GREATER
KOKSTAD
MUNICIPALITY

PROVINCE OF KWAZULU-NATAL

Greater Kokstad Local Municipality
Annual financial statements
for the year ended June 30, 2024

General Information

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

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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.

The accounting officer is responsible for the preparation of these 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.

The accounting officer certifies 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 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 June 30, 2024

	Notes	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	968,809	883,782
Receivables from non-exchange transactions	4	43,429,132	35,344,213
Prepayments	5	4,581,148	2,827,356
Receivables from exchange transactions	6	41,589,947	42,933,939
Cash and cash equivalents	7	112,924,638	132,310,495
		203,493,674	**214,299,785**
Non-Current Assets			
Investment property	8	114,661,428	108,993,753
Property, plant and equipment	9	853,619,544	794,826,188
Intangible assets	10	2,090,041	1,052,656
Heritage assets	11	2,232,400	2,066,400
		972,603,413	**906,938,997**
Total Assets		**1,176,097,087**	**1,121,238,782**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	61,873,775	67,119,138
VAT payable	13	-	11,640,971
Consumer deposits	14	6,120,198	5,510,934
Employee benefit obligation	15	1,372,953	1,959,000
Unspent conditional grants and receipts	16	7,561,744	23,233,561
Provisions	17	937,980	569,563
Deferred income	18	2,173,902	3,221,136
		80,040,552	**113,254,303**
Non-Current Liabilities			
Employee benefit obligation	15	28,276,400	25,607,999
Provisions	17	16,792,527	15,048,542
		45,068,927	**40,656,541**
Total Liabilities		**125,109,479**	**153,910,844**
Net Assets		**1,050,987,608**	**967,327,938**
Accumulated surplus		1,050,679,452	967,744,499
Total Net Assets		**1,050,679,452**	**967,744,499**

* See Note 49

Statement of Financial Performance

	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	221,567,441	194,295,045
Rental of facilities and equipment	20	3,003,108	3,090,164
Licences and permits	21	5,052,163	4,582,292
Other income	23	536,471	1,710,922
Interest earned - external investments	23	10,920,874	7,437,441
Total revenue from exchange transactions		**241,080,057**	**211,115,864**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	150,625,533	132,158,114
Interest earned - outstanding receivables	24	5,466,948	4,916,111
Transfer revenue			
Government grants and subsidies	25	167,460,466	162,751,994
Donation	26	12,497,082	-
Fines, Penalties and Forfeits	27	2,160,127	3,319,320
Total revenue from non-exchange transactions		**338,210,156**	**303,145,539**
Total revenue		**579,290,213**	**514,261,403**
Expenditure			
Employee costs	28	(163,087,625)	(147,802,643)
Remuneration of councillors	29	(8,309,433)	(8,107,401)
Repairs and maintenance	30	(22,873,635)	(7,044,974)
Transfer payments - Other		(4,454,958)	-
Depreciation and amortisation	31	(31,910,382)	(39,862,921)
Finance costs		(827,670)	(1,475,702)
Debt written off	32	(10,648,934)	(10,783,741)
Provision of impairment of debtors expense		(7,321,283)	(915,609)
Bulk purchases	33	(151,164,159)	(136,497,112)
Contracted services	34	(54,248,069)	(28,212,855)
General expenses	35	(46,493,681)	(64,071,893)
Total expenditure		**(501,507,185)**	**(444,982,615)**
Operating surplus		**77,783,028**	**69,278,788**
Gain on landfill site		(804,533)	1,701,365
Gain / (loss) on actuarial		1,234,367	7,765,000
Fair value adjustments		5,833,676	4,434,528
Profit / (Loss) on Disposal of Assets		(7,400,793)	(330,980)
Impairment loss		(559,424)	(59,774)
Recovery for provision debtors		141,304	4,444,352
Provision for performance recovery of bonuses		569,563	1,761,153
		(985,840)	**19,715,644**
Surplus for the year		**76,797,188**	**88,994,432**

* See Note 49

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at July 1, 2022	**878,542,303**	**878,542,303**
Changes in net assets		
Surplus for the year	89,202,196	89,202,196
Total changes	89,202,196	89,202,196
Restated* Balance at July 1, 2023	**971,674,580**	**971,674,580**
Changes in net assets		
Correction of Error Prior year note 50	2,040,328	2,040,328
Net income (losses) recognised directly in net assets	2,040,328	2,040,328
Surplus for the year	76,964,544	76,964,544
Total recognised income and expenses for the year	79,004,872	79,004,872
Total changes	79,004,872	79,004,872
Balance at June 30, 2024	**1,050,679,452**	**1,050,679,452**

* See Note 49

Cash Flow Statement

	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Taxation		144,700,741	142,496,208
Sale of goods and services		220,854,241	185,148,520
Grants		151,788,649	184,471,802
Interest income		10,920,874	8,564,158
Interest on outstanding debtors		1,931,024	5,268,292
		530,195,529	525,948,980
Payments			
Employee costs		(165,429,766)	(159,471,442)
Suppliers		(265,577,241)	(239,722,443)
		(431,007,007)	(399,193,885)
Net cash flows from operating activities	36	**116,323,326**	**126,755,095**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(134,662,021)	(66,166,735)
Proceeds from sale of property, plant and equipment	9	-	715,543
Net movement on deferred income		(1,047,234)	131,386
Net cash flows from investing activities		**(135,709,255)**	**(65,319,806)**
Net increase/(decrease) in cash and cash equivalents		**(19,385,857)**	**61,435,289**
Cash and cash equivalents at the beginning of the year		132,310,495	70,875,206
Cash and cash equivalents at the end of the year	7	**112,924,638**	**132,310,495**

* See Note 49

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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 goods	11,965,623	9,988,377	**21,954,000**	-	**(21,954,000)**	
Sale of electricity	185,555,244	619,756	**186,175,000**	195,634,441	**9,459,441**	
Removal of refuse	20,252,388	-	**20,252,388**	25,933,000	**5,680,612**	
Other revenue	4,330,164	7,053,002	**11,383,166**	-	**(11,383,166)**	
Rental of facilities and equipment	2,376,108	918,892	**3,295,000**	3,003,108	**(291,892)**	
Interest received -outstanding debtors	4,778,388	1,499,612	**6,278,000**	-	**(6,278,000)**	
Licences and permits	5,182,128	-	**5,182,128**	5,052,163	**(129,965)**	
Other income	-	-	-	536,471	**536,471**	
Investment revenue	5,814,108	-	**5,814,108**	10,920,874	**5,106,766**	
Total revenue from exchange transactions	**240,254,151**	**20,079,639**	**260,333,790**	**241,080,057**	**(19,253,733)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	141,737,892	-	**141,737,892**	150,625,533	**8,887,641**	
Interest earned - outstanding receivables	-	-	-	5,466,948	**5,466,948**	
Transfer revenue						
Transfer recognised - Operational & Capital	171,912,894	9,734,000	**181,646,894**	167,460,466	**(14,186,428)**	
Capital donations	-	-	-	12,497,082	**12,497,082**	
Fines, Penalties and Forfeits	227,424	-	**227,424**	2,160,127	**1,932,703**	
Total revenue from non-exchange transactions	**313,878,210**	**9,734,000**	**323,612,210**	**338,210,156**	**14,597,946**	
Total revenue	**554,132,361**	**29,813,639**	**583,946,000**	**579,290,213**	**(4,655,787)**	
Expenditure						
Employee costs	(158,874,801)	2,881,801	**(155,993,000)**	(163,087,625)	**(7,094,625)**	
Remuneration of councillors	(8,842,022)	106,022	**(8,736,000)**	(8,309,433)	**426,567**	
Repairs and maintainance	(15,548,000)	(7,595,000)	**(23,143,000)**	(22,873,635)	**269,365**	
Transfer payments - Other	-	-	-	(4,454,958)	**(4,454,958)**	
Depreciation and asset impairment	(30,235,836)	2,240,836	**(27,995,000)**	(31,910,382)	**(3,915,382)**	
Impairment of assets	-	-	-	(559,424)	**(559,424)**	
Finance charges	-	-	-	(827,670)	**(827,670)**	
Debt impairment	(8,499,996)	-	**(8,499,996)**	(10,648,934)	**(2,148,938)**	
Collection costs	-	-	-	(7,321,283)	**(7,321,283)**	
Material & bulk purchases	(142,993,048)	(8,171,952)	**(151,165,000)**	(151,164,159)	**841**	
Contracted services	(44,698,159)	(9,579,841)	**(54,278,000)**	(54,248,069)	**29,931**	
General expenses	(32,536,138)	(5,405,866)	**(37,942,004)**	(46,493,681)	**(8,551,677)**	
Total expenditure	**(442,228,000)**	**(25,524,000)**	**(467,752,000)**	**(501,899,253)**	**(34,147,253)**	

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
Surplus/(Deficit)	**111,904,361**	**4,289,639**	**116,194,000**	**77,390,960**	**(38,803,040)**	
Gain on landfill site	-	-	-	(804,533)	**(804,533)**	
Gain / (loss) on actuarial	-	-	-	1,234,367	**1,234,367**	
Fair value adjustments	-	-	-	5,833,676	**5,833,676**	
Loss on Disposal of Assets	-	-	-	(7,400,793)	**(7,400,793)**	
Recovery for provision debtors	-	-	-	141,304	**141,304**	
Gains from transfer of functions between entities not under common control	-	-	-	569,563	**569,563**	
	-	-	-	**(426,416)**	**(426,416)**	
Surplus	**111,904,361**	**4,289,639**	**116,194,000**	**76,964,544**	**(39,229,456)**	
Surplus for the year from continuing operations	**111,904,361**	**4,289,639**	**116,194,000**	**76,964,544**	**(39,229,456)**	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	82,289,668	-	**82,289,668**	-	**(82,289,668)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**194,194,029**	**4,289,639**	**198,483,668**	**76,964,544**	**(121,519,124)**	

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 Position						
Assets						
Current Assets						
Inventories	10,897,742	(156,000)	**10,741,742**	968,809	**(9,772,933)**	4
Receivables from non-exchange transactions	(32,262,766)	90,010,000	**57,747,234**	43,492,220	**(14,255,014)**	2
Prepayments	-	-	**-**	4,581,148	**4,581,148**	
Consumer debtors	69,877,690	(993,000)	**68,884,690**	39,028,344	**(29,856,346)**	1
Cash and cash equivalents	122,705,030	-	**122,705,030**	112,924,640	**(9,780,390)**	
	171,217,696	**88,861,000**	**260,078,696**	**200,995,161**	**(59,083,535)**	
Non-Current Assets						
Investment property	102,284,133	-	**102,284,133**	114,661,428	**12,377,295**	5
Property, plant and equipment	858,642,045	26,542,000	**885,184,045**	854,099,449	**(31,084,596)**	6
Intangible assets	2,233,732	-	**2,233,732**	2,090,039	**(143,693)**	7
Heritage assets	2,066,400	-	**2,066,400**	2,232,400	**166,000**	8
	965,226,310	**26,542,000**	**991,768,310**	**973,083,316**	**(18,684,994)**	
Total Assets	**1,136,444,006**	**115,403,000**	**1,251,847,006**	**1,174,078,477**	**(77,768,529)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	107,808,315	4,237,999	**112,046,314**	61,563,073	**(50,483,241)**	
VAT payable	25,920,417	-	**25,920,417**	-	**(25,920,417)**	
Consumer deposits	4,503,509	-	**4,503,509**	6,120,198	**1,616,689**	8
Employee benefit obligation	-	-	**-**	1,372,953	**1,372,953**	
Unspent conditional grants and receipts	-	-	**-**	7,561,744	**7,561,744**	
Provisions	23,936,398	-	**23,936,398**	937,980	**(22,998,418)**	9
Deferred income	-	-	**-**	2,173,902	**2,173,902**	
	162,168,639	**4,237,999**	**166,406,638**	**79,729,850**	**(86,676,788)**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	28,276,400	**28,276,400**	
Provisions	-	-	**-**	16,792,527	**16,792,527**	9
	-	**-**	**-**	**45,068,927**	**45,068,927**	
Total Liabilities	**162,168,639**	**4,237,999**	**166,406,638**	**124,798,777**	**(41,607,861)**	
Net Assets	**974,275,367**	**111,165,001**	**1,085,440,368**	**1,049,279,700**	**(36,160,668)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	974,275,367	111,165,001	**1,085,440,368**	1,050,679,452	**(34,760,916)**	

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

1.Current assets include : Receivables from exchange, the difference is caused by write-offs relating to indigent which were processed during the financial year.

2.Current assets include : Receivables from non exchange, the difference is caused by write-offs relating to indigent which were processed during the financial year.

3.Cash and cash equivalents: The variance is caused by INEP grant reduction made by treasury nationwide

4.Inventory: The municipality was fully utilising inventory module on the system.

5.Investment Property: There was a fair value adjustment that was recognised during the financial year

6.PPE:There were new capital assets completed that were recognised during the financial year

7.Heritage Assets:There was a fair value adjustment that was recognised during the financial year

8.Current Liabilities: Consumer deposits, The variance is caused by variance increasest

9.Provisions: The increase is due to increase in actuarial report and landfill site valuation.

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
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	177,147,170	7,842,000	**184,989,170**	150,163,932	**(34,825,238)**	10
Sale of goods and services	304,463,451	6,465,000	**310,928,451**	232,848,696	**(78,079,755)**	11
Grants	171,914,363	25,812,000	**197,726,363**	167,460,466	**(30,265,897)**	13
Interest income	4,778,388	1,500,000	**6,278,388**	10,920,874	**4,642,486**	12
	658,303,372	**41,619,000**	**699,922,372**	**561,393,968**	**(138,528,404)**	
Payments						
Employee costs and suplpliers	(433,410,000)	(17,342,000)	**(450,752,000)**	(443,280,565)	**7,471,435**	14
Net cash flows from operating activities	**224,893,372**	**24,277,000**	**249,170,372**	**118,113,403**	**(131,056,969)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(127,775,400)	(25,510,000)	**(153,285,400)**	(136,452,098)	**16,833,302**	16
Cash flows from financing activities						
Deferred income	-	-	-	(1,047,234)	**(1,047,234)**	
Net increase/(decrease) in cash and cash equivalents	97,117,972	(1,233,000)	**95,884,972**	(19,385,929)	**(115,270,901)**	
Cash and cash equivalents at the beginning of the year	25,587,888	-	**25,587,888**	132,310,495	**106,722,607**	15
Cash and cash equivalents at the end of the year	**122,705,860**	**(1,233,000)**	**121,472,860**	**112,924,566**	**(8,548,294)**	

10.The taxation difference is caused by rebates provided

11.Sale of goods and services:The variance is due to eskom tarrifs that are more than municipal tarrifs

12.Interest Income: The variance is due to increase on the balance of trade receivables

13.Grants:The variance is due to the grant from department of transport that the municipality did not receive.

14.Employee costst and suppliers: The difference is due to vacancies that were not filled during the financial year and expenditure measures put in place for procurement.

15.Cash and cash equivalents: The difference is due to INEP grant which was not received by the municipality due to the amendment made by the minister of finance minister

16.PPE: The increase is due to reprioratisation of capital projects made by the municipality

Significant Accounting Policies

	Note(s)	2024	2023

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 significant accounting policies applied in the preparation of these annual 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 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 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

Significant Accounting Policies

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 amortisation 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.

Non 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 the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the Municipality.

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 judgments 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

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

Significant Accounting Policies

1.3 Critical judgements, estimates and assumptions (continued)

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 utilisation 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 consumption.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.

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

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.

1.4 Investment property (continued)

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

Significant Accounting Policies

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.

Subsequent measurement

1.7 Intangible Assets (continued)

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
Recievables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
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 entity 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:

1.8 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality 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 municipality'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 municipality'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 municipality'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.

Significant Accounting Policies

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 Construction contracts and receivables

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

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

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

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

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

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

Significant Accounting Policies

1.12 Construction contracts and receivables (continued)

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

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

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

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

1.13 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.

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.

1.14 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.

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.

Significant Accounting Policies

1.15 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.

Long service awards

GRAP25 states that the current service cost should be recognised as a periodic expense in operating profit and should be matched to the benefit received during the working life of the employee.

Greater Kokstad offers bonuses for every 5 years of completed service from 5 years to 45 years. Below we outline the benefits awarded to qualifying employees.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Greater Kokstad advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

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.

1.15 Employee benefits (continued)

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.

1.16 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.

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.

Significant Accounting Policies

1.16 Provisions (continued)

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 38.

1.17 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.

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.

Significant Accounting Policies

1.17 Revenue from exchange transactions (continued)

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.

1.18 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.

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.

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.

1.18 Revenue from non-exchange transactions (continued)

Deferred Income

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

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 Contributions

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

1.19 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.

1.20 Comparative figures

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

1.21 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.

1.22 Fruitless and wasteful expenditure

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

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

Significant Accounting Policies

1.23 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.

1.24 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.

1.25 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.

1.26 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).

Significant Accounting Policies

1.26 Related parties (continued)

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.

1.27 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.

1.28 Statutory Receivables

Statutory receivables are receivables that:
- arise from legislation, supporting regulations, or similar means; and
- require settlement by another entity in cash or another financial asset.

Recognition

An entity shall recognise statutory receivables as follows:
- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23; or
- 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:
- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- 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:
- derecognise the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

Significant Accounting Policies

1.28 Statutory Receivables (continued)

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:

- Interest or other charges that may accrued on receivables (where applicable)
- Impairement losses and
- 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.

1.29 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.

1.30 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.

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.

	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods:

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2024 or later periods but are not relevant to its operations:

3. Inventories

	2024	2023
Stores and materials	968,809	883,782

4. Receivables from non-exchange transactions

4.1 Statutory receivables from non-exchange transaction

	2024	2023
Fines	20,709,168	18,607,724
VAT receivable	2,913,837	-
Consumer debtors - rates	19,806,127	16,736,489
	43,429,132	**35,344,213**

Statutory receivables included in receivables from non-exchange transactions above are as follows:

	2024	2023
VAT Receivables	2,913,837	-

Fines Reconciliation	2024	2023
Opening balance fines	27,154,803	24,102,425
Opening impairment of fines	(8,547,079)	(7,631,470)
Current year fines	1,960,140	3,052,378
Current year impairment of fines	141,304	(915,609)
	20,709,168	**18,607,724**

Statutory receivables - Rates

Gross	2024	2023
Rates	37,549,450	30,059,063
Impairment	(17,743,323)	(13,334,199)
	19,806,127	**16,724,864**

Rates	2024	2023
Current	6,393,359	5,727,519
31 - 60 days	2,807,510	2,267,894
61 - 90 days	1,724,001	890,017
91 - 120 days	1,159,823	778,296
121 - 150 days	959,633	530,680
> 151 days	24,505,123	19,864,657
	37,549,449	**30,059,063**

	2024	2023

5. Prepayments

Profecia IT - Customer Care	58,963	384,874
Exclaimer cloud	122,237	85,694
Papercut MF print	61,633	75,362
Solar winds	115,859	491,742
Cibecs perpetual	76,769	205,506
Lensweeper	47,016	63,290
Softline VIP	223,645	98,122
SMS Portal	10,344	5,554
Sophos	156,805	974,658
Managed engine audit	50,823	144,239
PMS system	-	100,000
Adobe Sign	63,600	198,315
Tenable management tool to scan	63,600	-
ECAPS	513,333	-
Peoples MCS	16,520	-
Elliot and Walker Trust account	3,000,000	-
	4,581,147	**2,827,356**

The year of renewal overlaps to the Municipality's new financial year.The municipality pre-paid for the above licenses for the current period R 4 581 147 and prior year 2023: R 2 827 356.

The Municipality is in the process of acquiring Land, Portion 41 of the Farm Waaifontein, Number 301. The purchase price of the property, inclusive of the dairy, dairy equip, irrigation pivot and Netsle Contract is R 9 500 000, excl VAT.
The sum of R 3 000 000 was paid into the Conveyancer's trust account, on the 30 February 2024 in reduction of the purchase price.

6. Receivables from exchange transactions

Gross balances		
Electricity	23,163,938	24,792,673
Refuse	20,512,790	18,314,193
Prepayments	5,095,575	-
Fire levy	2,872,175	7,625,389
Other - Sundry debtors	4,013,224	3,357,281
	55,657,702	**54,089,536**
Less: Allowance for impairment		
Electricity	(1,237,815)	(986,947)
Refuse	(11,085,458)	(9,647,918)
Fire levy	(1,744,482)	(520,732)
	(14,067,755)	**(11,155,597)**
Net balance		
Electricity	21,926,123	23,805,726
Refuse	9,427,332	8,666,275
Prepayments	5,095,575	-
Fire levy	1,127,693	7,104,657
Other - Sundry debtors	4,013,224	3,357,281
	41,589,947	**42,933,939**

	2024	2023

6. Receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	15,696,209	15,004,978
31 - 60 days	5,552,767	7,862,299
61 - 90 days	170,082	241,422
91 - 120 days	104,570	136,844
121 - 365 days	102,963	145,827
> 365 days	1,537,348	1,401,303
	23,163,939	**24,792,673**

Refuse		
Current (0 -30 days)	2,035,472	1,750,741
31 - 60 days	1,389,879	1,135,652
61 - 90 days	1,023,899	825,307
91 - 120 days	855,502	693,873
121 - 365 days	746,146	582,874
> 365 days	14,461,889	13,325,746
	20,512,787	**18,314,193**

Fire levy and other		
Current (0 -30 days)	126,495	40,906
31 - 60 days	99,774	29,315
61 - 90 days	82,313	22,321
91 - 120 days	72,019	18,480
121 - 365 days	408,132	16,023
> 365 days	2,083,439	780,447
	2,872,172	**907,492**

Other sundry debtors		
Current (0 -30 days)	161,432	199,580
31 - 60 days	145,931	342,890
61 - 90 days	15,446	274,444
91 - 120 days	90,688	234,399
121 - 365 days	247,157	68,365
> 365 days	2,562,939	2,237,603
	3,223,593	**3,357,281**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(11,155,597)	(13,258,509)
Contributions to allowance	(2,912,159)	2,102,912
	(14,067,756)	**(11,155,597)**

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At June 30, 2024, 6,890,504 (2023: 9,595,069) were past due but not impaired.

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

1 month past due	5,061,506	8,960,928
2 months past due	1,481,003	510,628
3 months past due	347,995	123,513

	2024	2023

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Excess on petty cash on Main account	25,295	25,295
Bank balances	7,836,436	56,396,188
Short-term deposits	105,062,907	75,889,012
	112,924,638	**132,310,495**

The municipality had the following bank accounts

Account number	Bank statement balances		Cash book balances	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
FNB 527 2002 4258 Main Acc	7,157,280	56,277,335	7,861,731	56,421,486
FNB 620 4994 7825 Reserves	55,233,643	174,334	40,233,611	174,334
FNB 622 9521 8947 Arts & Cul	44,640	2,000	44,650	1,999
FNB 620 6810 2682 PHP	25,306	24,836	25,306	24,836
FNB 620 8937 2868 MIG	474,759	7,314,154	474,759	7,314,154
FNB 620 8992 7663 MSIG	289,317	270,753	289,317	270,753
FNB 621 9170 1476 FMG	404,465	1,380	404,465	1,380
FNB 621 0368 9230 HHP	1,037,120	1,017,740	1,037,120	1,017,741
FNB 621 9024 8221 HOA	1,385,196	3,238,009	1,385,196	3,238,009
STD 308644085 Small Town	1,656,106	120,727	1,656,106	120,727
NED 037165013687 Excllence	1,212,385	1,118,668	1,212,385	1,118,668
FNB 62300641611 GKM Rental	2,237	2,237	2,237	2,237
NED 0371 6501 3660 EPWP	111,377	46,540	111,377	46,540
NED 037165014276 Sports	142,465	131,453	142,465	131,453
ABSA 2080124654 Reserves	8,879,155	8,344,471	8,879,155	8,344,471
NED 037165022295 Reserves	5,647,242	5,209,574	5,647,242	5,209,574
NED 037165021256 Reserves	8,532,608	7,873,046	8,532,608	7,873,046
STD 638516196 Reserves	29,322,310	26,929,107	29,322,310	26,929,107
STD 638515580 DOE	4,236,260	12,584,935	4,236,260	12,584,935
FNB 62866900337 TRP	1,426,336	1,440,335	1,426,336	1,440,335
Total	**127,220,207**	**132,121,634**	**112,924,636**	**132,265,785**

8. Investment property

	2024			2023		
	Opening carrying value	Fair value adjustment	Closing carrying value	Opening carrying value	Fair value adjustment	Closing carrying value
Investment property	114,661,428	-	114,661,428	108,993,753	-	108,993,753

Reconciliation of investment property - 30 June 2024

	Opening balance	Fair value adjustments	Total
Investment property	108,993,753	5,667,675	114,661,428

Reconciliation of investment property - 30 June 2023

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	105,352,657	(793,432)	4,434,528	108,993,753

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.

9. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	126,724,377	(95,629,974)	31,094,403	125,416,873	(94,922,675)	30,494,198
Motor vehicles	20,621,021	(16,156,089)	4,464,932	22,342,280	(16,238,854)	6,103,426
Infrastructure	800,198,489	(435,338,447)	364,860,042	750,969,110	(420,363,540)	330,605,570
Community	273,246,768	(121,894,898)	151,351,870	264,703,758	(118,746,814)	145,956,944
Other property, plant and equipment	39,287,469	(29,844,675)	9,442,794	53,183,890	(41,253,738)	11,930,152
Capital work in progress infrastructure	175,101,201	-	175,101,201	177,208,815	-	177,208,815
Capital work in progress community	117,304,302	-	117,304,302	92,527,400	-	92,527,400
Total	**1,552,483,627**	**(698,864,083)**	**853,619,544**	**1,486,352,126**	**(691,525,621)**	**794,826,505**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Additions	Disposals	Transfers in	Reclassification from WIP	Reclassification	Depreciation	Impairment loss	Total
Land and Buildings	30,494,198	1,307,504	-	-	-	-	(707,299)	-	31,094,403
Motor vehicles	6,103,426	647,485	-	-	-	-	(2,285,980)	-	4,464,932
Infrastructure	330,605,570	-	(1,726,221)	-	57,271,991	-	(21,127,119)	(164,179)	364,860,042
Community	145,956,921	111,783	(2,118,696)	12,304,810	-	-	(4,507,703)	(395,245)	151,351,870
Other property, plant and equipment	11,930,486	3,967,263	(3,072,600)	-	-	-	(3,382,356)	-	9,442,794
Capital work in progress infrastructure	177,208,815	65,292,458	-	(56,712,639)	(1,790,078)	(8,897,355)	-	-	175,101,201
Capital work in progress community	92,527,400	63,447,272	-	(38,670,370)	-	-	-	-	117,304,302
	794,826,816	**134,773,765**	**(6,917,517)**	**(83,078,199)**	**55,481,913**	**(8,897,355)**	**(32,010,457)**	**(559,424)**	**853,619,544**

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Reclassification	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	-	-	-	(25,749,463)	-	330,605,570
Community	142,799,615	-	-	8,143,623	-	-	-	(4,986,294)	-	145,956,944
Other property, plant and equipment	13,812,918	3,780,921	(527,206)	-	-	-	716,321	(5,793,026)	(59,774)	11,930,152
Capital work in progress infrastructure	119,071,865	82,711,050	-	-	(23,405,566)	(452,216)	(716,318)	-	-	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)**	**23,405,566**	**(23,405,566)**	**(452,216)**	**3**	**(39,997,447)**	**(59,774)**	**794,826,505**

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress as at 30 June 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	177,208,816	92,527,400	269,736,216
Additions/capital expenditure	65,292,458	63,447,272	128,739,730
Other movements [specify]	(8,897,355)	-	(8,897,355)
Transferred to completed items	(58,502,717)	(38,670,370)	(97,173,087)
	175,101,202	**117,304,302**	**292,405,504**

Reconciliation of Work-in-Progress as at 30 June 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	119,071,865	100,671,023	-	219,742,888
Additions/capital expenditure	60,649,852	22,061,199	-	82,711,051
Other movements [specify]	-	(1,168,534)	-	(1,168,534)
Transferred to completed items	(22,882,181)	(8,143,623)	(523,385)	(31,549,189)
	156,839,536	**113,420,065**	**(523,385)**	**269,736,216**

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

	2024	2023
Contracted services	22,440,362	18,491,238

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.

Actual cash received from the sale of PPE is R715 543 on disposal of assets, remaining balance is still receivable.

10. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, other	2,775,853	(685,812)	2,090,041	3,495,781	(2,443,125)	1,052,656

Reconciliation of intangible assets - 30 June 2024

	Opening balance	Additions	Disposals/Write off	Amortisation	Total
Computer software, other	1,052,657	1,790,077	(483,271)	(269,422)	2,090,040

Reconciliation of intangible assets - 30 June 2023

	Opening balance	Amortisation	Total
Computer software, other	1,333,745	(281,088)	1,052,657

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.

	2024	2023

11. Heritage assets

	2024			2023		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Statue	1,120,000	-	1,120,000	954,000	-	954,000
Museum	1,112,400	-	1,112,400	1,112,400	-	1,112,400
Total	**2,232,400**	**-**	**2,232,400**	**2,066,400**	**-**	**2,066,400**

Reconciliation of heritage assets - 30 June 2024

	Opening balance	Other changes, movements	Total
Statue	954,000	166,000	1,120,000
Museum	1,112,400	-	1,112,400
	2,066,400	**166,000**	**2,232,400**

Reconciliation of heritage assets - 30 June 2023

	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.

12. Payables from exchange transactions

Trade payables	3,411,543	9,773,209
Unallocated deposits	15,801,889	15,320,417
Accrued leave pay	9,460,678	9,954,822
Debtors with credit balances non- exhange and exchange services	5,916,767	7,508,965
Retentions	15,283,793	13,724,981
Creditor accruals	11,975,959	10,813,598
Other payables	23,146	23,146
	61,873,775	**67,119,138**

13. VAT payable

Vat payable	-	11,640,971

14. Consumer deposits

Electricity	6,120,198	5,510,934

15. Employee benefit obligations

Defined benefit plans

The plan is a post employment medical benefit plan

	2024	2023

15. Employee benefit obligations (continued)

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(29,649,363)	(27,566,999)
Non-current liabilities	(28,276,400)	(25,607,999)
Current liabilities	(1,372,953)	(1,959,000)
	(29,649,353)	**(27,566,999)**

Post employment health care benefits		
Opening balance	(19,703,999)	(23,565,000)
Net actuarial gains pr (losses) recognised	1,545,947	7,374,000
Current service costs	(1,076,000)	(1,299,000)
Interest cost	(2,448,000)	(2,760,999)
Contributions by employer	483,547	547,000
	(21,198,505)	**(19,703,999)**

Long service awards		
Opening balance	(7,863,000)	(7,795,000)
Net actuarial gains or (losses) recognised	(311,590)	391,000
Current service costs	(859,608)	(844,000)
Interest cost	(838,000)	(805,000)
Contributions by employer	1,421,340	1,190,000
	(8,450,858)	**(7,863,000)**

15. Employee benefit obligations (continued)

Key assumptions used

PeHCL report

Assumptions used at the reporting date:

Post-Employment Medical Aid subsidy liability

Key Financial Assumptions

Table 15.1 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 15.1: Key financial assumptions

Assumption	**Value p.a.**
Discount rate	13.50%
Health care cost inflation rate	8.90%
Net-of-health-care-cost-inflation discount rate	4.23%
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.

Assumption	**Value**
Average retirement age	65
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	**2024/06/30**	**2023/06/30**
In-service members	12.536	10.587
In-service non-members	3.698	4.597
Total in-service	**16.234**	**15.184**
Continuation members	4.964	4.520
Total accrued liability	21.198	19.704
Value of assets	0.000	0.000
Total unfunded accrued liability	**21.198**	**19.704**
Expected current portion of liability (payable within 12 months)	0.579	0.464
Expected non-current portion of liability (payable thereafter)	20.619	19.240

Comparison of assumptions

Assumption	**2024/06/30**	**2023/06/30**
Discount rate	12.59%	12.57%
Health care cost inflation rate	16.36%	8.17%
Net-of-health-care-cost-inflation discount rate	4.23%	4.07%
Maximum subsidy inflation rate	5.75%	5.75%
Net-of-maximum-subsidy-inflation discount rate	6.45%	6.45%
Average retirement age	65	
Mortality during employment	SA 85-90	

	2024	2023

15. Employee benefit obligations (continued)

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%

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligable 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%

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%

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
Industrial Park	177,382	177,382
People's 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
IDP Community Participation	69,019	69,019
Housing Account	2,226,398	2,226,398
Infrastructure Skills Development Grant	600,000	-
Massification	41,352	41,352
Smart City Development Strategy	-	896,813
Greenest Municipality	178,710	178,710
SETA	416,756	416,756
DOT - Department of Transport Grant	-	15,375,000
	7,561,748	**23,233,561**

	2024	2023

16. Unspent conditional grants and receipts (continued)

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

17. Provisions

Reconciliation of provisions - 30 June 2024

	Opening Balance	Additions	Total
Landfill site	15,048,542	1,743,985	16,792,527
Provision for performance bonus	569,563	368,417	937,980
	15,618,105	**2,112,402**	**17,730,507**

Reconciliation of provisions - 30 June 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**

Non-current liabilities	16,792,527	15,048,542
Current liabilities	937,980	569,563
	17,730,507	**15,618,105**

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

18. Deferred income

Electricity Units purchases unused	843,273	1,890,506
Sale of land	1,330,630	1,330,630
	2,173,903	**3,221,136**

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.

19. Service charges

Sale of electricity	192,742,216	172,667,066
Refuse removal	25,834,896	18,824,218
Other services charges	2,990,329	2,803,761
	221,567,441	**194,295,045**

20. Rental of facilities and equipment

Premises

Rental of facilities	3,003,108	3,090,164

	2024	2023

21. Licences and permits

Testing ground and licensing	5,052,163	4,582,292

22. Other income

Other Income	536,996	1,710,922

23. Investment revenue

Interest revenue		
Interest earned - external investments	10,920,874	7,437,441

24. Property rates

Actual

Residential	39,149,525	51,192,924
Commercial	29,747,859	39,271,966
Public benefit organisations	-	1,235,363
Government	68,117,103	60,556,016
Industrial	10,445,540	12,199,437
Agriculture	9,525,954	12,991,286
Sectional titles	-	1,509,160
Less: Income forgone	(6,360,448)	(46,798,038)
	150,625,533	132,158,114
Interest received - outstanding receivables	5,466,948	4,916,111
	156,092,481	**137,074,225**

Valuations

Residential	3,874,798,025	3,106,165,400
Commercial	1,425,511,500	1,183,950,500
Public benefit organisations	87,943,000	73,342,500
Municipal properties	581,069,500	569,784,000
Government	1,789,104,000	1,478,504,500
Industrial	500,563,000	357,751,000
Agricultural	3,849,419,400	3,498,105,039
Public service infrastructure	45,532,400	27,680,450
Place of workship	198,546,500	121,468,500
	12,352,487,325	**10,416,751,889**

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%

	2024	2023

25. Government grants and subsidies

Operating grants		
Equitable share	80,202,000	75,091,000
Financial management grant	1,750,000	1,750,000
LG SETA grant	260,191	-
Municipal excellence awards	1,000,000	1,000,000
Expanded public works programme	2,508,000	4,266,000
Smart City Development Strategy Grant	896,813	452,250
Arts and Culture	3,280,660	4,305,000
	89,897,664	**86,864,250**
Capital grants		
Intergrated National Electrification Programme	20,560,000	33,500,000
Municipal Infrastructure Grant	18,562,000	19,214,000
DOT - Department of Transport Grant	15,375,000	-
Housing Account	23,065,802	23,173,744
	77,562,802	**75,887,744**
	167,460,466	**162,751,994**

Equitable Share

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

All registered indigents receive a monthly subsidy of - (2023: -), which is funded from the grant.

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).

SETA Grant

Balance unspent at beginning of year	416,756	111,223
Current-year receipts	260,191	305,533
Conditions met - transferred to revenue	(260,191)	-
	416,756	**416,756**

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

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

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

	2024	2023

25. Government grants and subsidies (continued)

Expanded Public Works Programme

Current-year receipts	2,508,000	4,266,000
Conditions met - transferred to revenue	(2,508,000)	(4,266,000)
	-	-

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	896,813	349,062
Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	(896,813)	(452,249)
	-	**896,813**

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

Arts and Culture

Current-year receipts	4,278,013	4,305,000
Conditions met - transferred to revenue	(4,278,013)	(4,305,000)
	-	-

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

Intergrated Development Plan

Balance unspent at beginning of year	69,019	69,019

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

Municipal infrastructure grant

Current-year receipts	18,562,000	19,214,000
Conditions met - transferred to revenue	(18,562,000)	(19,214,000)
	-	-

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

DOT: Department of Transport Grant

Balance unspent at beginning of year	15,375,000	15,375,000
Conditions met - transferred to revenue	(15,375,000)	-
	-	**15,375,000**

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

	2024	2023

25. Government grants and subsidies (continued)

Housing Account

Balance unspent at beginning of year	2,226,398	2,693,248
Current-year receipts	23,065,802	22,706,894
Conditions met - transferred to revenue	(23,065,802)	(23,173,744)
	2,226,398	**2,226,398**

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

Greenest City

Balance unspent at beginning of year	178,710	178,710

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

Cultural Village

Balance unspent at beginning of year	858,549	858,549

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

Integrated National Electrification Programme

Current-year receipts	20,560,000	33,500,000
Conditions met - transferred to revenue	(20,560,000)	(33,500,000)
	-	-

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

Furniture world

Balance unspent at beginning of year	226,413	226,413

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

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

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

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).

	2024	2023

25. Government grants and subsidies (continued)

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.

Shayamoya Eco-Complex

Balance unspent at beginning of year	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.

Correction of error note need to be done to remove this amount, fully spent in prior years

Massification

Balance unspent at beginning of year	41,352	41,352

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

Sport and Recreation

Balance unspent at beginning of year	20,806	20,806

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

26. Public contributions and donations

Donations received	12,497,082	-

Department of Arts and Culture has donated to the municipality library, consisting of infrastucture and furniture amounting to the value disclosed above.

	2024	2023

27. Fines, Penalties and Forfeits

Fines	2,070,300	3,186,850
Illegal Connections Fines	66,563	120,430
Overdue Books Fines	23,264	12,040
	2,160,127	**3,319,320**

28. Employee related costs

Basic	100,882,737	91,348,400
Bonus	8,170,909	6,851,712
Medical aid - company contributions	7,033,523	6,898,911
UIF	742,933	729,318
SDL	1,358,826	1,262,457
Leave pay provision charge	1,890,069	4,323,218
Defined contribution plans	16,352,220	16,833,886
Travel, motor car, accommodation, subsistence and other allowances	11,935,863	5,356,622
Overtime payments	7,448,399	6,792,005
Housing benefits and allowances	1,112,559	1,127,551
Performance bonus provision	937,979	569,563
Interest on post employment benefits	3,286,000	3,566,000
Current service cost	1,935,608	2,143,000
	163,087,625	**147,802,643**

Remuneration of Municipal Manager - Mr SR Zwane

Annual Remuneration	1,234,272	715,887
Car Allowance	125,000	288,391
Performance Bonuses	70,500	58,000
Contributions to UIF, Medical and Pension Funds	104,340	120,000
Other	60,745	99,122
Back pay	34,488	26,612
	1,629,345	**1,308,012**

Remuneration of Chief Finance Officer - Mr SC Khoza

Annual Remuneration	804,781	550,664
Car Allowance	145,238	122,993
Contributions to UIF, Medical and Pension Funds	157,089	67,353
Other	248,110	129,364
Back pay	26,696	5,378
Leave paid/Lumpsum	-	426,818
	1,381,914	**1,302,570**

Remuneration of Community Services Executive Manager - Mrs NC Tshayinyoni-James

Annual Remuneration	616,122	353,721
Car Allowance	125,000	71,077
Performance Bonuses	45,000	16,000
Contributions to UIF, Medical and Pension Funds	75,060	34,602
Other	159,395	38,120
Back pay	-	24,086
Leave paid	6,465	189,531
	1,027,042	**727,137**

	2024	2023

28. Employee related costs (continued)

Remuneration of corporative services executive manager - Dr. NP Makhoba

Annual Remuneration	-	622,404
Car Allowance	-	107,735
Performance Bonuses	-	32,000
Contributions to UIF, Medical and Pension Funds	16,290	60,124
Other	-	93,041
Back pay	25,885	24,086
Leave paid/Lumpsum	-	495,409
	42,175	**1,434,799**

Remuneration of economic development & spatial planing executive manager - Mrs CD Vezi

Annual Remuneration	610,247	699,075
Car Allowance	145,000	158,275
Performance Bonuses	15,000	-
Contributions to UIF, Medical and Pension Funds	206,500	173,417
Other	205,171	146,737
Back pay	34,514	24,087
	1,216,432	**1,201,591**

Corporate and human resources (corporate services) - Mrs Z Mbhele

Annual Remuneration	467,550	-
Car Allowance	125,000	-
Contributions to UIF, Medical and Pension Funds	196,880	-
Other	160,990	-
	950,420	**-**

29. Remuneration of councillors

Mayor	773,863	744,575
Deputy Mayor	599,836	574,553
Speaker	664,372	624,249
Councillors	4,243,973	4,203,884
Councillors' allowances	1,152,979	1,084,102
Councillors' pension and medical contributions	874,410	876,038
	8,309,433	**8,107,401**

30. Repairs and maintenance

Repairs and maintenance	22,873,635	7,044,974

31. Depreciation and amortisation

Property, plant and equipment	31,640,960	39,581,832
Intangible assets	269,422	281,089
	31,910,382	**39,862,921**

32. Debt impairment

Debt written off	10,648,934	10,783,741

	2024	2023

33. Bulk purchases

Electricity - Eskom	151,164,159	136,497,112

34. Contracted services

Financial Management Systems	7,523,244	6,489,062
Legal Advice and Litigation	5,747,201	3,902,483
Professional Services	25,681,534	4,880,617
Security services	15,296,090	11,987,348
Research and Advisory	-	953,345
	54,248,069	**28,212,855**

35. General expenses

Advertising	2,811,797	1,734,429
Administration	60,326	-
Auditors remuneration	3,974,082	3,025,494
Bank charges	513,445	587,806
Third party Commision	1,864,203	1,574,515
Materials maintenance	8,650,968	16,961,200
Departmental electricity consumption	780,932	535,569
Collection costs	1,012,823	7,702,368
Bursaries	64,664	100,000
Stocks and materials	3,887,489	4,799,502
Staff wellness	312,274	315,294
Insurance	2,095,194	1,988,091
Conferences and seminars	1,603,612	1,119,400
ICT services	-	2,385,575
Subscription & memberships	2,567,791	2,374,267
Fuel and oil	6,877,751	5,498,703
Postage and courier	320,617	294,904
Rental of surveillance cameras	494,603	325,481
Telephone and fax	3,850,798	3,350,216
Training	75,757	477,200
Travel and accommodation	1,106,330	1,303,321
Uniforms	3,185,144	2,836,017
Licence fees	383,081	467,123
Other expenses	-	4,315,418
	46,493,681	**64,071,893**

36. Cash generated from operations

	2024	2023
Surplus	76,964,544	89,202,196
Adjustments for:		
Depreciation and amortisation	31,910,382	39,862,294
Loss on disposal of assets	8,317,108	-
Surplus on distribution of non-cash assets to owners	(141,304)	(4,444,352)
Gains or loss on exchange differences	6,323,251	915,609
Fair value adjustments	(5,833,676)	(4,434,528)
Impairment deficit	559,424	59,774
Debt impairment	10,648,934	10,783,741
Gain on landfill site	804,533	(1,700,738)
Movements in retirement benefit assets and liabilities	2,441,650	3,924,378
Movements in provisions	2,112,402	1,416,626
Movement in tax receivable and payable	-	(7,765,000)
Interest on post employment benefits	3,286,000	(3,566,000)
Loss on sale	7,400,793	330,980
Leave accrual adjustment	-	(4,323,218)
Provision recovery	-	(1,761,153)
Current service costs	1,935,608	2,143,000
Performance bonus addition non cash	(368,416)	569,563
Changes in working capital:		
Inventories	(85,027)	(206,452)
Receivables from Non exchange transactions	(8,084,919)	-
Consumer debtors	1,343,992	(5,668,823)
Prepayments	(1,753,792)	(1,118,986)
Payables from exchange transactions	5,245,363	2,737,603
VAT	(11,640,971)	-
Unspent conditional grants and receipts	(15,671,817)	15,761,433
Consumer deposits	609,264	637,850
Other liability	-	(3,338,237)
Deferred income	-	8
Other liability	-	(3,262,473)
	116,323,326	**126,755,095**

	2024	2023

37. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure	9,886,575	60,626,486
• Community	-	50,564,554
• Operational	2,554,780	-
	12,441,355	**111,191,040**

Total capital commitments		
Already contracted for but not provided for	12,441,355	111,191,040

Total commitments

Total commitments		
Authorised capital expenditure	12,441,355	111,191,040

Funding

Expenditure will be financed from

Government	198,601,341	85,884,153
Own revenue	35,223,000	25,306,887
	233,824,341	**111,191,040**

Commitments		
Operational	46,236,610	18,499,233
Capital	115,848,170	92,691,807
	162,084,780	**111,191,040**

	2024	2023

38. Contingencies

Contingent Liabilities

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 2024. 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 2024. 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 2024. Contingent liability (Claimed against GKM) is R150 000.00

GREATER KOKSTAD MUNICIPALIITY VS NOCAWE SIKUTSHWA

The applicant reviewed the SALGBCs award to declare her alleged dimissal as not dismissal but a termination of contract due to the effluxion of time. The applicant has filed the record, and we are currently waiting for the applicant to file their supplementary affidavit, by 7 August 2024. Following which, the Respondent is to file answering affidavit. If the applicant is successful in her review applicant, the court may order that she be renstated to her position together with back pay.

SIYABONGA KHOZA VS GREATER KOKSTAD MUNICIPALITY

The applicant brought an urgent application in the PMB High Court division under case number 5408/24P seeking to challenge and dismiss his suspension and the disciplinary enquiry against him. The applicant is challenging the Regulations governing the disciplinary process of Senior Managers, claiming that these regulations were not followed by the municipality. The matter was set down on an opposed roll and urged on 6 June 2024 before the Honorable Judge P Bezuidenhout who reserved judgement. Currently awaiting the date of noting the judgement from the high court. The court may uplift suspension of the applicant and dismiss the disciplinary hearing and order the municipality to pay costs of the application.

SIBIYA VS GREATER KOKSTAD MUNICIPALITY

Sibiya is suing Municipality for damages under vicarious liability. Management estimate of financial exposure as at 30 June 2024. 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 R279 425.20

KRAAI VS GREATER KOKSTAD MUNICIPALITY

Kraai was dismissed and he is seeking reinstatement. Labour review application R122 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.

	2024	2023

38. Contingencies (continued)

RATE PAYER ASSOCIATION VS GREATER KOKSTAD MUNICIPALITY

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.

The progress made on the negotiations between the two-party attorneys, commenced in January 2024, towards reaching settlement through an agreement with the KRPA/ legal team and all other due processes towards the finalisation of the matter out or in court was hereby noted.

The Council considered and accepted the final costs/ settlement offer from the negotiations between the lawyers, as of 23 July 2024, lowered to an amount of R1 222 255.55 in response to the court order by madam Judge Hedebe J (Order dated 27 July 2023).

YELLOW PEPPER FAST FOODS (PTY)LTD VS GREATER KOKSTAD MUNICIPALITY

Both Counsels should avail themselves on the same date to approach the Judge President and certify the matter ready for case flow management (Pre-Trial conference), bearing in mind that we are Respondent's in the matter, not much we can do to speed up the process, the pre-trial has convened and the minutes are meant to be signed and Applicant's Attorneys will lead the way.

CHS DEVELOPMENT CC
The High Court referred the matter to MBAT, Parties exchanged all necessary documents including Closing Arguments, we are waiting for MBAT. Application for R222 343.74.

Contingent assets

KIBO LODGE VS GREATER KOKSTAD MUNICIPALITY

GKM suing Kibo Lodge CC an amount proximately R139 820.13 for Municipality Rates. Management estimate of financial exposure as at 30 June 2024. Contingent asset (GKM claiming) is R139 820.13

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 2024. 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 2024. Contingent asset (GKM claiming) is R128 222.00.

39. 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 the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The provide 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.

	2024	2023

39. Risk management (continued)

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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	61,873,775	-	-	-

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, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

40. Fruitless and wasteful expenditure

	2024	2023
Opening balance as previously reported	823,200	823,200
Add: Fruitless and wasteful expenditure identified - current	1,327,685	-
Closing balance	**2,150,885**	**823,200**

41. Irregular expenditure

	2024	2023
Opening balance as previously reported	71,701,448	61,788,741
Add: Irregular expenditure - current	4,569,320	9,912,707
Less: Amount written off - current	(4,718,146)	-
Irregular expenditure awaiting for condonment	**71,552,622**	**71,701,448**

Expenditure identified in the current year include those listed below:

	2024	2023
BAC improperly constituted	881,089	4,771,081
Local content	3,327,582	2,027,438
Non compliance with SCM regulations	360,649	3,114,188
	4,569,320	**9,912,707**

	2024	2023

42. Deviation from supply chain management regulations

	2024	2023
Sole supplier or provider	6,007,594	1,974,432
Emergency	1,584,413	1,080,015
Impossible to follow the SCM process	-	1,338,887
Total Section 366 deviations for the financial year	**7,592,007**	**4,393,334**

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.

Approval of ratification of minor breach of procoment prosesses.

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2024	2023
Current year subscription / fee	1,703,975	1,582,595
Amount paid - current year	(1,703,975)	(1,582,595)
	-	-

Audit fees

	2024	2023
Current year subscription / fee	3,974,081	3,025,494
Amount paid - current year	(3,974,081)	(3,025,494)
	-	-

PAYE and UIF

	2024	2023
Current year subscription / fee	22,743,713	21,719,121
Amount paid - current year	(22,743,713)	(21,719,121)
	-	-

Pension and Medical Aid Deductions

	2024	2023
Current year subscription / fee	30,224,380	33,577,135
Amount paid - current year	(30,224,380)	(33,577,135)
	-	-

VAT

	2024	2023
VAT payable	-	11,640,971

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

44. 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.

44. Electricity losses (continued)

- Too many joints on the cables.

- Electricity tempering/by passing.

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

30 June 2024

The municipality has identified electricity losses in units 4 916 659.65 with an estimated value of R8 718 712.56 that equates to 6%. The decrease is due to the meter audit which was conducted during the financial year.

45. In kind assistance

The municipality received in kind assistance from Provincial Treasury

- SCM compliance assessment

- SCM bid committee training

46. Events after the reporting date

There is an on-going case between Afriforum and Nersa, regarding electricity tariffs approved by Nersa for 2024/25 financial year. This is due to legal requirement that Nersa's approval of electricity tarrifs must be based on the cost of supply of electricity. No adjustments on the 2024/25 tariffs will be necessary should the court ruling be in favour of Nersa

47. Financial instruments disclosure

Categories of financial instruments

30 June 2024

Financial assets

	At cost	Total
Trade and other receivables from exchange transactions	41,589,947	41,589,947
Cash and cash equivalents	112,924,638	112,924,638
	154,514,585	**154,514,585**

Financial liabilities

	At cost	Total
Consumer deposits	6,120,198	6,120,198
Unspent conditional grants	7,561,744	7,561,744
Trade and other payables from exchange transactions	61,873,775	61,873,775
	75,555,717	**75,555,717**

2023

Financial assets

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

	2024	2023

47. Financial instruments disclosure (continued)

Financial liabilities

	At 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**

48. Related parties

Relationships	
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)who is the Manager Spatial Planning, Human Settlement and Building Control, award was made on 20 July 2023 for an amount of R13, 945. 279.32. (MBD 4 attached to the bidding document).

The related party discloser was made by Tambo A Projects who declared that he is related to Bawinile Tambo (Mother) who is the Personal Assistant to the Mayor, award was made for an amount of R1, 063, 519.02 (multiple orders) .

49. Prior period errors

Noted below are the prior period errors discription and the related adjustments that were effected in the comparative year (2023).

1. Prepayments

During the year, discrepencies were identified with regarding the amount that shouls have been prepayment of licenses, this resulted in understatement of prepayments in financial position and over statement of expenses in financial performance.

	2024	2023

49. Prior period errors (continued)

Statement of Financial Position	2023 Adjusted	2023	Adjustment
Prepayments	2,827,356	787,028	2,040,328

Statement of Financial Performance	2023 Adjusted	2023	Adjustment
General expenses (ICT)	2,385,575	4,425,903	(2,040,328)

50. Unauthorised expenditure

	2024	2023
Add: Unauthorised expenditure - current	34,147,253	-

Analysed as follows: non-cash

	2024	2023
Employee related cost	3,451,059	-
Depreciation and amortisation	3,915,382	-
Finance charges	827,670	-
Provision of impairment	7,321,283	-
Debt impairment	2,148,938	-
Impairment of assets	559,424	-
	18,223,756	**-**

Analysed as follows: cash

	2024	2023
General expenditure	8,551,677	-
Donation expense	4,454,958	-
	13,006,635	**-**

51. Budget differences

Material differences between budget and actual amounts

Service charges(electricity): The variance is due to electrification of informal settlements and meter audit which was performed to all meters,

Refuse Removal in terms of the refuse there was additional refuse skip bins that were supplied to commercial properties.

Rental of facilities and equipment: the variance is caused by reluctance of some occupants refusing to sign lease agreements

Investment revenue: the variance is due to an increase of interest rates during the financial year.t

Interest earned - outstanding Receivables: variance is due to write offs that were processed during the year which led to a decrease in collection of interests

Licences and permits: the variance is due to vacancies which were not filled during the financial year.

Sale of Goods: The municipality did not have an asset disposal approval during the current financial year.

Other Revenue: The loss control policy was only adopted towards the end of the financial year, hence there was no collections

Property Rates: the variance is due to the implementation of supplementary valuation roll.

Transfer recognised - Operational & Capital: The variance is caused by allocation by department of transport that was not received in full and Housing Grant is received based on the invoices received.

51. Budget differences (continued)

Rates Impairment Recovery: The variance is caused by Shayamoya library that was donated to the municipality that was not budgeted for.

Fines, Penalties and Forfeits: The variance is caused by the value of the fines issued and recognized during the financial year.t

Employee costs: the variance is caused by vacancies that were not filled during the financial year.

Remuneration of councillors: the variance is due to the upper limit that were approved after the budget has been adopted by the council.

General Expenses: the overall municipal collection is more than the overall expenditure incurred for the period therefore the variance is due to misalignment of accounts.

Transfer Payments and other: R4 454 958 Management disagrees with the findings, this difference is a donation expense for Electrification of Farms, which was Schedule5b projects which the municipality needed to handover to Eskom on completion. This expenditure was not incurred on the current financial year, a journal Entry was processed to expense Capital Expenditure from WIP.

Depreciation and Asset Impairment: Management agrees with the finding, the difference is due to backlog depreciation that was accounted for in the current year.

Finance Charges: Management disagrees with the finding, the difference is caused by a year-end journal entry of Interest on Landfill Site as per the Landfill site Valuation Report.

Debt Impairment: the variance is caused by is due to the increase on indigent customers and an annual ratepayers who make advance payments with discounts.

General Expenditure: Management agrees with the finding, we will investigate the misalignment of accounts.

* See Note 49

Supplementary Information

GRAP 18 SEGMENT REPORTING FOR THE YEAR ENDED 30 JUNE 2024

Segment information

Identification of segments

The municipality is organised and reports to management on the basis of FOUR functional areas as follows.
(i) Governance and Administration
(ii)Community and Public safety
(iii)Economic and Enviromental services
(iv) Trading services

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

Reporable segments are identified based on activities performed of the municipality that generates economic benefits or service potential including internal services that contribute in achieving the municipality's objectives without necessarily generating net cash inflows

Segment reporting was based and identified on the MFMA monthly budget statement that are reviewed by senior management and council to make strategic decisions and in monitoring segment performance
The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format namely the C2 of C schedule. This is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18
Separate financial and other relevant information on geographical areas in which the municipality operatesis not available as the municipalty only operates in KZN province and within its demarcated boundries

Aggregation segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation

Types of goods and/or services by sement

These reportable segments as well as the goods and/or sevices for each segment are set out below:

Reportable segment	Goods and Services
Governance and administration	Support service in relation to financial management and financial governance decision making
Community and public safety	Primary services in provision of community safety, crime prevention and Law enforcement and refuse
Economic and environmental services	Urban and development planning in accordance with the relevant laws and regulations. Environmental
Trading services	Primary services in relation with basic service provision including roads and electricity

* See Note 49

Supplementary Information

	2024 Mayors Office	BTO	COMMUNITY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	2024
Segment Revenue								
Segment Revenue from Non-exchange transactio	-	**239,044,481.00**	**18,198,060.00**	-	**26,470,615.00**	**54,497,000.00**	-	**338,210,156.00**
Property rates		150,625,533.00						150,625,533.00
Government grants and subsidies		82,952,000.00	3,540,851.00		26,470,615.00	54,497,000.00		167,460,466.00
Donations			12,497,082.00					12,497,082.00
Interest on investments								-
Interest earned from receivables		5,466,948.00						5,466,948.00
Fines , penalties and forefeits			2,160,127.00					2,160,127.00
								-
Segment revenue from exchange transactions	-	**14,447,674.00**	**30,887,059.00**	-	**3,003,108.00**	**192,742,216.00**	-	**241,080,057.00**
Service charges		2,990,329.00	25,834,896.00			192,742,216.00		221,567,441.00
Rental of facilities					3,003,108.00			3,003,108.00
Licences and permits			5,052,163.00					5,052,163.00
Other income		11,457,345.00						11,457,345.00
Total	-	**253,492,155.00**	**49,085,119.00**	-	**29,473,723.00**	**247,239,216.00**	-	**579,290,213.00**
Total Segment expenditure	**8,309,433.00**	**48,777,189.00**	**85,089,777.00**	**163,099,260.00**	**4,454,958.00**	**175,386,365.00**	**16,390,203.00**	**501,507,185.00**
Operating segment expenses	8,309,433.00	6,217,873.00	85,089,777.00	163,099,260.00	4,454,958.00	175,386,365.00	16,390,203.00	458,947,869.00
Depreciation and amortisation		31,910,382.00						31,910,382.00
Debt written off		10,648,934.00						10,648,934.00
Segment Surplus for the year	- **8,309,433.00**	**204,714,966.00** -	**36,004,658.00** -	**163,099,260.00**	**25,018,765.00**	**71,852,851.00** -	**16,390,203.00**	**77,783,028.00**
Other infomaton								
Segment Assets		45,159,441.00	2,232,400.00	2,090,041.00	246,995,169.00	879,683,124.00		1,176,160,175.00
Segment Liabilities		69,197,546.00	2,343,272.00	53,568,661.00				125,109,479.00
Total capital expenditure			64,754,776.00	647,525.00		69,259,720.00		134,662,021.00

Supplementary Information

GRAP 18 SEGMENT REPORTING FOR THE YEAR ENDED 30 JUNE 2023

Segment information

Identification of segments

The municipality is organised and reports to management on the basis of FOUR functional areas as follows:
(i) Governance and Administration
(ii)Community and Public safety
(iii)Economic and Enviromental services
(iv) Trading services

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

Reporable segments are identified based on activities performed of the municipality that generates economic benefits or service potential including internal services that contribute in achieving the municipality's objectives without necessarily generating net cash inflows

Segment reporting was based and identified on the MFMA monthly budget statement that are reviewed by senior management and council to make strategic decisions and in monitoring segment performance.
The disclosure of information about segments in these reports are organised around the type of service delivered, in a standardised format namely the C2 of C schedule. This is considered appropriate for external reporting purposes to achieve the objectives of GRAP 18.

Separate financial and other relevant information on geographical areas in which the municipality operatesis not available as the municipalty only operates in KZN province and within its demarcated boundries.

Aggregation segments

Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Types of goods and/or services by sement

These reportable segments as well as the goods and/or sevices for each segment are set out below:

SEGMENT DESCRIPTION	MAYOR'S OFFICE	BTO	COMMUINTY SOCIAL SERVICES	CORPORATE SERVICES	EDSP	ITS	MUNICIPAL MANAGER'S OFFICE	2,023.00
Segment Revenue								
Segment Revenue from Non-exchange transactions	-	213,915,225.00	7,624,320.00	-	27,891,994.00	52,714,000.00	1,000,000.00	303,145,539.00
Property rates		132,158,114.00						132,158,114.00
Government grants and subsidies		76,841,000.00	4,305,000.00		27,891,994.00	52,714,000.00	1,000,000.00	162,751,994.00
Interest on investments								-
Interest earned from receivables		4,916,111.00						4,916,111.00
Fines , penalties and forefeits			3,319,320.00					3,319,320.00
Segment revenue from exchange transactions	-	11,952,124.00	23,406,510.00	-	3,090,164.00	172,667,066.00	-	211,115,864.00
Service charges		2,803,761.00	18,824,218.00			172,667,066.00		194,295,045.00
Rental of facilities		9,148,363.00	4,582,292.00		3,090,164.00			16,820,819.00
Licences and permits								-
Other income								-
Total	-	225,867,349.00	31,030,830.00	-	30,982,158.00	225,381,066.00	1,000,000.00	514,261,403.00
Total Segment expenditure	8,107,401.00	117,317,630.00	28,212,855.00	154,847,617.00	-	136,497,112.00	-	444,982,615.00
Operating segment expenses	8,107,401.00	65,755,359.00	28,212,855.00	154,847,617.00		136,497,112.00		393,420,344.00
Depreciation and amortisation		39,862,921.00						39,862,921.00
Debt written off		11,699,350.00						11,699,350.00
Segment Surplus for the year	- 8,107,401.00	108,549,719.00	2,817,975.00 -	154,847,617.00	30,982,158.00	88,883,954.00	1,000,000.00	69,278,788.00
Other infomaton								
Segment Assets		47,613,471.00	2,066,400.00	1,052,656.00	275,680,067.00	794,826,188.00		1,121,238,782.00
Segment Liabilities		86,230,043.00	3,221,136.00	64,459,665.00				153,910,844.00
Total capital expenditure				4,208,186.00		86,491,971.00		90,700,157.00

* See Note 49