136 497 112)	**2 502 888**	46
Contracted Services	(26 548 000)	(5 792 000)	**(32 340 000)**	(28 212 855)	**4 127 145**	46
General expenses	(46 198 000)	(2 815 000)	**(49 013 000)**	(66 112 221)	**(17 099 221)**	46
Total expenditure	**(442 579 000)**	**(6 657 000)**	**(449 236 000)**	**(447 290 566)**	**1 945 434**	
Surplus/(Deficit)	**126 622 013**	**32 541 634**	**159 163 647**	**66 970 837**	**(92 192 810)**	
Gain on landfill site	-	-	**-**	1 700 738	**1 700 738**	
Gain / (loss) on actuarial	-	-	**-**	7 765 000	**7 765 000**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fair value adjustments	-	-	**-**	4 434 528	**4 434 528**	
Loss on Disposal of Assets	-	-	**-**	(330 980)	**(330 980)**	
Surplus on distribution of non-cash assets to owners	-	-	**-**	4 444 352	**4 444 352**	
Gains from transfer of functions between entities not under common control	-	-	**-**	1 761 153	**1 761 153**	
	-	**-**	**-**	**19 774 791**	**19 774 791**	
Surplus	**126 622 013**	**32 541 634**	**159 163 647**	**86 745 628**	**(72 418 019)**	
Surplus for the year from continuing operations	**126 622 013**	**32 541 634**	**159 163 647**	**86 745 628**	**(72 418 019)**	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	(93 339 000)	(14 000 000)	**(107 339 000)**	-	**107 339 000**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**33 283 013**	**18 541 634**	**51 824 647**	**86 745 628**	**34 920 981**	

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.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

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 Critical judgements, estimates and assumptions

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. Significant judgements include:

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

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. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested on an annual basis for impairment. 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.

Provisions

1.3 Critical judgements, estimates and assumptions (continued)

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful life assessment of PPE and intangible assets

The municipality's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and other assets. This estimate involves a matter of industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated useful lives and decrease the depreciation and armotisation charges where useful lives are more than previously estimated useful lives.

Allowance for doubtful debts

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.

Pension and other post – employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Cash-generating assets

The Municipality is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of the tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets, and that theGRAP standard for the impairment of non-cash-generating assets will apply to all assets of the Municipality.

Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. The Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Residual value of property, plant and equipment

Management has determined that none of its infrastructure assets have an active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

Useful lives of property, plant and equipment and investment property.

The useful lives of assets are based on management’s estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Significant delays in assets under construction

Accounting Policies

1.3 Critical judgements, estimates and assumptions (continued)

The Municipality regards delays in assets under construction of more than three years as significant. Further disclosures are made in notes 2 to 5 in the financial statements.

Provisions, contingent liabilities and contingent assets

Management’s judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities and assets.Provisions are discounted, where the effect of discounting is material, using cost of capital.

Traffic Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

Budget information

A difference of 5% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes of the annual financial statements.

Material losses

Material losses are losses that occur due to factors other than normal production and utilisation, and are regarded as material if their omission or misstatement will affect the decisions made by users of the information. The losses disclosed include that of technical losses and non-technical losses related to electricity. Losses that occur due to normal production and utilisation are classified as production costs and factored into the Municipality's tariffs. They, therefore,do not constitute material losses. If actual production and utilsation losses exceed the normal budgeted production and utilisation losses factored into the tariff, this difference is considered material losses.

Service charges

Service charges relating to electricity, are based on consumptuion.Skip bin waste removal is based on the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Services provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction cost once it meets the definition of investment property. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

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

Subsequent measurement - Fair value model

1.4 Investment property (continued)

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

All transfers will be as per GRAP 16.

1.5 Property, plant and equipment

Initial recognition

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

Initial measurement

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

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

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

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

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

Subsequent measurement - Cost Model

1.5 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have useful lives that are depreciated separately.

Land is not depreciated as it is deemed to have indefinite useful life.

Capital work in progress is not depreciable until it is transferred to the applicable property, plant and equipment category once it is ready and available for its intended use.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimates in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) and an impairment amount is charged to the Statement of Financial Performance.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	80 years
Motor vehicles	Straight line	5-7 years
Infrastructure	Straight line	
• Roads and pavings		12 years
• Bridges		30 years
• Storm water		15 years
• Gravel		20 years
• Substation and Transformers		30 years
• Poles, Cables and Lights		15-25 years
• Robots		10 years
Community	Straight line	
• Buildings		80 years
• Recreational facilities		5 years
• Security system		5 years
• Dams		1-15 years
• Libraries		15-20 years
• Parks and Gardens		15 years
• Cemeteries		15-20 years
• Community centres		5-20 years
• Sports fercilities		30 years
Other property, plant and equipment	Straight line	
• Emergency equipment		5 years
• Landfill sites		15 years
• Office equipment		5 years
• Furniture and fittings		5 years
• Bins and containers		5 years
• Computers equipment		5-8 years

1.6 Heritage assets

Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. A heritage asset shall be recognised as an asset if, and only if:
(a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
(b) the cost or fair value of the asset can be measured reliably.

Initial Measurement

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent Measurement

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

Derecognition

The carrying amount of a heritage asset is derecognised:
(a) on disposal, or
(b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.7 Intangible Assets

Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research/feasibility expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

Initial measurement

Intangible assets are initially recognised at cost.
Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.7 Intangible Assets (continued)

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Residual value of intangible assets is estimated to be zero. Fully depreciated assets which are still in use are not written off.

Amortisation

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

Computer software	3 - 8 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
The municipality test intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

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

1.8 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.

Classification

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

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

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

Class	Category
Consumer deposits	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Deffered Income	Financial liability measured at amortised cost
Unspent conditional grant	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at amortised cost

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

Accounting Policies

1.8 Financial instruments (continued)

Initial recognition

The municpality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

1.9 Trade and other receivables

Consumer Debtors per impairment category

Category A
- Regular payers and Government Accounts - 0%
- Consumers with accounts not older than 60 days, and;
- Government.

Category B
- Regular payers (50% less than 180 days and 100% on rest); and
- Amounts owing but do pay.

Category C
- Doubtful 100% all amounts;
- Consumers with no payment history;
- Owing longer than 60 days with no payments for 6 months; and
- Inactive accounts.

The municipality individually asseses the debtors.

1.10 Leases

The Municipality as lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments.

1.10 Leases (continued)

The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payment due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payment, the municipality uses the interest rate that exactly discounts the lease payments and unguarenteed residual value to the fair value of the asset plus any direct costs incurred.

Measurement

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies application to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayments using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies related to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful lives or the lease term.

Derecognition

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

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

Operating leases - lessee

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.

The Municipality as Lessor

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

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

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

Measurement

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

1.10 Leases (continued)

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

Derecognition

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

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

1.11 Inventories

Initial recogition and measurement

Inventories comprise current assets not held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining the cost of an inventory is (FIFO) First In First Out.

1.12 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 and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

1.12 Impairment of cash-generating assets (continued)

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.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follows: as the municipality is a district municipality, it does not hold assets which are specifically used to generate revenue (e.g. infrastructure relating to utilities), other than the farm used to hold biological assets. Other revenue generated by the municipality is in exchange for services provided, for which the related assets (furniture, office equipment, etc.) are interchangeable with the assets used for non-cash generating activities.

Identification

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

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

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

1.13 Impairment of non-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.

Non-cash-generating assets are assets other than cash-generating assets.

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 managed 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 and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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 service amount is the higher of a non-cash-generating asset’s 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.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: as the municipality is a district municipality, it does not hold assets which are specifically used to generate revenue (e.g. infrastructure relating to utilities), other than the farm used to hold biological assets. Revenue generated by the municipality is in exchange for services provided, for which the related assets (furniture, office equipment, etc.) are interchangeable with the assets used for non-cash generating activities; all such interchangeable assets are deemed to be non-cash generating assets.

1.13 Impairment of non-cash-generating assets (continued)

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity’s obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Employee benefits (continued)

Medical Aid

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actual valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the value projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised acturial gains and losses and unrecognised past service cost, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions

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.

Accounting Policies

1.15 Provisions (continued)

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

1.16 Revenue from exchange transactions

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.

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 goods, services or use of assets) to the other party in exchange.

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.

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership 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.

1.16 Revenue from exchange transactions (continued)

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 electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards made in the last month of the financial year is recognised based on an estimate of the prepaid electricity consumed as at the reporting date with reference to the consumption patterns of the individual users.

Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement where material, where such lease periods span over more than one financial year.

1.17 Revenue from non-exchange transactions

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

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

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

1.17 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Deferred Income

Amounts received before the related work is performed are included in the statement of financial position as a liability, Deferred Income

Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines

Fines constitute both spot fines and summonses.

Revenue from traffic fines is initially measured on the value stipulated on the notice, summons or equivalent document. The revenue from traffic fines is subject to further judicial process which is outside the municipality’s control. These reductions are not considered in measuring the revenue and receivable on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process. Once this separated process has been concluded, any reductions are accounted for as a change in estimated revenue and in accordance with iGRAP1.

Public contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Revenue is recognised at the fair value of the consideration received. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

Tariff Charges

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

1.18 Value Added Taxation

The Municipality accounts for Value Added Tax on the accrual basis.

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with Section 15(1) of the VAT Act No.89 of 1991.

1.19 Comparative figures

No comparative figures have been reclassified to conform to changes in presentation in the current year.

Accounting Policies

1.20 Unauthorised expenditure

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

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

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

1.22 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:
- approved and contracted commitments;
- where the expenditure has been approved and contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.24 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.

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

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

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

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

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

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

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

1.25 Events after reporting date

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

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

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

1.26 Statutory receivables

Statutory receivables are receivables that:

(a) arise from legislation, supporting regulations, or similar means; and
(b) require settlement by another entity in cash or another financial asset.

Recognition

An entity shall recognise statutory receivables as follows:

(a) if the transaction is an exchange transaction, using GRAP 9;
(b) if the transaction is a non-exchange transaction, using GRAP 23; or
(c) if the transaction is not within the scope of the Standards of GRAP listed in (a) or (b) or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

An entity shall derecognise a statutory receivable, or a part thereof, when:

Accounting Policies

1.26 Statutory receivables (continued)

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the entity, 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 shall:
(d) derecognise the receivable; and
(e) recognise separately any rights and obligations created or retained in the transfer

Initial measurement

The muncipality initially measures statutory receivables at their transaction amount.

Subsequent Measurement

The municipality measures statutory receivables after initial recognition using the cost model. Under the cost method the initial measurement of the receivables is changed subsequent to initial recognition to reflect any :
(1)Interest or other charges that may accrued on receivables (where applicable)
(2)Impairement losses and
(3)Amount derecognised.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a living resource is included in surplus or deficit when the item is derecognised.

1.27 Contracted services

The municipality accounts using nature of expenditure.

Contracted services are services that are contracted fully to service providers and do not include any procurement of similar goods which are separately disclosed. In terms of GRAP standards the municipality has elected to classify based on nature of expense which provides information that is reliable and more relevant. This is presented on the face of the statement of financial performance.

1.28 Segment Information

A segment is an activity of an entity:

That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

For which separate financial information is available.

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities those amounts are allocated on a reasonable basis.

Accounting Policies

1.28 Segment Information (continued)

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

2. New standards and interpretations

GRAP 104 Financial Instrument

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board amended its existing Standards to deal with these issues. The ASB issued Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to Financial Instruments: Presentation and the IFRS Standard on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities

The most significant changes to the Standard affect

Financial guarantee contracts issued
Loan commitments issued
Classification of financial assets
Amortised cost of financial assets
Impairment of financial assets
Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

GRAP 25 Employee Benefits

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits were more appropriate. Specifically.

The liminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested

Since 2009, the International Accounting Standards Board has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key Amendment of GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

Notes to the Annual Financial Statements

	2023	2022

3. Inventories

Stores and materials	883 782	677 330

4. Receivables from non-exchange transactions

4.1 Statutory receivables from non-exchange transaction

Fines	18 607 724	16 470 955
Consumer debtors - rates	16 724 863	15 610 784
	35 332 587	**32 081 739**

Fines Reconciliation		
Opening balance fines	24 102 425	22 721 675
Opening impairment of fines	(7 631 470)	(7 280 058)
Current year fines	3 052 378	1 380 750
Current year on impairment fines	(915 609)	(351 412)
	18 607 724	**16 470 955**

Statutory receivables - Rates

Gross		
Rates	30 059 063	31 286 423
Impairment	(13 334 199)	(15 675 639)
	16 724 864	**15 610 784**

Rates		
Current	5 727 519	5 333 561
31 - 60 days	2 267 894	2 391 259
61 - 90 days	890 017	958 412
91 - 120 days	778 296	760 547
121 - 150 days	530 680	657 075
> 151 days	19 864 657	21 185 569
	30 059 063	**31 286 423**

5. Prepayments

The year of renewal overlaps to the Municipality’s new financial year.The municipality pre-paid for the following licenses :

Notes to the Annual Financial Statements

	2023	2022

5. Prepayments (continued)

Microsoft	384 874	-
Anti-virus	-	13 425
Exclaimer cloud	7 790	38 248
Firewall licence	-	10 167
Papercut MF print - tenable management tool to scan	6 851	45 150
Resillio sync	-	206 748
Sage licence	-	90 020
Solar winds	44 704	344 231
Cibecs perpetual	18 029	153 210
Lensweeper	5 753	43 560
Softline VIP	98 122	-
SMS Portal	505	-
Time & Attendance	-	109 995
Sophos	88 605	412 448
Managed engine audit	13 113	117 335
Turnable	-	90 936
PMS system	100 000	18 000
Total computer services system	-	14 898
Adobe Sign	18 682	-
	787 028	**1 708 371**

6. Consumer debtors

Gross balances		
Electricity	24 792 673	19 329 219
Refuse	18 314 193	17 105 243
Fire levy and other	7 625 389	8 268 855
Other - Sundry debtors	3 357 281	5 820 308
	54 089 536	**50 523 625**
Less: Allowance for impairment		
Electricity	(9 647 918)	(9 603 036)
Refuse	(986 947)	(1 459 549)
Fire levy and other	(520 732)	(2 195 924)
	(11 155 597)	**(13 258 509)**
Net balance		
Electricity	15 144 755	9 726 183
Refuse	17 327 246	15 645 694
Fire levy and other	7 104 657	6 072 931
Other - Sundry debtors	3 357 281	5 820 308
	42 933 939	**37 265 116**
Electricity		
Current (0 -30 days)	15 004 978	12 453 090
31 - 60 days	7 862 299	4 422 371
61 - 90 days	241 422	263 597
91 - 120 days	136 844	143 197
121 - 365 days	145 827	122 254
> 365 days	1 401 303	1 924 710
	24 792 673	**19 329 219**

Notes to the Annual Financial Statements

	2023	2022

6. Consumer debtors (continued)

Refuse		
Current (0 -30 days)	1 750 741	1 742 793
31 - 60 days	1 135 652	1 161 231
61 - 90 days	825 307	875 674
91 - 120 days	693 873	739 379
121 - 365 days	582 874	641 583
> 365 days	13 325 746	11 944 583
	18 314 193	**17 105 243**

Fire levy and other		
Current (0 -30 days)	40 906	115 333
31 - 60 days	29 315	89 761
61 - 90 days	22 321	77 323
91 - 120 days	18 480	68 102
121 - 365 days	16 023	62 164
> 365 days	780 447	3 283 012
	907 492	**3 695 695**

Other- Sundry Debtors		
Current (0 -30 days)	199 580	460 901
31 - 60 days	342 890	290 164
61 - 90 days	274 444	391 162
91 - 120 days	234 399	450 253
121 - 365 days	68 365	345 241
> 365 days	2 237 603	3 882 521
	3 357 281	**5 820 242**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(13 258 509)	(18 331 233)
Contributions to allowance	2 102 912	5 072 724
	(11 155 597)	**(13 258 509)**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	25 295	25 295
Bank balances	56 396 188	8 805 951
Short-term deposits	75 889 011	62 175 345
	132 310 494	**71 006 591**

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
FNB 527 2002 4258	56 277 335	8 939 036	56 396 188	8 805 951
FNB 620 4994 7825	174 334	165 944	174 334	165 944
FNB 622 9521 8947	2 000	1 129	1 999	1 129
FNB 620 6810 2682	24 836	24 176	24 836	24 176
FNB 620 8937 2868	7 314 154	27 897	7 314 154	27 897
FNB 620 8992 7663	270 753	257 845	270 753	257 845
FNB 621 9170 1476	1 380	1 661	1 380	1 661
FNB 621 0368 9230	1 017 740	990 614	1 017 741	990 614
FNB 621 9024 8221	3 238 009	3 101 263	3 238 009	3 101 263
STD BANK 308 644 085 001	120 727	113 273	120 727	113 273
NED BANK 0371 6501 3687	1 118 668	92 559	1 118 668	92 559
FNB 623 0064 1611	2 237	2 237	2 237	2 237
NED 0371 6501 3660	46 540	8 149	46 540	8 149
NED 0371 6501 4276	131 453	123 125	131 453	123 125
ABSA BANK 20-8012-4654	8 344 471	7 592 205	8 344 471	7 592 205
NED BANK 037165022295	5 209 574	15 875 111	5 209 574	15 875 111
NED BANK 0371 6502 1256	7 873 046	7 374 223	7 873 046	7 374 223
STD BANK 638 516 196-18	18 372 980	17 126 472	18 372 980	17 126 472
STD BANK 638 515 580 DOE	12 584 935	14 868 513	12 584 935	7 929 606
STD BANK 638 516 196-17	8 557 061	-	8 557 061	-
FNB 628 6690 0337	1 440 335	1 368 005	1 440 335	1 368 005
Total	**132 122 568**	**78 053 437**	**132 241 421**	**70 981 445**

The following Financial assets was held as collateral R60 000.

	2023	2022

8. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land & Buildings	108 993 753	-	108 993 753	105 352 657	-	105 352 657

Reconciliation of investment property - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Land & Buildings	105 352 657	(793 432)	4 434 528	108 993 753

Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Land & Buildings	102 284 133	3 068 524	105 352 657

Pledged as security

No assets pledged as security

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.

The disposal relate to the investment property sold in 2022 financial year.The ownership was actualy transfered in 2023 in terms of the deeds office.

Details of valuation

The effective date of the revaluations was 1 July 2017. Revaluations were performed by an independent valuer, Mr Boateng [SACPVP, IAAO &GIS], of Khanyisa Property valuations. Mr Boateng is not connected to the entity and has recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use

For investment property, where there was a lack of comparable market data, the valuation was based on discounted cash flows. The following assumptions were used :

Rental revenue and interest rate increases and prevailing interest rates , Discount rate used is 4.25%.

These assumptions are based on current market conditions.

The last valuation came into effect on 1 July 2017. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations. Valuations are performed every 5 years.

Annual fair value adjustments on investment properties were performed by Minatlou Consultants.

Amounts recognised in surplus and deficit for the year.

	2023	2022
Rental revenue from investment property	3 090 164	4 250 144
Direct operating expenses from rental generating property	1 616 009	1 638 641

9. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	125 416 873	(94 922 675)	30 494 198	124 893 488	(93 909 984)	30 983 504
Motor vehicles	22 342 280	(16 238 854)	6 103 426	19 274 109	(14 814 054)	4 460 055
Infrastructure	750 969 110	(420 363 540)	330 605 570	728 086 930	(394 614 078)	333 472 852
Community	264 703 758	(118 746 814)	145 956 944	256 560 136	(113 760 521)	142 799 615
Other property, plant and equipment	53 183 890	(41 241 633)	11 942 257	51 666 073	(37 853 155)	13 812 918
Capital work in progress infrastructure	177 208 815	-	177 208 815	119 071 865	-	119 071 865
Capital work in progress community	92 527 400	-	92 527 400	100 671 023	-	100 671 023
Total	**1 486 352 126**	**(691 513 516)**	**794 838 610**	**1 400 223 624**	**(654 951 792)**	**745 271 832**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Reclassification	Other changes, movements	Depreciation	Impairment loss	Total
Land and Buildings	30 983 504	-	-	523 385	-	-	(1 012 691)	-	30 494 198
Motor vehicles	4 460 055	4 208 186	(108 842)	-	-	-	(2 455 973)	-	6 103 426
Infrastructure	333 472 852	-	-	22 882 181	-	-	(25 749 462)	-	330 605 570
Community	142 799 615	-	-	8 143 623	-	680 889	(5 667 182)	-	145 956 944
Other property, plant and equipment	13 812 918	3 780 921	(527 206)	-	716 318	-	(5 780 921)	(59 774)	11 942 257
Capital work in progress infrastructure	119 071 865	82 711 050	-	(23 405 566)	(716 318)	(452 216)	-	-	177 208 815
Capital work in progress community	100 671 023	-	-	(8 143 623)	-	-	-	-	92 527 400
	745 271 832	**90 700 157**	**(636 048)**	**-**	**-**	**228 673**	**(40 666 229)**	**(59 774)**	**794 838 610**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Transfers received	Transfers	Other changes, movements	Depreciation	Total
Land and Buildings	32 001 177	-	-	-	-	(1 017 673)	30 983 504
Motor vehicles	7 061 826	320 285	-	-	-	(2 922 056)	4 460 055
Infrastructure	317 828 758	-	51 173 823	-	(9 603 724)	(25 926 005)	333 472 852
Community	140 401 653	-	7 828 087	-	-	(5 430 125)	142 799 615
Other property, plant and equipment	21 823 835	129 152	-	775 168	-	(8 915 237)	13 812 918
Capital work in progess infrastructure	75 771 983	94 473 705	(51 173 823)	-	-	-	119 071 865
Capital work in progess community	95 941 371	12 557 739	(7 828 087)	-	-	-	100 671 023
	690 830 603	**107 480 881**	**-**	**775 168**	**(9 603 724)**	**(44 211 096)**	**745 271 832**

Pledged as security

Assets were not pledged as security.

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.

	2023	2022

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	75 771 983	95 941 371	171 713 354
Additions/capital expenditure	94 473 705	12 557 739	107 031 444
Transferred to completed items	(51 173 823)	(7 828 087)	(59 001 910)
	119 071 865	**100 671 023**	**219 742 888**

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	2023	2022
Employee related costs	-	7 254 878
Contracted services	18 491 238	12 664 266
	18 491 238	**19 919 144**

10. Intangible Assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 495 781	(2 455 230)	1 040 551	3 495 781	(2 162 036)	1 333 745

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	1 333 745	(293 194)	1 040 551

Reconciliation of intangible assets - 2022

	Opening balance	Other changes, movements	Amortisation	Total
Computer software	1 615 332	(10)	(281 577)	1 333 745

Pledged as security

None of intangible assets pledged as security.

The 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.

11. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value

				2023		2022

11. Heritage assets (continued)

Statue	954 000	-	954 000	954 000	-	954 000
Museum	1 112 400	-	1 112 400	1 112 400	-	1 112 400
Total	**2 066 400**	**-**	**2 066 400**	**2 066 400**	**-**	**2 066 400**

Reconciliation of heritage assets 2023

	Opening balance	Total
Statue	954 000	954 000
Museum	1 112 400	1 112 400
	2 066 400	**2 066 400**

Reconciliation of heritage assets 2022

	Opening balance	Total
Statue	954 000	954 000
Museum	1 112 400	1 112 400
	2 066 400	**2 066 400**

No impairment loss that is recognised during the current financial year.

Notes to the Annual Financial Statements

	2023	2022

12. Payables from exchange transactions

Trade payables	9 581 499	2 975 825
Unallocated deposits	15 320 417	15 154 130
Accrued leave pay	9 954 822	9 498 184
Other payables	23 146	23 146
Debtors with credit balances non- exhange and exchange services	7 508 965	6 560 538
Retentions	13 724 981	5 040 573
Creditor accruals	11 005 308	5 306 981
	67 119 138	**44 559 377**

13. VAT payable

Vat payable	11 640 971	8 302 734

14. Consumer deposits

Electricity	5 510 934	4 429 702

15. Retirement benefits and long term service awards

Defined benefit plan

The plan is a post employment medical benefit plan.

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

Non-current liabilities	25 607 999	29 622 999
Current liabilities	1 959 000	1 737 000
	27 566 999	**31 360 000**

Post employment health care benefits

Opening balance	(23 565 000)	(22 325 000)
Net actuarial gains pr (losses) recognised	7 374 000	1 726 000
Current service costs	(1 299 000)	(1 278 000)
Interest cost	(2 760 999)	(2 264 000)
Contributions by employer	547 000	576 000
	(19 703 999)	**(23 565 000)**

Long service awards

Opening balance	(7 795 000)	(7 471 005)
Net actuarial gains or (losses) recognised	391 000	168 000
Current service costs	(844 000)	(843 000)
Interest cost	(805 000)	(657 000)
Contributions by employer	1 190 000	1 008 005
	(7 863 000)	**(7 795 000)**

Notes to the Annual Financial Statements

	2023	2022

15. Retirement benefits and long term service awards (continued)

PeHCL report

Assumptions used at the reporting date:

Post-Employment Medical Aid subsidy liability

Key Financial Assumptions

Table 5.1 summarises the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year. The next contribution rate increase was assumed to occur at 1 January 2024. The next increase to the maximum subsidy was assumed to occur with effect from 1 July 2024.

Table 5.1: Key financial assumptions

Assumption	**Value p.a**.
Discount rate	12.57%
Health care cost inflation rate	8.1%
Net-of-health-care-cost-inflation discount rate	4.07%
Maximum subsidy inflation rate	5.75%
Net-of-maximum-subsidy-inflation discount rate	6.45%

Key Demographic Assumptions

Table 5.2 summarises the key demographic assumptions used.

Key demographic assumptions

Assumption	**Value**
Average retirement age	62
Continuation of membership at retirement	75%
Proportion with a spouse dependant at retirement	60%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy thereafter	25%
Mortality during employment	SA 85-90
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Withdrawal from service (sample annual rates)	See Table A4.2

Accrued Liability (R millions)

Category	**2023/06/30**	**2022/06/30**
In-service members	10.587	12.505
In-service non-members	4.597	5.172
Total in-service	15.184	17.677
Continuation members	4.520	5.888
Total accrued liability	19.704	23.565
Value of assets	0.000	0.000
Total unfunded accrued liability	19.704	23.565
Expected current portion of liability (payable within 12 months)	0.464	0.547
Expected non-current portion of liability (payable thereafter)	19.240	23.018

15. Retirement benefits and long term service awards (continued)

Comparison of assumptions

Assumption	30/06/2023	30/06/2022
Discount rate	12.57%	11.85%
Health care cost inflation rate	8.17%	8.46%
Net-of-health-care-cost-inflation discount rate	4.07%	3.13%
Maximum subsidy inflation rate	5.75%	5.97%
Net-of-maximum-subsidy-inflation discount rate	6.45%	5.55%
Average retirement age	62	
Mortality during employment	SA 85-90	
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a from 2010	
Withdrawal rates	Updated per Table A4.2	
Proportion with a spouse dependant at retirement	60%	
Continuation of membership at retirement	75%	
Proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement (“take-up rate”)	25%	

Table 7.1: Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligible Employees	Continuation members	Total	Change
Central assumptions		15.184	4.520	19.704	
Health care inflation rate	+1%	16.671	4.688	21.359	8%
	-1%	13.362	4.313	17.675	-10%
Discount rate	+1%	12.958	4.208	17.166	-13%
	-1%	17.992	4.876	22.868	16%
Post-employment Mortality	+1 yr	14.848	4.383	19.231	-2%
	-1 yr	15.510	4.656	20.166	2%
Average retirement age	+1 yr	16.691	4.520	21.211	7%
Continuation of membership at retirement	-10%	13.208	4.520	17.728	-10%

Table A4.2: Withdrawal rates

This Valuation		
Age	**Females**	**Males**
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
> 55	0%	0%

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2023	2022

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Furniture world	226 413	226 413
Horseshoe Township	1 591 217	1 591 217
IDP Community Participation	69 019	69 019
Industrial Park	177 382	177 382
Peoples Housing Project 12 and 13	26 702	26 702
Shayamoya Eco- Complex	1 031 743	1 031 743
Small Town Rehabilitation	95 508	95 508
Building plans	1 193	1 193
Cultural Village	858 549	858 549
Sports & Recreation	20 806	20 806
Massification	41 352	41 352
Greenest Municipality	178 710	178 710
SETA	416 756	111 223
Smart city development strategy	896 813	349 063
Housing Account	2 226 398	2 693 248
DOT - Department of Transport Grant	15 375 000	-
	23 233 561	**7 472 128**

17. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Total
Landfill site	15 273 578	1 475 702	(1 700 738)	15 048 542
Provision for performance bonus	1 761 153	569 563	(1 761 153)	569 563
	17 034 731	**2 045 265**	**(3 461 891)**	**15 618 105**

Reconciliation of provisions - 2022

	Opening Balance	Additions	Reversed during the year	Total
Landfill site	16 433 545	1 231 706	(2 391 673)	15 273 578
Provision for performance bonus	2 082 395	1 761 153	(2 082 395)	1 761 153
	18 515 940	**2 992 859**	**(4 474 068)**	**17 034 731**

Non-current liabilities	15 048 542	15 273 578
Current liabilities	569 563	1 761 153
	15 618 105	**17 034 731**

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date.

	2023	2022

18. Deferred income

Electricity Units purchases unused	1 890 506	923 393
Sale of land	1 330 630	2 429 130
	3 221 136	**3 352 523**

Deferred Income relates to unused electricity credits .
Income was received for the sale of land which the risks and rewards are still with the municipality.This refers to:
-Erf 2291
-Erf 4684

19. Service charges

Sale of electricity	172 667 066	170 943 799
Refuse removal	18 824 218	22 141 883
Other services charges	2 803 761	2 795 588
	194 295 045	**195 881 270**

20. Rental of facilities and equipment

Premises		
Rental of facilities	3 090 164	4 449 404

21. Licences and permits

Testing ground and licensing	4 582 292	5 307 608

22. Other income

Other income	1 703 642	702 263

23. Investment revenue

Interest revenue		
Interest earned - external investments	7 437 441	3 611 356

24. Property rates

Actual

Residential	51 192 924	43 866 672
Commercial	39 271 966	35 720 633
Public benefit organisations	1 235 363	-
Government	60 556 016	58 447 884
Industrial	12 199 437	13 541 237
Agriculture	12 991 286	12 271 747
Sectional titles	1 509 160	2 701 207
Less: Income forgone	(46 798 038)	(36 958 076)
	132 158 114	129 591 304
Interest received - outstanding receivables	4 916 111	6 191 098
	137 074 225	**135 782 402**

Notes to the Annual Financial Statements

	2023	2022

24. Property rates (continued)

Valuations

	2023	2022
Residential	3 106 165 400	3 046 512 900
Commercial	1 183 950 500	1 176 897 500
Public benefit organisation	73 342 500	73 342 500
Municipal Properties	569 784 000	551 011 500
Government	1 478 504 500	1 489 265 500
Industrial	357 751 000	409 086 500
Agricultural	3 498 105 039	3 527 186 539
Public service infrastructure	27 680 450	24 198 950
Place of worship	121 468 500	117 707 000
	10 416 751 889	**10 415 208 889**

Category Of Owner	House hold Income from and to	Age from and to	Percentage Rebate
Indigent persons	Nil	Amount Equal to 2 state pensions	100%
Child headed households	Nil	Amount Equal to 2 state pensions	100%
Pensioner or Retiree or Disabled person or Medically boarded	60 – 65 years	60 – 65 years	55%
Pensioner or Retiree or Disabled person	66 – 70 years	66 – 70 years	75%
Pensioner or Retiree or Disabled person	71 years and above	71 years and above	100%

25. Government grants and subsidies

	2023	2022
Operating grants		
Equitable share	75 091 000	68 350 000
Financial Management Grant	1 750 000	1 749 517
SETA	-	124 441
Municipal Award Excellence	1 000 000	-
Expanded Public Works Programme	4 266 000	4 628 000
Smart City Development Strategy Grant	452 250	120 750
Arts and Culture	4 305 000	3 037 000
Transport	-	597 209
	86 864 250	**78 606 917**
Capital grants		
Intergrated National Electrification Programme	33 500 000	23 538 000
Municipal Infrastructure Grant	19 214 000	18 073 000
Informal economic trader stalls	-	4 483 795
Housing account	23 173 744	43 779 667
Greenest city	-	196 290
Cultural village	-	32 700
	75 887 744	**90 103 452**
	162 751 994	**168 710 369**

Equitable Share

In terms of the Constitution this grant is used to subsidise the provision of basic services to indigent community members:

	2023	2022
Conditional grants received	75 091 000	68 350 000
Unconditional grant spent	(75 091 000)	(68 350 000)

Notes to the Annual Financial Statements

	2023	2022

25. Government grants and subsidies (continued)

	-	-

FInancial Management Grant

Current-year receipts	1 750 000	1 750 000
Conditions met - transferred to revenue	(1 750 000)	(1 750 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

This grant is used for upgrading and maintenance of Sport field.

SETA Grant

Balance unspent at beginning of year	111 223	235 665
Current-year receipts	305 533	(124 442)
	416 756	**111 223**

Conditions still to be met - remain liabilities (see note 16).

Municipal Award Excellence

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

EPWP Grant is used to expand job creation efforts in specific focus areas where labour intensive delivery methods can be measured

Expanded Public Works Programme

Current-year receipts	4 266 000	4 628 000
Conditions met - transferred to revenue	(4 266 000)	(4 628 000)
	-	-

This grant is used for implementation of MFMA, finance reforms and payment of intern's salaries.

Smart City Development Strategy

Balance unspent at beginning of year	349 062	469 812
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(452 250)	(120 750)
	896 812	**349 062**

Conditions still to be met - remain liabilities (see note 16).

	2023	2022

25. **Government grants and subsidies (continued)**

Arts and Culture

Current-year receipts	4 305 000	3 037 000
Conditions met - transferred to revenue	(4 305 000)	(3 037 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

KZN Transport

Current-year receipts	-	597 209
Conditions met - transferred to revenue	-	(597 209)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Intergrated National Electrification programme

Current-year receipts	33 500 000	23 538 000
Conditions met - transferred to revenue	(33 500 000)	(23 538 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The Grant is used to provided on the job training for the youth , capacitating them for job readiness .

Municipali infrastructure grant

Current-year receipts	19 214 000	18 073 000
Conditions met - transferred to revenue	(19 214 000)	(18 073 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Informal economic trade stalls

Balance unspent at beginning of year	-	4 483 795
Conditions met - transferred to revenue	-	(4 483 795)
	-	-

Housing Account

Balance unspent at beginning of year	2 693 248	2 693 248
Current-year receipts	22 706 894	-
Conditions met - transferred to revenue	(23 173 744)	-
	2 226 398	**2 693 248**

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

	2023	2022

25. Government grants and subsidies (continued)

Greenest City

Balance unspent at beginning of year	178 710	375 000
Conditions met - transferred to revenue	-	(196 290)
	178 710	**178 710**

Conditions still to be met - remain liabilities (see note 16).

Cultural village

Balance unspent at beginning of year	858 549	891 248
Conditions met - transferred to revenue	-	(32 699)
	858 549	**858 549**

Conditions still to be met - remain liabilities (see note 16).

Grant is used to boost local economic tourism and environment.

Intergrated Development Plan

	69 019	69 019

Conditions still to be met - remain liabilities (see note 16).

The Grant is used to provided on the job training for the youth , capacitating them for job readiness

Furniture world

Balance unspent at beginning of year	226 413	-
Current-year receipts	-	226 413
	226 413	**226 413**

This grant is used for for road infrastructure as part of upgrading of infrastructure projects.

Horseshoe Township

Balance unspent at beginning of year	1 591 217	1 591 217

This grant is used for development in town like upgrading sidewalks, parkings and storm water drainage.

Light Industrial Park

Balance unspent at beginning of year	177 382	177 382

Conditions still to be met - remain liabilities (see note 16).

People Housing Project 12 and 13

Balance unspent at beginning of year	26 702	26 702

Conditions still to be met - remain liabilities (see note 16).

This grant is used for the provision of staffing costs for Library services within the Municipality.

	2023	2022

25. Government grants and subsidies (continued)

Shayamoya Eco-Complex

Balance unspent at beginning of year	1 031 743	31 743
Current-year receipts	-	1 000 000
	1 031 743	**1 031 743**

Conditions still to be met - remain liabilities (see note 16).

This grant is for IDP compilation and processes.

Small Town Rehabilitation

Balance unspent at beginning of year	95 508	95 508

Conditions still to be met - remain liabilities (see note 16).

Building plans and management systems

Balance unspent at beginning of year	1 193	1 193

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Massification Grant

Balance unspent at beginning of year	41 352	41 352

Conditions still to be met - remain liabilities (see note 16).

This grant is used to boost the local tourism sector.

Sport and Recreation

Balance unspent at beginning of year	20 806	20 806

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

DOT- Department of Transport Grant

Current-year receipts	15 375 000	-

Conditions still to be met - remain liabilities (see note 16).

26. Fines, Penalties and Forfeits

Fines	3 186 850	1 455 500
Illegal Connections Fines	120 430	88 420
Overdue Books Fines	12 040	-
	3 319 320	**1 543 920**

	2023	2022

27. Employee related costs

Basic	91 348 400	92 991 788
Bonus	6 851 712	6 963 484
Medical aid - company contributions	6 898 911	6 140 952
UIF	729 318	760 277
SDL	1 262 457	1 224 568
Leave pay provision	4 323 218	2 968 501
Pension fund	16 833 886	15 806 427
Travel, motor car, accommodation, subsistence and other allowances	5 356 622	6 031 768
Overtime payments	6 792 005	6 307 480
Housing benefits and allowances	1 127 551	1 509 833
Performance bonus Provision	569 563	1 761 153
Interest on post employment benefits	3 566 000	2 921 000
Current Service Cost	2 143 000	2 121 000
	147 802 643	**147 508 231**

Remuneration of Municipal Manager

Annual Remuneration	715 887	922 637
Car Allowance	288 391	290 000
Performance Bonuses	58 000	54 000
Contributions to UIF, Medical and Pension Funds	120 000	120 000
Other	99 122	79 465
Back pay	26 612	-
	1 308 012	**1 466 102**

Remuneration of Chief Financial Officer

Annual Remuneration	550 664	509 155
Car Allowance	122 993	216 818
Performance Bonuses	-	46 210
Contributions to UIF, Medical and Pension Funds	67 353	112 642
Other	129 364	133 439
Back pay	5 378	-
Leave paid/Lumpsum	426 818	-
	1 302 570	**1 018 264**

Remuneration of Community Services Executive Manager 01/07/2022-30/11/2022

Annual Remuneration	353 721	859 828
Car Allowance	71 077	158 435
Performance Bonuses	16 000	48 000
Contributions to UIF, Medical and Pension Funds	34 602	67 200
Other	38 120	63 339
Back pay	24 086	-
Leave paid	189 531	-
	727 137	**1 196 802**

Remuneration of Infrastructure Planning and Development Executive Manager

Annual Remuneration	-	91 926
Car Allowance	-	15 410
Other	-	177 735
	-	**285 071**

	2023	2022

27. Employee related costs (continued)

Remuneration of Corporate Services Executive Manager : 01/07/2022-02/04/2023

Annual Remuneration	622 404	680 078
Car Allowance	107 735	196 551
Performance Bonuses	32 000	-
Contributions to UIF, Medical and Pension Funds	60 124	136 834
Other	93 041	183 339
Back pay	24 086	-
Leave paid/Lumpsum	495 409	-
	1 434 799	**1 196 802**

Remuneration of Economic Development & Spatial Planning Executive Manager

Annual Remuneration	699 075	772 617
Car Allowance	158 275	139 138
Contributions to UIF, Medical and Pension Funds	173 417	191 709
Other	146 737	93 339
Back pay	24 087	-
	1 201 591	**1 196 803**

28. Remuneration of councillors

Mayor	744 575	891 679
Deputy Mayor	574 553	721 415
Speaker	624 249	635 539
Councillors	4 203 884	3 742 560
Councillors' allowances	1 084 102	1 054 377
Councillors' pension and medical contributions	876 038	561 384
	8 107 401	**7 606 954**

29. Repairs and maintenance

Repairs and maintenance	7 044 974	4 693 154

30. Depreciation and amortisation

Property, plant and equipment	39 997 445	44 211 095
Intangible assets	281 089	281 577
	40 278 534	**44 492 672**

31. Debt impairment

Debt written off	10 783 741	17 889 881

32. Bulk purchases

Electricity - Eskom	136 497 112	117 540 518

33. Contracted services

	2023	2022
Financial Management Systems	6 489 062	5 726 237
Legal Advice and Litigation	3 902 483	6 956 391
Professional Services	4 880 617	2 912 994
Valuation services	-	244 496
Security services	11 987 348	11 400 034
Burial services	-	373 065
Research and Advisory	953 345	808 838
	28 212 855	**28 422 055**

34. General expenses

	2023	2022
Advertising	1 734 429	1 652 981
Auditors remuneration	3 025 494	1 904 788
Bank charges	587 806	569 043
Third party Commision	1 574 515	1 487 103
Materials maintenance	16 961 200	12 715 969
Departmental electricity consumption	535 569	398 063
Collection costs	7 702 368	9 397 280
Bursaries	100 000	6 912
Stocks and materials	4 799 502	5 049 763
Staff wellness	315 294	306 558
Insurance	1 988 091	1 563 245
Conferences and seminars	1 119 400	1 988 820
Pound management fees	286 000	280 000
ICT services	4 425 903	3 930 591
Rentals buildings and vehicles	325 481	716 159
Subscription & memberships	2 374 267	2 285 606
Fuel and oil	5 498 703	3 788 310
Postage and courier	294 904	453 397
Telephone and fax	3 350 216	2 041 209
Training	477 200	318 334
Travel and accommodation	1 303 321	999 945
Uniforms	2 836 017	2 331 657
Licence fees	467 123	484 412
Other expenses	4 029 418	5 695 145
	66 112 221	**60 365 290**

Notes to the Annual Financial Statements

	2023	2022

35. Cash generated from operations

	2023	2022
Surplus	86 745 628	92 186 394
Adjustments for:		
Depreciation and amortisation	40 278 534	42 965 785
Donation	-	775 168
Recovery on provision for debtors	(4 444 352)	351 412
Impairment of debtors provision	915 609	-
Fair value adjustments	(4 434 528)	(3 068 524)
Impairment loss	59 774	-
Debts written off	10 783 741	17 889 881
Movements in retirement benefit assets and liabilities	3 793 000	1 563 995
Movements in provisions	1 416 626	1 481 209
Gain on actuarial	(7 765 000)	(4 285 673)
loss on sale	330 980	9 603 724
Current service costs	2 143 000	2 121 000
Recovery for provision debtors	-	(4 164 762)
Gain on landfill site	(1 700 738)	(2 391 673)
Performance bonus addition non cash	569 563	1 761 153
Recognition deferred revenue	-	923 393
Interest on post employment benefits	(3 566 000)	2 921 000
Leave accrual adjustment	(4 323 218)	2 979 750
Provision recovery	(1 761 153)	(2 082 395)
Changes in Working Capital		
Inventory	(206 452)	392 492
Trade and other receivables	(5 668 823)	493 873
Fines recovery	-	(108 941)
Prepayments	921 342	(1 732 162)
Payables from exchange transactions	2 737 603	(15 893 859)
Receivables Non-Exch Rates	-	(13 232 467)
Unspent conditional grants and receipts	15 761 433	(2 730 718)
Consumer deposits	637 850	(73 809)
VAT payable	(3 338 237)	5 260 150
Deferred income	131 386	-
Receivables from Non-Exchange	(3 262 473)	58 723
	126 755 095	**131 001 702**

Notes to the Annual Financial Statements

	2023	2022

36. Commitments

Already contracted for but not provided for

	2023	2022
• Infrastructure	60 626 486	33 096 574
• Community	50 564 554	61 998 200
	111 191 040	**95 094 774**

Total capital commitments

	2023	2022
Already contracted for but not provided for	111 191 040	95 094 774

Total commitments

Total commitments

	2023	2022
Authorised capital expenditure	111 191 040	95 094 774

This committed expenditure relates to plant and equipment and infrastructure projects and will be financed by available bank facilities, accumulated surpluses, existing cash resources, funds internally generated, etc.

Funding

Expenditure will be financed from

	2023	2022
Government Grants	85 884 153	91 887 137
Own revenue	25 306 887	3 207 637
	111 191 040	**95 094 774**

Commitments

	2023	2022
Operational	18 499 233	7 748 853
Capital	92 691 807	87 345 921
	111 191 040	**95 094 774**

	2023	2022

37. Contingencies

CONTINGENT LIABILITY

EG SCRAP VS GREATER KOKSTAD MUNICIPALITY

This matter is a damages claim arising from unlawful closure of the Applicants business (EG Scrap). Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R700 000.00

LWANIK VS GREATER KOKSTAD MUNICIPALITY

The matter stems from an alleged breach of contract by the Municipality has unilaterally cancelled the contract between the parties without giving Lwanik Group appropriate notice. The applicant has issued a letter of demand. Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R168 000.00

QHOLO VS GREATER KOKSTAD MUNICIPALITY

A letter of demand was received by the municipality. It is alleged that the municipality failed to pay Qholo Projects after they have affected delivery of the swing bins as per their contracts. Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R150 000.00

GREATER KOKSTAD MUNICIPALITY VS ANDIMAHLE TRADING

Andimahle was appointed for the construction of Jim Payne sports complex, They are claiming for work done which we disagree with the amount and the matter was referred to the adjudication. The adjudicator delivered a determination in terms of which the Municipality was ordered to pay Andimahle approximately R9.1 million. Municipality was dissatisfied with the order and ought to procced to arbitration. Andimahle have accepted the Municipalities statement of Defence tender. The parties are now disputing the issue of costs and interest. Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R1 500 000.00

KOKSTAD PRIVATE HOSPITAL VS GREATER KOKSTAD MUNICIPALITY

Kokstad private hospital has sued GKM for an amount of R1 349 401.29 with regards to the payment of property rates for F274. Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R1 349 401.29

SIBIYA VS GREATER KOKSTAD MUNICIPALITY

Sibiya is suing Municipality for damages under vicarious liability. Management estimate of financial exposure as at 30 June 2023. Contingent liability (Claimed against GKM) is R100 000.00

UYABONWA SECURITY SERVICES VS GREATER KOKSTAD MUNICIPALITY

In this matter taxation was part heard as the reserved of 25th June 2019 were not dealt with by the judgement. We are still communicating with the applicants attorneys in order to address the issue of whether an application should be brought or whether the application should be bought or whether they agree that the costs be taxed. Amount claimable R349 511.08

KRAAI VS GREATER KOKSTAD MUNICIPALITY

Kraai was dismissed and he is seeking reinstatement. Labour review application 122 403.50.

MBOMBO VS GREATER KOKSTAD MUNICIPALITY

Miss T. Mbombo was dismissed, and she took the Municipality to CCMA for unfair labour practice. The arbitration set on 22 and 23 November 2021 at CCMA and finalised. The municipality was ordered to pay her out and she declined and referred the matter to the Labour court. An award was issued on 13 December 2021 in her favour. The municipality was instructed to pay her an amount of R71 666.64 with 14 days of receiving or becoming aware of the award. Miss Mbombo rejected the award and took the matter for review in the Labour Court. She wanted the municipality to employ her.

RATE PAYER ASSOCIATION VS GREATER KOKSTAD MUNICIPALITY

	2023	2022

37. Contingencies (continued)

The municipality embarked on a court case instituted by the rate payers association, in dispute was rates increases for 2019/2020. The judgement was handed down on the 3 March 2023. The Judge had directed to file a supplementary affidavit in the form of report to the Honourable Court on a date not less three months after date of the order. The report was to also detail if there are any monies due to rate payers. The municipality had embarked to calculate the above and is of the view no monies are due rate payers. This is also supported by the fact that rate payers were invited in the budget roadshows for the 2023/2024 and no objections were from stakeholders. As matter of principal the municipality has filed a leave to appeal at Supreme Court of Appeal were Cogta is also a respondent in support of the municipality.

CONTINGENCY ASSETS

KIBO LODGE VS GREATER KOKSTAD MUNICIPALITY

GKM suing Kibo Lodge CC an amount proximately R104 698.00 for Municipality Rates. Management estimate of financial exposure as at 30 June 2023. Contingent asset (GKM claiming) is R104 698.00

FEZ VS GREATER KOKSTAD MUNICIPALITY

The matter is breach of a construction contract , summons has been issued and served , and the matter is defended. Management estimate of financial exposure as at 30 June 2023. Contingent asset (GKM claiming) is R1 000 000.00

NDEVU VS GREATER KOKSTAD MUNICIPALITY

GKM instituted legal action against Ms.Ndevu claiming an amount consequent to embezzlement. Management estimate of financial exposure as at 30 June 2023. Contingent asset (GKM claiming) is R128 222.00.

38. 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. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by it. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units. The written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	67 119 139	-	-	-

	2023	2022

38. Risk management (continued)

Maximum credit risk exposure

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 customer, taking into account its financial position, past experience and other factors.

Market risk

Interest rate risk

As the municipality has interest-bearing assets such as investments , the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

39. Irregular expenditure

	2023	2022
Opening balance as previously reported	61 788 741	71 380 942
Irregular expenditure current year	9 912 707	21 906 889
Subtotal	**71 701 448**	**93 287 831**
Less: Amount written off - current	-	(31 499 090)
Irregular expenditure awaiting for condonment	**71 701 448**	**61 788 741**

Expenditure identified in the current year include those listed below:

	2023	2022
BAC Improperly Constituted	4 771 081	10 178 785
Local content	2 027 438	1 977 408
Non compliance with SCM regulations	3 114 188	9 750 695
	9 912 707	**21 906 888**

40. Fruitless and wasteful expenditure

	2023	2022
Opening balance as previously reported	823 200	450 768
Add: Fruitless and wasteful expenditure - current year	-	372 432
	-	-
Closing balance	**823 200**	**823 200**

41. Deviation from supply chain management regulations

	2023	2022
Original dealer	1 974 432	443 082
Emergency	1 080 015	1 070 581
Impossible to follow the SCM process	1 338 887	1 932 434
Total Section 36 deviations for the financial year	**4 393 334**	**3 446 097**

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. The majority of items mentioned had to be addressed in short notice and the response times did not allow for the complete procurement process.

Notes to the Annual Financial Statements

	2023	2022

41. Deviation from supply chain management regulations (continued)

Approval of ratification of minor breach of procoment prosesses.

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2023	2022
Current year subscription / fee	1 582 595	1 541 339
Amount paid - current year	(1 582 595)	(1 541 339)
	-	-

Audit fees

	2023	2022
Current year subscription / fee	3 025 494	1 917 788
Amount paid - current year	(3 025 494)	(1 917 788)
	-	-

PAYE, UIF & SDL

	2023	2022
Current year subscription / fee	21 719 121	22 666 486
Amount paid - current year	(21 719 121)	(22 666 486)
	-	-

Pension and Medical Aid Deductions

	2023	2022
Current year subscription / fee	33 577 135	34 234 991
Amount paid - current year	(33 577 135)	(34 234 991)
	-	-

Councillors' arrear consumer accounts

No Councillors had arrear accounts outstanding at 30 June 2023.

43. Electricity losses

The Municipality's electricity losses are due to the following technical and non-technical reasons:

- Old electrical infrastructure.

- Small electrical cables as compared to the amount of load being carried.

- Too many joints on the cables.

- Electricity tempering/by passing.

- Faulty daylight switchess that keeps lights on 24/7.

2023

The municipality has identified electricity losses in units 8 683 631.37 with an estimated value of R 13 378 436.67 that equates to 12%. The drastic increase in elecricity losses for the current is as a result of the following issues:

2022

43. Electricity losses (continued)

The municipality has identified electricity losses in units 5 330 588.31 with an estimated value of R 7 641 931.40 that equates to 6%.

44. In Kind assistance

The municipality received in kind assistance from Provincial Treasury

- SCM compliance assessment

- SCM bid committee training

45. Events after the reporting date

There were no material non-adjusting events that came to the attention of management after the reporting date.

46. Budget Variance Explanation

1. **Service Charges**:Variance is due to new developments such a reginal Mall and electrification of informal and formal settlements in Kokstad resulting in a increase in electricity consumption.

2. **Service Charges elecricity** : The decrease is due to load shedding resulting in low consumption of prepaid electricity.

3. **Removal of Refuse**: The decrease is due special additional special applications for indigent that were approved after the adjustment budget has been adopted. There were inactive accounts during the year under review

4. **Service Charges Other revenue** : Unrealised proceeds on disposal of assets through auction.

5. **Rental of Facilities**: Renewal of contracts for tenants who had expired contracts for longer period.

6. **Interest on investments**: There was a repo rate hike on investment that automatically affected interest income.

7. **Interest on debtors**: Its due to write offs on debtors outstanding balances, such as indigent.

8. **Transfers and Subsidies**: Human settlement grant is allocated on accrual basis on actual expenditure while the budgeting is done on allocation.

9. **Employee costs**: The employee cost is below the budget due to number of vacancies that are not filled.

10. **Remuneration of councillors**: Annual expenditure is as per Upper Limit gazzette approved by the MEC. Which at the time of approval of budget is not available.

11. **Debt Impairment**: Additional indigent beneficial were added after the original was approved in addiction council has undertaken debts cleansing exercise that has resulted in a decrease in number of residential customers that owe the municipality.

12. **Bulk purchases**: The decrease is due to load shedding which has resulted to decrease on consumption and purchase.

13. **General Expenditure**: The expenditure is below the budget due to implementation of cost containment measures instituted by the Greater Kokstad Municipality.

14. **Staff Training:** The expenditure is less due to cost containment measures instituted by GKM, the municipality prioritise inhouse trainings.

47. Financial instruments disclosure

Categories of financial instruments

2023

Notes to the Annual Financial Statements

	2023	2022

47. Financial instruments disclosure (continued)

Financial assets

	At cost	Total
Receivables from non-exchange transactions	38 701 494	38 701 494
Receivables from exchange transactions	39 576 658	39 576 658
Cash and cash equivalents	132 310 494	132 310 494
	210 588 646	**210 588 646**

Financial liabilities

	At amortised cost	Total
Consumer deposits	5 510 934	5 510 934
Unspent conditional grants	23 233 561	23 233 561
Trade and other payables from exchange transactions	67 119 139	67 119 139
	95 863 634	**95 863 634**

2022

Financial assets

	At cost	Total
Receivables from non-exchange transactions	37 901 986	37 901 986
Receivables from exchange transactions	31 444 806	31 444 806
Cash and cash equivalents	71 006 591	71 006 591
	140 353 383	**140 353 383**

Financial liabilities

	At amortised cost	Total
Compound instruments	4 429 702	4 429 702
Loans from economic entities	7 472 128	7 472 128
Loans from shareholders	44 559 377	44 559 377
	56 461 207	**56 461 207**

Notes to the Annual Financial Statements

	2023	2022

48. Related parties

Accounting Officer	Refer to accounting officers' report note

Key Management Information

Class	Description
Municipal Manager	Accounting Officer
Chief Financial Officer	Senior Management
Community Services Executive Manager	Senior Management
Infrastructure Planning and Development	Senior Management
Corporate Services Executive Manager	Senior Management
EDPS Executive Manager	Senior Management

Remuneration of Management

Councillors

Refer to general information page for full list of councillors.

Executive Management

Refer to note "Employee Related Costs"

Payment of remuneration of senior managers and councillors - details of payments are set out in notes 27&28.

Award to close family member

The related party disclosure was made by Liana Consulting Director who declared that he is related to Samora Madikizela (Brother). (MBD 4 attached to the bidding document).

49. Prior period errors

Noted below are the prior period errors discription and the related adjustments that were effected in the comparative year (2022).

1. Cash Flow Statement

During the year, discrepencies were identified with regards to classification of revenue and expenses, calculation errors and networking capital balance movements not accounted in line with GRAP 2.

2. Community Assets back log depreciation

The correction of error related to the issue of back log depreciation relating to 2022 financial statements that was not accounted for correctly in Community Assets.

The correction of the error(s) results in adjustments as follows:

49. Prior period errors (continued)

Cash Flow Statement 2022 Restatements	**2022 Adjusted**	**2022**	**Adjustment**
Taxation	135 606 438	98 824 326	(36 782 112)
Sale of goods and services	201 207 856	205 059 318	3 851 462
Grants	165 979 652	165 979 652	-
Interest Income	1 631 364	3 611 352	1 979 988
Other reciepts	7 010 236	13 506 175	6 495 939
	511 435 546	**486 980 823**	**(24 454 723)**

Payments	**2022 Adjusted**	**2022**	**Adjustment**
Employee Costs	149 839 003	151 573 891	(1 734 888)
Suppliers	230 594 841	216 633 690	13 961 151
Finance Costs	-	1 231 706	-
	380 433 844	**369 439 287**	**12 226 263**

Investing Activities	**2022 Adjusted**	**2022**	**Adjustment**
Purchase of property, plant and equipment	108 589 761	107 480 881	1 108 880

The following correction of error relates to the Community Assets back log depreciation,

Statement of financial position	**2023**	**2022**
Property, plant and equipment	-	(680 891)
Statement of financial performance		
Depreciation expense	-	680 891

* See Note 49

Supplementary Information

GRAP 18 REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023 -

EXPENDITURE	BTO	COMMUINTY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	TOTAL
Expenditure:Bulk Purchases:Electricity:ESKOM					136 497 111.57		136 497 111.57
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Accounting and Auditing	200 000.00		973.17				200 973.17
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Audit Committee						365 915.12	365 915.12
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Business and Financial Management	1 073 409.61						1 073 409.61
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Medical Examinations			249 261.08				249 261.08
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Occupational Health and Safety			-				-
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Organisational			355 031.00	315 000.00		39 069.50	709 100.50
Expenditure:Contracted Services:Consultants and Professional Services:Business and Advisory:Research and Advisory		-			-		-
Expenditure:Contracted Services:Consultants and Professional Services:Infrastructure and Planning:Town Planner					953 345.02		953 345.02
Expenditure:Contracted Services:Consultants and Professional Services:Legal Cost:Collection	7 702 368.44						7 702 368.44
Expenditure:Contracted Services:Consultants and Professional Services:Legal Cost:Legal Advice and Litigation			3 902 483.39			-	3 902 483.39
Expenditure:Contracted Services:Contractors:Catering Services			3 249.37			2 921.74	6 171.11
Expenditure:Contracted Services:Contractors:Event Promoters		-				-	-
Expenditure:Contracted Services:Contractors:Maintenance of Buildings and Facilities		678.48			1 771 990.00		1 772 668.48
Expenditure:Contracted Services:Contractors:Maintenance of Equipment		-	3 305 312.85				3 305 312.85
Expenditure:Contracted Services:Contractors:Maintenance of Unspecified Assets		8 346 957.34		790 635.99	9 092 893.84		18 230 487.17
Expenditure:Contracted Services:Contractors:Safeguard and Security		11 987 348.18					11 987 348.18
Expenditure:Contracted Services:Outsourced Services:Administrative and Support Staff				956 147.49			956 147.49
Expenditure:Contracted Services:Outsourced Services:Burial Services		392 040.00					392 040.00
Expenditure:Contracted Services:Outsourced Services:Business and Advisory:Valuer	1 389 637.70						1 389 637.70
Expenditure:Contracted Services:Outsourced Services:Call Centre						-	-
Expenditure:Contracted Services:Outsourced Services:Internal Auditors						886 147.83	886 147.83
Expenditure:Default		-	-		-		-
Expenditure:Depreciation and Amortisation:Amortisation:Intangible Assets:Licences and Rights:Computer Software and Applications			293 194.26				293 194.26
Expenditure:Depreciation and Amortisation:Depreciation:Community Assets:Community Facilities:Halls		2 503 796.57					2 503 796.57
Expenditure:Depreciation and Amortisation:Depreciation:Community Assets:Community Facilities:Public Ablution Facilities		3 913 705.29					3 913 705.29
Expenditure:Depreciation and Amortisation:Depreciation:Community Assets:Community Facilities:Taxi Ranks/Bus Terminals		306 696.84					306 696.84
Expenditure:Depreciation and Amortisation:Depreciation:Community Assets:Sport and Recreation Facilities:Indoor Facilities		13 199 256.04					13 199 256.04
Expenditure:Depreciation and Amortisation:Depreciation:Computer Equipment	2 169 237.07		-				2 169 237.07
Expenditure:Depreciation and Amortisation:Depreciation:Electrical Infrastructure:MV Networks					-		-
Expenditure:Depreciation and Amortisation:Depreciation:Electrical Infrastructure:MV Substations					3 109 102.55		3 109 102.55
Expenditure:Depreciation and Amortisation:Depreciation:Furniture and Office Equipment	956 913.19						956 913.19
Expenditure:Depreciation and Amortisation:Depreciation:Machinery and Equipment	4 650 445.35				-		4 650 445.35
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets:Housing:Staff Housing					207 772.86		207 772.86
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets:Operational Buildings:Depots					52 271.56		52 271.56
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets:Operational Buildings:Municipal Offices					359 594.70		359 594.70
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets:Operational Buildings:Workshops					870.25		870.25
Expenditure:Depreciation and Amortisation:Depreciation:Other Assets:Operational Buildings:Yards					207 840.96		207 840.96
Expenditure:Depreciation and Amortisation:Depreciation:Roads Infrastructure:Road Structures					15 085 113.08		15 085 113.08
Expenditure:Depreciation and Amortisation:Depreciation:Roads Infrastructure:Roads					427 542.67		427 542.67
Expenditure:Depreciation and Amortisation:Depreciation:Transport Assets	2 865 166.49						2 865 166.49
Expenditure:Employee Related Cost:Municipal Staff:Post-retirement Benefit:Other Benefits:Leave Gratuity				209 532.00			209 532.00
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Cellular and Telephone	66 464.27	77 854.69	85 900.00	34 628.57	129 930.88	51 785.60	446 564.01
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Housing Benefits and Incidental:Housing Benefits	169 806.84	417 063.02	115 952.07	12 141.24	275 399.91	24 282.48	1 014 645.56
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Housing Benefits and Incidental:Rental Subsidy		10 247.35					10 247.35
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Acting and Post Related Allowances	2 361.38	88 993.04	357 862.76		65 308.15	-	514 525.33
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Bonus	672 971.92	1 024 171.35	980 784.24	226 625.52	937 299.91	583 206.23	4 425 059.17
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Leave Pay	551 972.97	1 553 572.23	202 252.96		680 125.16	381 966.72	3 369 890.04
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Overtime:Non Structured		3 400 193.00	5 045.40		1 881 292.61	18 958.37	5 305 489.38
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Overtime:Shift Additional Remuneration		14 639.11					14 639.11
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Overtime:Structured					42 186.03		42 186.03
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Service Related Benefits:Standby Allowance		578 752.04			1 614 195.11		2 192 947.15
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Allowances:Travel or Motor Vehicle	200 782.92	84 537.58	58 548.12	62 875.49	219 090.06	308 452.22	934 286.39
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Basic Salary and Wages	9 433 177.25	27 281 388.44	11 827 454.03	7 605 168.72	21 181 121.70	7 209 989.44	84 538 299.58
Expenditure:Employee Related Cost:Municipal Staff:Salaries; Wages and Allowances:Bonuses					230 297.79		230 297.79
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Bargaining Council	3 272.40	20 962.80	5 410.80	518.40	12 333.60	3 240.00	45 738.00
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Medical	918 668.11	1 935 345.00	973 483.44	121 899.00	1 591 604.60	719 142.87	6 260 143.02
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Pension	1 529 567.06	6 045 131.08	2 339 150.74	304 887.44	4 385 744.41	1 148 349.74	15 752 830.47
Expenditure:Employee Related Cost:Municipal Staff:Social Contributions:Unemployment Insurance	56 940.10	292 764.72	84 076.59	8 672.40	183 688.16	53 472.51	679 614.48

* See Note 49

Supplementary Information

GRAP 18 REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023 -

EXPENDITURE	BTO	COMMUINTY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	TOTAL
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Allowance:Cellular and Telephone	-						-
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Allowance:Travel or Motor Vehicle	-						-
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Salaries and Allowances:Basic Salary	14 956.64						14 956.64
Expenditure:Employee Related Cost:Senior Management:Chief Financial Officer:Social Contributions:Unemployment Insurance	-						-
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Allowance:Cellular and Telephone		7 714.29	13 857.15		18 000.00		39 571.44
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Allowance:Housing Benefits			92 380.95		46 702.23		139 083.18
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Allowance:Travel or Motor Vehicle		67 900.73	151 312.96		120 000.00		339 213.69
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Basic Salary		615 580.52	648 903.67		987 721.05		2 252 205.24
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Bonuses		48 000.00	-				48 000.00
Expenditure:Employee Related Cost:Senior Management:Designation:Salaries and Allowances:Service Related Benefits:Leave Pay			86 741.46				86 741.46
Expenditure:Employee Related Cost:Senior Management:Designation:Social Contributions:Medical		15 942.86	46 190.50		90 000.00		152 133.36
Expenditure:Employee Related Cost:Senior Management:Designation:Social Contributions:Unemployment Insurance		1 062.72	1 771.20		2 125.44		4 959.36
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Allowance:Cellular and Telephone						24 000.00	24 000.00
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Allowance:Travel or Motor Vehicle						288 391.32	288 391.32
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Basic Salary						851 586.53	851 586.53
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Salaries and Allowances:Bonuses		1 148 217.12			577 481.05	60 000.00	1 785 698.17
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Social Contributions:Medical						60 000.00	60 000.00
Expenditure:Employee Related Cost:Senior Management:Municipal Manager (MM):Social Contributions:Unemployment Insurance						2 125.44	2 125.44
Expenditure:Inventory Consumed:Consumables:Standard Rated		1 000 000.00				1 250 466.64	2 250 466.64
Expenditure:Inventory Consumed:Materials and Supplies	178 783.27	1 704 437.42	6 038 108.96	74 035.35	38 231.50	10 986.40	8 044 582.90
Expenditure:Irrecoverable Debts Written Off	8 026 913.79						8 026 913.79
Expenditure:Operating Leases:Furniture and Office Equipment			584 086.34				584 086.34
Expenditure:Operating Leases:Machinery and Equipment					-		-
Expenditure:Operating Leases:Transport Assets			325 480.80				325 480.80
Expenditure:Operational Cost:Advertising; Publicity and Marketing:Corporate and Municipal Activities						-	-
Expenditure:Operational Cost:Advertising; Publicity and Marketing:Customer/Client Information			707 642.47				707 642.47
Expenditure:Operational Cost:Advertising; Publicity and Marketing:Gifts and Promotional Items		13 293.22				134 547.48	147 840.70
Expenditure:Operational Cost:Advertising; Publicity and Marketing:Municipal Newsletters						600 000.00	600 000.00
Expenditure:Operational Cost:Advertising; Publicity and Marketing:Signs						226 816.65	226 816.65
Expenditure:Operational Cost:Bank Charges; Facility and Card Fees:Bank Accounts	670 295.82						670 295.82
Expenditure:Operational Cost:Bank Charges; Facility and Card Fees:Fleet and Other Credit/Debit Cards		-	82 489.73			-	82 489.73
Expenditure:Operational Cost:Bursaries (Employees)			100 000.00				100 000.00
Expenditure:Operational Cost:Commission:Third Party Vendors	1 574 514.50						1 574 514.50
Expenditure:Operational Cost:Communication:Cellular Expenditure			104 186.39				104 186.39
Expenditure:Operational Cost:Communication:Postage/Stamps/Franking Machines	294 903.96		-				294 903.96
Expenditure:Operational Cost:Communication:Telephone; Fax; Telegraph and Telex			3 246 029.80				3 246 029.80
Expenditure:Operational Cost:External Audit Fees	3 025 493.56						3 025 493.56
Expenditure:Operational Cost:External Computer Service:Software Licences	6 489 062.24	99 286.00	4 195 216.93				10 783 565.17
Expenditure:Operational Cost:External Computer Service:Specialised Computer Service			131 400.00				131 400.00
Expenditure:Operational Cost:Hire Charges			208 708.58			106 585.00	315 293.58
Expenditure:Operational Cost:Indigent Relief	45 993.46						45 993.46
Expenditure:Operational Cost:Insurance Underwriting:Excess Payments	51 456.46						51 456.46
Expenditure:Operational Cost:Insurance Underwriting:Premiums	1 936 635.00						1 936 635.00
Expenditure:Operational Cost:Learnerships and Internships	417 713.91	28 550.67	47 751.00	-	55 345.00		549 360.58
Expenditure:Operational Cost:Licences:Motor Vehicle Licence and Registrations			352 147.03				352 147.03
Expenditure:Operational Cost:Management Fee		286 000.00					286 000.00
Expenditure:Operational Cost:Municipal Services		535 568.72					535 568.72
Expenditure:Operational Cost:Personnel Agency Fees [Personnel Recruitment Costs]			59 024.36				59 024.36
Expenditure:Operational Cost:Professional Bodies; Membership and Subscription		-	756 672.42		35 000.00		791 672.42
Expenditure:Operational Cost:Registration Fees:Seminars; Conferences; Workshops and Events:National	335 436.78	419 450.93	116 633.47			247 879.26	1 119 400.44
Expenditure:Operational Cost:Skills Development Fund Levy	114 973.15	389 271.07	146 898.13	25 626.50	292 897.00	101 686.09	1 071 351.94
Expenditure:Operational Cost:Transport Provided as Part of Departmental Activities:Events						125 886.66	125 886.66
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Accommodation	13 234.17	29 061.26	116 432.75	36.00	63 542.73	59 179.92	281 486.83
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Transport with Operator:Public Transport:Air Transport						-	-
Expenditure:Operational Cost:Travel and Subsistence:Domestic:Transport without Operator:Own Transport	63 539.52	244 139.73	135 382.69	21 734.88	241 679.95	82 377.16	788 853.93
Expenditure:Operational Cost:Uniform and Protective Clothing		582 853.98	1 600 000.00	186 975.13	466 187.76		2 836 016.87
Expenditure:Operational Cost:Vehicle Tracking		4 000.00					4 000.00
Expenditure:Surplus / Deficit:Transfer to Accumulated Surplus	-	-	-	-	-	-	-
TOTAL SEGMENT EXPENDITURE	**57 867 069.30**	**90 716 425.43**	**45 075 896.55**	**##########**	**204 229 980.85**	**16 029 414.92**	**424 875 927.17**

Supplementary Information

GRAP 18 REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023 -

EXPENDITURE	BTO	COMMUINTY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	TOTAL
REVENUE							
Revenue:Exchange Revenue:Interest; Dividend and Rent on Land:Interest:Current and Non-current Assets:Short Term Investments and Call Accounts	- 7 437 440.63					-	7 437 440.63
Revenue:Exchange Revenue:Interest; Dividend and Rent on Land:Interest:Receivables:Service Charges	- 4 916 111.44					-	4 916 111.44
Revenue:Exchange Revenue:Operational Revenue:Administrative Handling Fees			- 147.83			-	147.83
Revenue:Exchange Revenue:Operational Revenue:Discounts and Early Settlements	- 74 198.47					-	74 198.47
Revenue:Exchange Revenue:Operational Revenue:Incidental Cash Surpluses	7 938.13						7 938.13
Revenue:Exchange Revenue:Operational Revenue:Insurance Refund	- 113 973.86					-	113 973.86
Revenue:Exchange Revenue:Operational Revenue:Request for Information:Plan Printing and Duplicates					- 81.75	-	81.75
Revenue:Exchange Revenue:Operational Revenue:Staff and Councillors Recoveries	-		-		-		-
Revenue:Exchange Revenue:Rental from Fixed Assets:Market Related:Investment Property:Straight-lined Operating		- 307 061.20				-	307 061.20
Revenue:Exchange Revenue:Rental from Fixed Assets:Non-market Related:Investment Property:Ad-hoc rentals		244 876.38					244 876.38
Revenue:Exchange Revenue:Rental from Fixed Assets:Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Community Assets		- 247 852.60				-	247 852.60
Revenue:Exchange Revenue:Rental from Fixed Assets:Non-market Related:Property Plant and Equipment:Ad-hoc rentals:Other Assets					- 23 299.14	-	23 299.14
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Advertisements					- 23 335.83	-	23 335.83
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Building Plan Approval					- 512 631.01	-	512 631.01
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Building Plan Clause Levy					- 7 015.58	-	7 015.58
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Cemetery and Burial		- 224 090.21				-	224 090.21
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Clearance Certificates	- 73 376.18					-	73 376.18
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Encroachment Fees					- 37 818.57	-	37 818.57
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Entrance Fees					- 1 078.26	-	1 078.26
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Housing (Boarding Services):Staff					- 584 751.12	-	584 751.12
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Photo copies; Faxes and Telephone charges					- 240.45	-	240.45
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Removal of Restrictions					- 78 719.24	-	78 719.24
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Sale of Goods:Materials and Equipment	- 715 542.59					-	715 542.59
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Sale of Goods:Sub-division and Consolidation Fees					- 193 603.10	-	193 603.10
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Sale of Goods:Valuation Rolls	- 156.52					-	156.52
Revenue:Exchange Revenue:Sales of Goods and Rendering of Services:Streets/Street Markets (Informal Traders)		- 1 750.56			- 38 422.88	-	40 173.44
Revenue:Exchange Revenue:Service Charges:Electricity:Availability Charges					- 117 376 962.99	-	117 376 962.99
Revenue:Exchange Revenue:Service Charges:Electricity:Connection/Reconnection:Connections New:Non-government Housing					- 204 545.02	-	204 545.02
Revenue:Exchange Revenue:Service Charges:Electricity:Connection/Reconnection:Disconnection/Reconnection Fees					- 682 207.63	-	682 207.63
Revenue:Exchange Revenue:Service Charges:Electricity:Electricity Sales:Domestic High:Conventional					-		-
Revenue:Exchange Revenue:Service Charges:Electricity:Electricity Sales:Domestic Low:Prepaid					- 56 257 217.35	-	56 257 217.35
Revenue:Exchange Revenue:Service Charges:Waste Management:Disposal Facilities		- 89 577.60				-	89 577.60
Revenue:Exchange Revenue:Service Charges:Waste Management:Refuse Removal		- 18 824 217.98				-	18 824 217.98
Revenue:Non-exchange Revenue:Fines; Penalties and Forfeits:Fines:Illegal Connections					- 120 429.63	-	120 429.63
Revenue:Non-exchange Revenue:Fines; Penalties and Forfeits:Fines:Overdue Books Fine		- 12 040.00				-	12 040.00
Revenue:Non-exchange Revenue:Fines; Penalties and Forfeits:Fines:Traffic:Municipal		- 134 471.74				-	134 471.74
Revenue:Non-exchange Revenue:Interest:Interest:Receivables:Property Rates	-						-
Revenue:Non-exchange Revenue:Licences or Permits:Road and Transport:Motor Vehicle Licence		- 4 549 316.76				-	4 549 316.76
Revenue:Non-exchange Revenue:Licences or Permits:Trading		- 32 974.91				-	32 974.91
Revenue:Non-exchange Revenue:Property Rates by Usage:Agricultural Properties	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Business and Commercial Properties	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Industrial Properties	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Public Benefit Organisations	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Public Service Infrastructure Properties	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Public Service Purposes Properties	-						-
Revenue:Non-exchange Revenue:Property Rates by Usage:Residential Properties	-						-
Revenue:Non-exchange Revenue:Property Rates:Agricultural Property	- 12 991 285.66					-	12 991 285.66
Revenue:Non-exchange Revenue:Property Rates:Business and Commercial Properties	- 39 271 966.09					-	39 271 966.09
Revenue:Non-exchange Revenue:Property Rates:Formal and Informal Settlements	6 131 891.77						6 131 891.77
Revenue:Non-exchange Revenue:Property Rates:Industrial Properties	- 12 199 437.16					-	12 199 437.16
Revenue:Non-exchange Revenue:Property Rates:Other Categories	- 1 509 159.97					-	1 509 159.97
Revenue:Non-exchange Revenue:Property Rates:Public Service Infrastructure Properties	-						-
Revenue:Non-exchange Revenue:Property Rates:Residential Properties:Developed	- 10 526 778.28					-	10 526 778.28
Revenue:Non-exchange Revenue:Property Rates:Special Rating Area	- 1 235 362.56					-	1 235 362.56
Revenue:Non-exchange Revenue:Property Rates:State-owned Properties	- 60 556 015.58					-	60 556 015.58
Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital:Monetary Allocations:National Government:Energy Efficiency and Demand Side Management Grant					- 4 876 795.53	-	4 876 795.53
Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital:Monetary Allocations:National Government:Integrated National Electrification Programme Grant					- 28 500 000.00	-	28 500 000.00
Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital:Monetary Allocations:National Government:Municipal Infrastructure Grant					- 19 214 004.17	-	19 214 004.17
Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital:Monetary Allocations:Provincial Governments:KwaZulu-Natal:Infrastructure:KZNDOT-Department of Transpor	- 1 000 000.00				-	-	1 000 000.00

* See Note 49

Supplementary Information

GRAP 18 REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023 -

EXPENDITURE	BTO	COMMUINTY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	TOTAL
Revenue:Non-exchange Revenue:Transfers and Subsidies:Capital:Monetary Allocations:Provincial Governments:KwaZulu-Natal:Infrastructure:Specify (Add grant description)				-			-
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:National Governments:Expanded Public Works Programme Integrated Grant				- 4 266 000.00			- 4 266 000.00
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:National Governments:Local Government Financial Management Grant	- 1 750 000.00						- 1 750 000.00
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:National Revenue Fund:Equitable Share	- 75 091 000.00						- 75 091 000.00
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Non-profit institutions:Sporting Bodies - Rent						- 109 051.68	- 109 051.68
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Non-profit institutions:Unspecified:Non Profit Institutions			- 70 988.20				- 70 988.20
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:KwaZulu-Natal:Capacity Building and Other:Arts and culture -Library grant		- 4 305 000.00					- 4 305 000.00
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:KwaZulu-Natal:Capacity Building and Other:Department of Transport Fund		- 13 369 565.22					- 13 369 565.22
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:KwaZulu-Natal:Capacity Building and Other:Economic Development; Tourism and Environmental Affairs			126 687.16	-			126 687.16
Revenue:Non-exchange Revenue:Transfers and Subsidies:Operational:Monetary Allocations:Provincial Government:KwaZulu-Natal:Capacity Building and Other:Specify (Add grant description)		13 369 565.22	- 55 698.96	- 452 250.00		109 051.68	12 970 667.94
TOTAL SEGMENT REVENUE	**-223 321 975.09**	**- 28 483 477.18**	**- 147.83**	**-4 718 250.00**	**- 228 733 159.25**	**-**	**- 485 257 009.35**
SURPLUS FOR THE YEAR	**-165 454 905.79**	**62 232 948.25**	**45 075 748.72**	**6 238 890.12**	**- 24 503 178.40**	**16 029 414.92**	**- 60 381 082.18**

NOTES ON REPORTABLE SEGMENT FOR GREATER KOKSTAD MUNICIPALITY AS AT 30 JUNE 2023

Segment reporting breaks down the operations of the municipality into manageable pieces , segments as per GRAP 18.

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The four key business units comprise of the following functions to deal with community service delivery which is a key objective of any municipality:

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

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost-effective manner.

Please note that the departments seems to have losses are not actual losses but it because the income for those departments are being budgeted in the Budget and Treasury fuding and the unconditional grant is budgeted at Budget and Treasury Office.