Dr Nkosazana Dlamini Zuma Municipality

Annual Financial Statements

for the year ended 30 June 2022

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Abbreviations

GRAP	Generally Recognised Accounting Practice
HOA	Housing Operating Account
MFMA	Municipal Finance Management Act, No.56 of 2003
MIG	Municipal Infrastructure Grant
FMG	Finance Management Grant
mSCOA	Municipal Standard Chart of Accounts
AGSA	Auditor General of South Africa
SARS	South African Revenue Services
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
PAYE	Pay As You Earn
IGRAP	Interpretation of Generally Recognised Accounting Practice
Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1998) Local Government: Municipal Finance Management Act (Act No.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act of 6 2004) Division of Revenue Act (Act 1 of 2007)

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General Information

Members of Council

Mayor	Cllr PS Msomi
Deputy Mayor	Cllr KA Hadebe
Speaker	Cllr SS Phoswa
Exco Member	Cllr HS Mlibeni
Exco Member	Cllr NG Dlamini
Exco Member	Cllr RS Mlotshwa
Councillor	X Zamisa
Councillor	MW Mtolo
Councillor	DA Adams
Councillor	MTC Bhengu
Councillor	DR Ngcamu
Councillor	SJ Phakathi
Councillor	VAT Mthembu
Councillor	BB Ntshiza
Councillor	BR Memela
Councillor	PK Memela
Councillor	P Mayeza
Councillor	Z Ndlovu
Councillor	MP Mbanjwa
Councillor	TE Mdladla
Councillor	N Dlamini
Councillor	RC Aldous-Trollope
Councillor	SG Mkhize
Councillor	NC Dlamini
Councillor	PN Mdlangathi
Councillor	BB Khathi
Councillor	IT Shoba
Councillor	NP Zulu
Councillor	MM Dlamini

Nature of business and principle activities	Service Delivery: Rates, Waste Management and General services. Main business operations: Local government activities, planning and promotion of the integrated development plan, land, economic and environmental development. The mandate of the municipality is in terms of section 152 of the Constitution of South Africa
Municipal demarcation code	KZN 436
Grading of local authority	3
Municipal Manager	Mr NC Vezi
Chief Financial Officer	Mr MP Mtungwa
Registered Office	Municipal Offices, Main Street, Creighton
Physical address	Main Street Creighton 3263
Postal address	P O Box 62 Creighton 3263
Bankers	First National Bank, Investec, Nedbank and Standard Bank
Auditors	Auditor General of South Africa

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

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

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

I, as the accounting officer, acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

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

I certify that salaries , allowances and benefits of councilors ,as disclosed in note number 25 of the annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution , read in conjunction with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality has implemented National Treasury's Municipal Standard Chart of Accounts. The new chart is designed to enhance comparability between municipalities and therefore results in information disclosed being more understandable, relevant, reliable and comparable. Due to the implementation of the revised chart, certain comparatives figures may need restatement to allow a comparison between the current period figures and the prior year's figures that were presented based on the old municipal chart of accounts.

The annual financial statements have been prepared on the going concern basis, were approved on 31 August 2022 and were signed on its behalf by:

Mr NC Vezi (Accounting Officer), Bachelor of Education, Executive Municipal Leadership Programme, Specialist Local Government Law and Municipal Administration, Postgraduate Diploma in Governance and Political Transformation, Masters in Public Administration, Masters in Governance and Political Transformation

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

	Note	2022 R	Restated 2021 R
ASSETS			
Current Assets		**226,996,558**	**205,059,861**
Value added tax receivable	2	1,968,677	3,132,491
Receivables from non-exchange transactions	3.1/3.2	41,251,585	38,835,101
Receivables from exchange transactions	3.2	3,541,337	3,916,578
Cash and cash equivalents	4	180,234,958	159,175,691
Non-Current Assets		**501,837,103**	**474,285,154**
Investment property	5	21,759,000	20,411,000
Property, plant and equipment	6	479,615,686	453,560,265
Intangible assets	7	462,417	313,888
Total Assets		**728,833,660**	**679,345,014**
LIABILITIES			
Current Liabilities		**70,965,076**	**52,502,220**
Finance lease obligation	8	-	170,712
Payables from exchange transactions	9	59,534,018	45,403,468
Unspent conditional grants	10	11,024,058	6,413,040
Long service awards obligation	11.2	339,000	439,000
Post retirement health care benefits	11.3	68,000	76,000
Non Current Liabilities		**19,711,633**	**17,111,272**
Provision for landfill site rehabilitation	11.1	9,551,633	7,757,272
Long service awards obligation	11.2	3,373,000	3,257,000
Post retirement health care benefits	11.3	6,787,000	6,097,000
Total Liabilities		**90,676,709**	**69,613,492**
Net Assets		**638,156,951**	**609,731,522**
TOTAL NET ASSETS			
Housing operating account	12	6,015,291	5,493,174
Accumulated surplus		632,141,660	604,238,348
Total Net Assets		**638,156,951**	**609,731,522**

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Financial Performance for the period ended 30 June 2022

	Note	2022 R	Restated 2021 R
Revenue	13		
Revenue from exchange transactions			
Service charges	14	4,006,487	3,878,196
Licences and permits	15	445,291	414,494
Agency services	16	551,666	306,427
Rental of facilities and equipment	17	1,122,388	878,068
Other income	18	548,174	298,738
Interest received	19	7,600,721	6,423,720
Total revenue from exchange transactions		14,274,727	12,199,642
Revenue from non exchange transactions			
Property rates	20	34,690,264	34,318,330
Penalties on property rates	20	6,445,089	6,105,261
Government grants and subsidies	21	190,737,983	197,597,410
Assets donated	22	931,474	-
Traffic fines	23	586,350	719,200
Pound Fees		446,058	162,060
Incidental Cash Surpluses		41,505	346,261
Total revenue from non exchange transactions		233,878,723	239,248,522
Total revenue		**248,153,449**	**251,448,164**
Expenditure			
Employee related costs	24	77,923,994	69,826,458
Remuneration of councilors	25	11,445,176	11,597,581
Depreciation and amortisation	26	48,220,449	29,998,776
Finance costs	27	1,618,483	1,711,182
Debt impairment	28	5,509,478	1,751,082
Operational Costs	29	76,358,440	48,826,442
Total expenditure		**221,076,020**	**163,711,520**
Total revenue		248,153,449	251,448,164
Total expenditure		221,076,020	163,711,520
Operating surplus		**27,077,429**	**87,736,644**
Fair value adjustments	5	1,348,000	-
		1,348,000	**-**
Surplus for the year		**28,425,429**	**87,736,644**

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Changes in Net Assets for the period ended 30 June 2022.

	Housing Operating Account	Accumulated Surplus	Net Assets
	R	R	R
Audited Balance at 1 July 2020	**5,228,239**	**516,766,640**	**521,994,880**
Changes in net assets			
			-
Surplus for the period	-	85,405,264	85,405,264
Transfer Housing Operating Account interest on call	264,936	(264,936)	-
			-
Total changes	264,936	85,140,328	85,405,264
Balance at 30 June 2021	**5,493,174**	**601,906,969**	**607,400,143**
Prior year error		2,331,380	2,331,380
Restated Balance at 01 July 2021	**5,493,174**	**604,238,348**	**609,731,522**
Changes in net assets			
Surplus for the period	-	28,425,429	28,425,429
Transfer Housing Operating Account interest on call	522,118	(522,118)	-
Total changes	**522,118**	**27,903,311**	**28,425,429**
Balance at 30 June 2022	**6,015,291**	**632,141,660**	**638,156,951**

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Annual financial statements for the year ended 30 June 2022

Cash Flow Statement for the period ended 30 June 2022

	Note	2022 R	2021 R
Cash flows from operating activities			
Receipts		**261,298,148**	**274,560,979**
VAT refunds		16,311,870	9,565,276
Cash receipts from ratepayers and consumers		39,546,254	37,115,539
Cash receipts from grants		205,440,024	227,880,164
Payments		**173,266,203**	**169,400,314**
Cash payments to employees		77,923,994	68,873,458
Cash payments to councilors		11,445,176	11,597,581
Cash paid retentions		7,538,593	7,521,461
Cash payments to suppliers for goods and services		76,358,440	81,407,814
Net cash flows from operating activities before interest	30	**88,031,946**	**105,160,665**
Interest received		7,600,721	6,163,522
Interest paid		(1,618,483)	(93,652)
Net cash flows from operating activities after interest		**94,014,184**	**111,230,534**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(72,784,205)	(75,833,139)
Net cash flows from investing activities		**(72,784,205)**	**(75,833,139)**
Cash flows from financing activities			
Repayment of finance leases		(170,712)	(424,887)
		(170,712)	**(424,887)**
Net increase in cash and cash equivalents		21,059,268	34,972,509
Net cash and cash equivalents at the beginning of the period		159,175,691	124,203,182
Net cash and cash equivalents at the end of the period	4	**180,234,959**	**159,175,691**

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Annual financial statements for the year ended 30 June 2022

Segment reporting statement for the period ended 30 June 2022

	Governance and administration R	Community and public safety R	Economic and environmental services R	Trading Services R	Unallocated R	Total
Segment Revenue						
Service charges	-	-	-	4,006,487	-	4,006,487
Licences and permits	-	445,291	-	-	-	445,291
Agency services	-	551,666	-	-	-	551,666
Rental of facilities and equipment	-	27,662	-	1,094,725	-	1,122,388
Other income	354,391	16,888	107,723	69,172	-	548,174
Interest revenue	7,600,721	-	-	-	-	7,600,721
External revenue from exchange transactions	**7,955,112**	**1,041,508**	**107,723**	**5,170,384**	**-**	**14,274,727**
Property rates	34,690,264	-	-	-	-	34,690,264
Penalties on property rates	6,445,089	-	-	-	-	6,445,089
Government grants and subsidies	141,559,983	3,972,000	45,206,000	-	-	190,737,983
Assets donated	-	931,474	-	-	-	931,474
Traffic fines	-	586,350	-	-	-	586,350
Pound Fees	-	446,058	-	-	-	446,058
Incidental Cash Surpluses	41,505	-	-	-	-	41,505
External revenue from non-exchange transactions	**182,736,841**	**5,935,882**	**45,206,000**	**-**	**-**	**233,878,723**
Segment Expenses						
Employee related costs	- 33,157,064	- 23,122,422	- 15,465,860	- 6,178,648	-	- 77,923,994
Remuneration of councilors	- 11,445,176					- 11,445,176
Depreciation and amortisation	- 3,465,166	- 15,111,424	- 28,596,861	- 1,046,999	-	- 48,220,449
Finance costs	- 1,618,483	-	-	-	-	- 1,618,483
Debt impairment	- 5,509,478	-	-	-	-	- 5,509,478
Operational Costs	- 40,139,547	- 8,329,185	- 25,076,828	- 2,812,880	-	- 76,358,440
Total segment expenses	**- 95,334,913**	**- 46,563,031**	**- 69,139,549**	**- 10,038,528**	**-**	**- 221,076,020**
Fair value adjustments	1,348,000	**-**	**-**	**-**	**-**	1,348,000
Surplus/deficit for the year	**96,705,039**	**- 39,585,641**	**- 23,825,826**	**- 4,868,143**	**-**	**28,425,429**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	112,715,048	236,483,591	192,759,290	6,640,773	180,234,958	728,833,660
Segment liabilities	- 61,816,431	- 7,625,262	- 2,834,325	- 18,400,691	-	- 90,676,709
Additions/(adjustment) to non-current assets	5,729,419	37,411,922	27,862,270	1,780,594	-	72,784,204
Non-cash revenue (included above)	-	931,474	-	-	-	931,474
Non-cash expenses (included above)	- 3,465,166	- 15,111,424	- 28,596,861	- 1,046,999	-	- 48,220,449

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Segment reporting statement for the period ended 30 June 2021

	Governance and administration R	Community and public safety R	Economic and environmental services R	Trading Services R	Unallocated R	Total
Segment Revenue						
Service charges	-	-	-	3,878,196	-	3,878,196
Licences and permits	-	414,494	-	-	-	414,494
Agency services	-	306,427	-	-	-	306,427
Rental of facilities and equipment	-	12,409	-	865,660	-	878,068
Other income	48,301	9,688	121,322	119,427	-	298,738
Interest revenue	6,423,720	-	-	-	-	6,423,720
External revenue from exchange transactions	**6,472,021**	**743,017**	**121,322**	**4,863,283**	**-**	**12,199,642**
Property rates	34,318,330	-	-	-	-	34,318,330
Penalties on property rates	6,105,261	-	-	-	-	6,105,261
Government grants and subsidies	162,214,360	11,599,384	23,783,666	-	-	197,597,410
Traffic fines	-	719,200	-	-	-	719,200
Pound Fees	-	162,060	-	-	-	162,060
Fair value adjustments	346,261	-	-	-	-	346,261
External revenue from non-exchange transactions	**202,984,212**	**12,480,644**	**23,783,666**	**-**	**-**	**239,248,522**
Segment Expenses						
Employee related costs	- 27,479,227	- 19,056,714	- 17,629,790	- 5,660,727		- 69,826,458
Remuneration of councilors	- 11,597,581	-	-	-	-	- 11,597,581
Depreciation and amortisation	- 3,439,873	- 10,048,913	- 15,745,320	- 764,671	-	- 29,998,776
Finance costs	- 1,711,182	-	-	-	-	- 1,711,182
Debt impairment	- 1,751,082	-	-	-	-	- 1,751,082
Operational Costs	- 29,985,784	- 7,659,967	- 9,531,587	- 1,649,103		- 48,826,442
Total segment expenses	**- 75,964,727**	**- 36,765,594**	**- 42,906,697**	**- 8,074,501**	**-**	**- 163,711,520**
Surplus/deficit for the year	**133,491,506**	**- 23,541,933**	**- 19,001,710**	**- 3,211,218**	**-**	**87,736,644**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	108,204,159	213,658,518	190,989,608	7,317,038	159,175,691	679,345,014
Segment liabilities	- 43,236,007	- 7,544,554	- 2,436,137	- 16,396,795	-	- 69,613,492
Additions to non-current assets	975,176	18,934,671	55,923,408		-	75,833,254
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenses (included above)	- 3,439,873	- 10,048,913	- 15,745,320	- 764,671	-	- 29,998,776

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual amounts

	Original Budget	Budget Adjustments	Final Budget	Actual	Difference between final budget and actual	Variances comments Ref No.	% Variance Between Final Budget & Actuals
	R	R	R	R	R		
Statement of Financial Performance							
Revenue							
Revenue from exchange transactions							
Service charges	4,045,023	-	4,045,023	4,006,487	(38,536)		-1%
Rental of facilities and equipment	863,806	28,328	892,134	1,122,388	230,254	1	26%
Licences and permits	663,750	(185,792)	477,958	445,291	(32,667)	2	-7%
Agency services	339,753	189,745	529,498	551,666	22,168		4%
Other income	728,538	68,277	796,815	548,174	(248,641)	3	-31%
Interest received	6,338,031	(1,000,000)	5,338,031	7,600,721	2,262,690	4	42%
Gains on disposal of assets	1,244,000	-	1,244,000	-	(1,244,000)	5	-100%
Total revenue from exchange transactions	**14,222,901**	**-899,442**	**13,323,459**	**14,274,727**	**951,268**		
Revenue from non-exchange transactions							
Property rates	36,226,137	-	36,226,137	34,690,264	(1,535,873)		-4%
Property rates - penalties	6,192,533	(343,031)	5,849,502	6,445,089	595,587	6	10%
Incidental cash surpluses, fines, penalties and forfeits (traffic fines & pound fees)	417,847	327,490	745,337	1,073,913	328,576	7	44%
Government grants and subsidies	184,229,000	6,508,983	190,737,983	190,737,983	-		-
Assets donated		-	-	931,474	931,474	8	100%
Total revenue from non-exchange transactions	**227,065,517**	**6,493,442**	**233,558,959**	**233,878,723**	**319,764**		
TOTAL REVENUE	**241,288,418**	**5,594,000**	**246,882,418**	**248,153,449**	**1,271,032**		
Expenditure							
Employee related costs	86,452,888	(1,333,197)	85,119,691	77,923,994	7,195,697	9	8%
Remuneration of councillors	11,901,110	-	11,901,110	11,445,176	455,934		4%
Depreciation and amortisation	49,362,351	(11,641,416)	37,720,935	48,220,449	(10,499,514)		-28%
Finance costs	302,857	(100,000)	202,857	1,618,483	(1,415,626)	10	-698%
Debt impairment	20,058,584	(6,654,445)	13,404,139	5,509,478	7,894,661	11	59%
Operational costs - contracted services and other expenditure	71,149,842	18,774,382	89,924,224	76,358,440	13,565,784	12	15%
	239,227,632	**-954,676**	**238,272,956**	**221,076,020**	**17,196,936**		
Operating Surplus	**2,060,786**	**6,548,676**	**8,609,462**	**27,077,429**	**(15,925,904)**		
Fair value adjustments	-	-	-	1,348,000	1,348,000	13	100%
	-	**-**	**-**	**1,348,000**	**1,348,000**		
Surplus for the year	**2,060,786**	**6,548,676**	**8,609,462**	**28,425,429**	**-14,577,904**		

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual amounts

	Original Budget	Budget Adjustments	Final Budget	Actual	Difference between final budget and actual	Variances comments Ref No.	% Variance Between Final Budget & Actuals
Cash Flow Statement							
Net cash flows from operating activities	81,165,444	(5,045,662)	76,119,782	94,014,184	5,025,731	14	7%
Net cash flows from investing activities	(83,169,601)	(4,511,568)	(87,681,169)	(72,784,205)	(14,896,964)	15	17%
Net cash flows from financing activities	(3,463)	3,463	-	(170,712)	(170,712)	16	-100%
Net increase in cash and cash equivalents	**(2,007,620)**	**(9,553,767)**	**(11,561,387)**	**21,059,268**	**(10,041,945)**		
Net cash and cash equivalents at the beginning of the period	125,422,220	-	159,175,691	159,175,691	-		
Net cash and cash equivalents at the end of the period	**123,414,600**	**(9,553,767)**	**147,614,304**	**180,234,958**	**(10,041,945)**		
Capital expenditure & funds sources							
Capital expenditure	**92,799,601**	**4,511,568**	**97,311,169**	**72,784,204**	**24,526,965**		
Transfers recognised - capital	36,508,000	6,375,000	42,883,000	42,883,000	-		-
Public contributions & donations	-	-	-	931,474	(931,474)	17	-100%
Internally generated funds	56,291,601	-1,863,432	54,428,169	28,969,731	25,458,438	18	47%
Total sources of capital funds	**92,799,601**	**4,511,568**	**97,311,169**	**72,784,204**	**24,526,965**		
Financial position							
Total current assets	172,969,714	21,185,350	194,155,064	226,996,558	(32,841,494)	19	-17%
Total non current assets	551,312,755	-29,441,362	521,871,393	501,837,103	20,034,290		4%
Total current liabilities	70,439,981	12,465,599	82,905,580	70,965,076	11,940,504	20	14%
Total non current liabilities	20,554,244	-3,442,972	17,111,272	19,711,633	(2,600,361)	21	-15%
Community wealth/equity or Total net assets	**633,288,244**	**-17,278,639**	**616,009,605**	**638,156,951**	**-22,147,346**		

Actual amount on comparable basis presented in the Budget and Actual Comparative Statement

Significant variances of actual outcomes against budget (with variance greater than 5% of budget) for the year are explained below;

Statement of Financial Performance

1 Rental of facilities and equipment - Underestimation of revenue from ad-hoc rentals due to unpredicted changes on lockdown levels which have an effect on hire and use of municipal properties and late confirmation by other tenants who are using municipal properties on an ongoing basis.

2 Licences and permits - Variance due to unpredicted changes on lockdown levels as some levels result in extension of validity of motor licences, closure of learners licences centres and prohibition on movements of people.

3 Other Income - Decrease in the sale of tender documents because tender briefing sessions were suspended as a result of Corvid 19 pandemic and service providers are encouraged to download it on municipal website free of charge, to reduce human movement, contact and spread of COVID 19 and decrease on applications for building plans due to COVID 19 negative effects on economy.

4 Interest received - The Municipality received more interest than anticipated because of an increase in interest rates and savings on other community programmes that were suspended as a result of Nationwide lockdown. Unused cash generated more interest especially in the last quarter of the financial year.

5 Gains on disposal of assets - The Council have taken a resolution to approve the disposal of identified unused assets and the municipality is in the process of appointing the service providers to facilitate the disposal process because the assets includes movable and immovable properties.

6 Property rates - penalties - More penalties were levied than anticipated as a result of the growing gross debtors book, closure of businesses and loss of income by other residents as a result of Nationwide lockdown which has contributed to an increase in debtors book as other residents could not pay outstanding amount on time.

7 Incidental cash surpluses, fines, penalties and forfeits - The law enforcement unit issued more fines than what was initially anticipated due to increase in the number of offenders, astray animals and vehicles impounded due to infringement of laws.

8 Assets donated - The Department of Arts and Culture did not inform the municipality on time about the assets which the department would be donating to the municipality for libraries, as a result were not included in the budget.

9 Employee related costs - Savings as a result of measures implemented by management to reduce employee related costs and diligent processes and assessment to be done before the filling of vacant positions and non-payment of performance bonuses.

10 Finance Costs - Under-budgeting as a result of exclusion of interest on non-cash items i.e. interest on long service awards, post employment medical aid benefits and landfill sites provisions.

11 Debt Impairments - Incorrect projections/budgeting by management on the initial and revised budget as a result of the anticipated increase on debtors due financial negative effects of changes on lock down regulations.

12 Operational Costs - Delays on appointment of service providers as most of the tenders have to be re-advertised, cost containment regulations yielded positive results, savings and reduction on a number of operational costs items i.e.. catering, consultants and professionals and travelling. Cancelled Community programmes contributed to the savings as many programmes were suspended as a result of nationwide lockdown i.e. OSS, Public participation, Sport and development, Arts and Culture, Community gender forums and all other community outreach related expenses.

13 Fair Value adjustments - There has been no increase/decrease in the value of investment properties in the past two years, based on history an increase/decrease was not catered for in the original budget.

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual amounts

		Original Budget	Budget Adjustments	Final Budget	Actual	Difference between final budget and actual	Variances comments Ref No.	% Variance Between Final Budget & Actuals
	Cash Flow Statement							
14	Net cash flows from operating activities - Variance as a result of reasons stated in Variance comment number 12 above and receipt of VAT refunds from SARS which was not included in the budget.							
15	Net cash flows from investing activities - Variance as result of the following, delays on appointment of service providers because most the tenders have to be re-advertised as the municipality could not have physical tender briefing sessions due to Covid 19 regulations. Physical tender briefing sessions provides service providers with an opportunity to get more information about the advert, project and all compulsory requirements. Adverse weather conditions experienced in December 2021 and April 2022 caused delays in some projects, slow progress by some contractors on site and non-availability of stock for plant and equipment, machineries and vehicles contributed on underspending of property plant and equipment.							
16	Net cash flows from financing activities - repayment of the remaining current liability for borrowings was removed by mistake in the budget.							
	Capital expenditure & funds sources							
17	Public contributions & donations - The Department of Arts and Culture did not inform the municipality on time about the assets which the department would be donating to the municipality for libraries, as a result were not included in the budget.							
18	Internally generated funds - Variance as a result of reasons stated on Variance comment number 15 and uncertainties caused by court case which was challenging PPPFA and instructions issued by Treasury to stop procurement processes in certain periods during the year while waiting for court judgment.							
	Financial position							
19	Total current assets - Variance due to savings and underspending on operating and capital budget.							
20	Total current liabilities - Variance as a result of good measures introduced to reduce creditors which also helps our suppliers which are in need of cash as a result of COVID 19 negative effects on individual and businesses.							
21	Total non current liabilities - Variance as result of an increase on provision of landfill sites due to the delays on processes to get approval for another landfill site which delays the processes to start rehabilitation for one of the landfill sites.							

Accounting Policies

1. Presentation of annual financial statements

These 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 are not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Presentation currency

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

1.2 Going concern assumption

These 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 Significant judgments and sources of estimation uncertainty

In preparing the financial statements, management made estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Using available information and applying professional judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Receivables

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

The provision for impairment of receivables exists due to the possibility that these debts will not be recovered. In assessing receivables for potential impairment debtors are assessed at individual level and on aggregate. Debtors with similar credit risk characteristics are collectively assessed for impairment.

Provisions

Management determines an estimate based on the information available.

Useful lives of property, plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets in accordance with Local Government Capital Asset Management Guideline of 2008. This estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be used.

Effective interest rate

The municipality uses the ruling overdraft rate to discount future cash flows in the event of it being material.

Accounting Policies

1.4 Investment property

Investment property is property 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 for
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the provision of services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost (transaction costs are included in the initial measurement).

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.5 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is depreciated on the straight line basis over expected useful lives to estimated residual value. Land is stated at cost and is not depreciated as it is deemed to have an indefinite useful life. The useful lives of items of property, plant and equipment have been assessed as follows:

Accounting Policies

Asset Class	Average useful life
Infrastructure:	
Streetlights	1 - 80 Years
Roads	1 - 50 Years
Pedestrian Footways	1 - 50 Years
Community Assets:	
Office buildings	1 - 30 Years
Cemeteries	1 - 30 Years
Community centres and halls	1 - 30 Years
Libraries	1 - 30 Years
Sports and related stadiums	1 - 30 Years
Golf courses	1 - 20 Years
Flood lighting	1 - 15 Years
Park homes	1 - 15 Years
Car wash	1 - 10 Years
Houses / hostels	1 - 30 Years
Taxi rank	1 - 15 Years
Other Assets:	
Office equipment	1 - 17 Years
Office machines	1 - 7 Years
Air conditioners	1 - 10 Years
Furniture and fittings	1 - 15 Years
Fire extinguishers	1 - 10 Years
Other firefighting equipment	1 - 15 Years
Computer equipment	1 - 13 Years
Security measures	1 - 20 Years
Train	1 - 30 Years
Engine	1 - 10 Years
Generator	1 - 10 Years
Boiler	1 - 10 Years
Loud hailer / Public Address System	1 - 10 Years
Fencing	1 - 20 Years
Motor vehicles:	
Truck and light delivery vehicles	1 - 7 Years
Mini-bus and delivery vehicles	1 - 7 Years
Tractors	1 - 7 Years
Fencing	1 - 5 Years
Plant and equipment	
Graders	1 - 20 Years
Lawn mowers	1 - 20 Years
Compressors	1 - 20 Years
Firearms	1 - 20 Years
Radio equipment	1 - 10 Years

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Accounting Policies

Assets under construction - Work in progress

Assets under construction are stated at historical cost . Depreciation only commences when the asset is available for use.

Leased assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

1.6 Accounting by principals or agents

A principal-agent arrangement results from a binding arrangement in which one entity, the municipality, undertakes transactions with third parties on behalf, and for the benefit of, another entity, the principal. The municipality recognises increases in assets and related increases in liabilities on receipt of the related funding. The liability is reduced when the amounts are spent in accordance with fund conditions.

1.7 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably. The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

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

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

Item	Useful life
Computer software	3 - 12 Years

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from use or disposal. The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in surplus or deficit when the asset is derecognised.

Accounting Policies

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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is cash, or a contractual right to receive cash or another financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that potentially favorable to the entity.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity; or exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition; or are held for trading.

Classification

The municipality 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:
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Accounting Policies

Type of Financial Asset	**Classification in terms of GRAP 104**
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The 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:

Type of Financial Liability	**Classification in terms of GRAP 104**
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
External loan	Financial liability measured at amortised cost

Initial recognition

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

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition at amortised cost.

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

Derecognition

Financial assets

The municipality derecognizes financial assets using trade date accounting. The entity derecognizes a financial asset only when:

The contractual rights to the cash flows from the financial asset expire, are settled or waived;

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. 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.

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.

1.10 Employee benefits

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

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

Salaries, wages and social security contributions;

Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and

Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Defined contribution plans-KZN Joint Municipal Pension fund

The municipality has a defined contribution plan with Natal Joint Municipal Pension Fund .Payments to the defined contribution plan are charged as an expense as they fall due.

Other employee benefits

The municipality provides long service awards to qualifying employees after the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

The present value of the defined benefit obligation at the reporting date;

minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

current service cost;

interest cost;

the expected return on any plan assets and on any reimbursement right recognised as an asset;

actuarial gains and losses, which shall all be recognised immediately;

past service cost, which shall all be recognised immediately; and

The effect of any curtailments or settlements.

1.11 Provisions and contingencies

Provisions are recognised when:

the municipality has a present obligation as a result of a past event;

It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;

and, a reliable estimate can be made of the obligation.

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

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised, but are disclosed in the notes and are reviewed at reporting date .

The municipality has an obligation to rehabilitate its landfill site in terms of its licence stipulations .The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation.

Accounting Policies

1.12 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..

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 revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Rentals

Revenue arising from the use by others of entity assets yielding rentals is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the amount of the revenue can be measured reliably.

Other Revenue

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

1.13 Service charges

Waste removal is based on bin size and the number of collections. Waste removal services are billed on a monthly basis.

1.14 Revenue from non-exchange transactions

Accounting Policies

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the municipality either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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.

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.

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

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.
Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Revenue from the issuing of traffic fines is recognised when it is probable that economic benefits associated with a transaction will flow to the municipality and can be measured reliably. Revenue from traffic fines is initially recognised at fair value and subsequently tested for impairment. The revenue from traffic fines is subject to judicial process which is beyond the municipality's control.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.15 Investment income

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

1.16 Unauthorised expenditure

Accounting Policies

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the period 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.

1.17 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 period 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.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure 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.

1.19 Housing Operating Account

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.20 Conditional grants and receipts

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

1.21 Grants in aid

The Municipality donates money goods or services to individuals organisations and other sectors of government from time to time. When making these donations the Municipality does not receive any goods or services directly in return as would be expected in a purchase or sale transaction, Expect to be repaid in future; or Expect a financial return, as would be expected from an investment

1.22 Events after reporting date

Events after reporting dates that are classified as adjusting events are accounted for in the annual financial statements. Events after reporting date that are classified as non-adjusting events after reporting date are disclosed in the notes to the annual financial statements.

1.23 Budget information

The annual budget is prepared on a basis which is consistent with the annual financial statements .The budget and actual amounts are included in a separate financial statement ,Statement of Comparison of Budget and Actual amounts . Explanatory comments are provided in the notes to the financial statements giving reasons for variances from budget.

1.24 Related parties

Individuals as well as their close family members and /or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and /or operating decisions. Management is regarded as a related party and comprises the Councillors, the Mayor, the Executive Committee Members, the Municipal Manager, the Chief Financial Officer and all managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Accounting Policies

1.25 Commitments

Commitments are future expenditure items of both an operating and capital nature; in respect of which the Municipality has committed funds which on execution will result in an outflow of resources embodying economic benefits. Commitments are neither recognised in the Statement of Financial Position as liabilities nor recognised in the Statement of Financial Performance as expenditure but are disclosed as future commitments in the notes to the annual financial statements.
Commitments are disclosed in respect of:
approved and contracted commitments, where expenditure has been approved and contracts have been awarded at reporting date, where the disclosure is required by the specific standard of GRAP.
Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the annual financial statements.

1.26 Value added tax

The municipality accounts for Value Added Tax on a payment basis for purchases and receipts basis for revenue.

1.27 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

Recognition

The municipality recognises statutory receivables as follows: if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions; if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or if the transaction is not within the scope of the policies listed in the above 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.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any: interest or other charges that may have accrued on the receivable (where applicable); impairment losses; and amounts derecognised.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired the result from the following factors were considered, significant financial difficulty of the debtor, sequestration, liquidation or other financial re-organisation of the debtors, breach of arrangement contracts and adverse changes in the economy. which are evidenced in debtors payment patterns. Statutory receivables with similar credit risk characteristics are collectively assessed for impairment

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when: the rights to the cash flows from the receivable are settled, expire or are waived; the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity: - derecognise the receivable; and - recognise separately any rights and obligations created or retained in the transfer. The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Accounting Policies

1.28 Segment reporting

The municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The four key business units comprise of:
• Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
• Economic and environmental services which includes planning and development, road transport, environmental protection services and tourism.
• Trading service which is waste management services;
• Municipal governance and administration which includes executive and council, finance and administration and internal audit unit;
The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any). Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

1.29 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality has been considered in determining whether information is required to be recognised, measured, presented and disclosed in accordance with the requirements in the Standards of GRAP as well as assessing the effect of omissions, misstatements and errors on the financial statements.

Budget information
Variances between budget and actual amounts are regarded as material when there is a variance of:

- 5% or greater in the statement of financial position, the statement of financial performance and the cash flow statement.

Accounting Policies

1.30 Presentation of Annual financial statements

The 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).

Standards issued but not yet effective as the finance Minister has not determined the date.

Standard	Description	Effective Date	Expected Impact
GRAP 104	Financial Instruments (Revised April 2022)	Date not determined	Minimal impact
	Guideline *Accounting for landfill sites*	Date not determined	Minimal impact

In preparation of the these financial statements the following GRAP standards have been considered:

Standard	Description	Effective Date
GRAP 1	Presentation of Financial Statements	Currently applicable
GRAP 2	Cash Flow Statements	Currently applicable
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors	Currently applicable
GRAP 4	The Effects of Changes in Foreign Exchange Rates	Currently applicable
GRAP 5	Borrowing Costs	Currently applicable
GRAP 6	Consolidated and Separate Financial Statements	Currently applicable
GRAP 7	Investments in Associates	Currently applicable
GRAP 8	Interest in Joint Ventures	Currently applicable
GRAP 9	Revenue from Exchange Transactions	Currently applicable
GRAP 10	Financial Reporting in Hyperinflationary Economies	Currently applicable
GRAP 11	Construction Contracts	Currently applicable
GRAP 12	Inventories	Currently applicable
GRAP 13	Leases	Currently applicable
GRAP 14	Events After the Reporting Date	Currently applicable
GRAP 16	Investment Property	Currently applicable
GRAP 17	Property Plant and Equipment	Currently applicable
GRAP 18	Segment Reporting	Currently applicable
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets	Currently applicable
GRAP 20	Related Party Disclosures	Currently applicable
GRAP 21	Impairment of Non-cash-generating Assets	Currently applicable
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	Currently applicable
GRAP 24	Presentation of Budget Information in Financial Statements	Currently applicable
GRAP 25	Employee Benefits	Currently applicable
GRAP 26	Impairment of Cash-generating assets	Currently applicable
GRAP 27	Agriculture	Currently applicable
GRAP 31	Intangible Assets	Currently applicable
GRAP 32	Service Concession Arrangements: Grantor	Currently applicable
GRAP 34	Separate financial statements	Currently applicable
GRAP 35	Consolidated financial statements	Currently applicable
GRAP 36	Investments in associates and joint ventures	Currently applicable
GRAP 37	Joint arrangements	Currently applicable
GRAP 38	Disclosure of interests in other entities	Currently applicable
GRAP 110	Living and non-living resources	Currently applicable
GRAP 103	Heritage Assets	Currently applicable
GRAP 105	Transfer of Functions Between Entities Under Common Control	Currently applicable
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	Currently applicable
GRAP 107	Mergers	Currently applicable
GRAP 108	Statutory Receivables	Currently applicable
GRAP 109	Accounting by Principals and Agents	Currently applicable

	2022	2021
	R	R
2 Value added tax receivable		
Value added tax receivable	1,968,677	3,132,491

Vat represents net receivable from the South African Revenue Services. All vat returns were submitted to SARS throughout the year.

3 Receivables

3.1 Receivables from non-exchange transactions

	2022	2021
Gross balances		
Suppliers deposits	583,604	558,828
Other receivables	1,767,382	1,020,649
	2,350,986	**1,579,477**
Less: Allowance for impairment	(500,470)	(500,470)
Net balances after allowance for impairment	**1,850,516**	**1,079,008**
Statutory receivables		
Property Rates	70,871,902	66,319,989
Traffic fines	1,136,950	1,831,212
Gross balance	**72,008,852**	**68,151,201**
Less: Allowance for impairment	(32,607,783)	(30,395,107)
Net balances after allowance for impairment	**39,401,069**	**37,756,093**
Net balances for receivables from non-exchange transactions	**41,251,585**	**38,835,101**

3.2 Receivables from exchange transactions

	2022	2021
Gross balances		
Service charges - Refuse	8,298,562	7,444,307
Rent	1,619,864	1,543,272
VAT on amounts receivable	1,317,407	1,172,947
Sundry debtors	794,998	387,339
	12,030,830	**10,547,864**
Less: Allowance for impairment	(8,489,493)	(6,631,287)
Net balances for receivables from exchange transactions	**3,541,337**	**3,916,578**

There were no receivables from non-exchange or exchange transactions that were pledged as security. The carrying values of exchange and non-exchange receivables approximate their fair values. The age analysis of various categories of debtors are detailed bellow:

Debtors aging analysis as at 30 June 2022

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Service charges - Refuse	326,636	257,023	217,513	193,713	8,405,347	9,400,233
Rent	-83,834	141,545	70,822	55,642	990,141	1,174,316
Sundry debtors	772,562	0	0	0	683,719	1,456,281
Total	**1,015,365**	**398,568**	**288,335**	**249,355**	**10,079,207**	**12,030,830**

Debtors aging analysis as at 30 June 2021

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Service charges - Refuse	622,692.84	230,081.81	193,770.80	174,383.02	7,193,550.97	8,414,479
Rent	79,395.95	70,441.37	70,441.37	70,441.37	739,518.84	1,030,239
Sundry debtors					1,103,146.12	1,103,146
Total	**702,089**	**300,523**	**264,212**	**244,824**	**9,036,216**	**10,547,864**

Debtors aging analysis as at 30 June 2022

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	32,287	57,606	59,276	36,506	5,173,066	5,358,740
Business	34,550	-55,943	-101,195	-99,287	-1,534,034	-1,755,909
Households	261,640	384,646	310,953	292,078	1,146,191	2,395,506
Agriculture	-46,293	-9,683	-2,641	-1,234	3,649,473	3,589,622
Other	733,182	21,943	21,943	21,293	1,644,511	2,442,871
						-
Total	**1,015,365**	**398,568**	**288,335**	**249,355**	**10,079,207**	**12,030,830**

Debtors aging analysis as at 30 June 2021

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	-82,937	-86,733	-86,853	-86,238	3,274,524	2,931,763
Business	142,707	-203,862	-157,035	-153,544	-585,089	-956,822
Households	547,990	508,153	354,764	357,391	-1,652,931	115,368
Agriculture	69,163	62,179	132,897	106,776	6,384,757	6,755,772
Other	25,166	20,786	20,439	20,439	1,614,955	1,701,784
						-
Total	**702,089**	**300,523**	**264,212**	**244,824**	**9,036,216**	**10,547,864**

	2022	2021
	R	R

Receivables from exchange transactions

Allowance for impairment as at 30 June 2022							
Reconciliation of allowance for impairment			**Other receivables**	**Service charges - Refuse**	**Rent**	**Sundry debtors**	**Total**
Balance at the beginning of the period			(500,470)	(6,342,629)	(270,516)	(18,141)	(7,131,756)
Bad debt written off							-
(Contribution to the impairment) / reversal of impairment				(1,558,950)	(299,256)		(1,858,206)
Balance at the end of the period			**(500,470)**	**(7,901,579)**	**(569,773)**	**(18,141)**	**(8,989,963)**

Allowance for impairment as at 30 June 2021							
Reconciliation of allowance for impairment	**Statutory receivables - rates**	**Statutory receivables - Traffic fines**	**Other receivables**	**Service charges - Refuse**	**Rent**	**Sundry debtors**	**Total**
Balance at the beginning of the period			(500,470)	(5,744,862)	(125,953)	(47,390)	(6,418,676)
Bad debt written off			-				-
(Contribution to the impairment) / reversal of impairment				(597,767)	(144,563)	29,249	(713,081)
Balance at the end of the period			**(500,470)**	**(6,342,629)**	**(270,516)**	**(18,141)**	**(7,131,756)**

Provision for impairment is based on the payment record of debtors. No provision is made on state debtors.

3.2 Statutory receivables

Statutory receivables as at 30 June 2022

Classification	Legislation	Gross opening balance	Billing for the year	Penalties and interests	Bad debts	Receipts	Gross closing balance	Impairment losses provision	Carrying amount Closing balance
Rates	Municipal Property Rates Act, Act No. 6 of 2004	66,319,989	34,690,264	6,358,491	-	(36,496,842)	70,871,902	(31,614,895)	39,257,007
Traffic fines	Criminal procedure act, Act No. 51 of 1977	1,831,212	586,350	-	(1,148,112)	(132,500)	1,136,950	(992,888)	144,062
		68,151,201	**35,276,614**	**6,358,491 -**	**1,148,112**	**(36,629,342)**	**72,008,852**	**(32,607,783)**	**39,401,069**

Statutory receivables as at 30 June 2021

Classification	Legislation	Gross opening balance	Billing for the year	Penalties and interests	Bad debts	Receipts	Gross closing balance	Impairment losses provision	Carrying amount Closing balance
Rates	Municipal Property Rates Act, Act No. 6 of 2004	59,028,581	34,318,330	6,105,261	-	(33,132,183)	66,319,989	(28,580,298)	37,739,691
Traffic fines	Criminal procedure act, Act No. 51 of 1977	1,190,835	719,200	-	-	(78,823)	1,831,212	(1,814,809)	16,402
		60,219,416	**35,037,530**	**6,105,261**	**-**	**- 33,211,006**	**68,151,201**	**(30,395,107)**	**37,756,093**

Debtors aging analysis as at 30 June 2022

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	2,114,689	1,812,898	1,470,142	1,339,895	64,134,279	70,871,902
Traffic Fines	49,051.33	23,750.00	26,350.00	31,750	1,006,348	1,137,249
	2,163,740.17	**1,836,647.52**	**1,496,491.54**	**1,371,645.24**	**65,140,627.26**	**72,009,151.73**

Debtors aging analysis as at 30 June 2021

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	2,338,479.69	1,895,206.45	1,720,413.20	1,797,173.47	58,568,716.37	66,319,989
Traffic fines	62,951.33	36,950.00	40,600.00	34,800.00	1,655,910.00	1,831,211
Total	**2,401,431**	**1,932,156**	**1,761,013**	**1,831,973**	**60,224,626**	**68,151,201**

Debtors aging analysis as at 30 June 2022									
Aging per customer group				**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				333,277	437,438	422,918	422,740	19,429,665	21,046,037
Business				546,892	351,028	250,405	217,468	8,681,767	10,047,559
Households				589,183	510,841	418,961	381,133	28,688,624	30,588,742
Agriculture				694,388	537,342	404,207	350,305	8,322,459	10,308,701
Other				-	-	-	-	18,112	18,112
Total				**2,163,740**	**1,836,648**	**1,496,492**	**1,371,645**	**65,140,627**	**72,009,152**

Debtors aging analysis as at 30 June 2021									
Aging per customer group				**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				498,026	479,186	473,405	469,735	15,851,007	17,771,358
Business				517,600	402,067	289,779	262,755	7,738,132	9,210,333
Households				704,961	522,824	602,415	767,045	29,303,874	31,901,119
Agriculture				680,844	528,079	395,414	332,439	7,313,502	9,250,279
Other				-	-	-	-	18,112	18,112
							-		
Total				**2,401,431**	**1,932,156**	**1,761,013**	**1,831,973**	**60,224,626**	**68,151,201**

Interest/penalties accrue at 18% per annum if an instalment is not paid by the last working day of the month, and a flat rate 10% collection charge will be charged on any monthly instalment that fall two months into arrears in terms of the Council's Credit control and debt collection policy. Interest used in the discount of statutory receivables is 5.247%.

Allowance for impairment as at 30 June 2022			
Reconciliation of allowance for impairment	**Statutory receivables - rates**	**Statutory receivables - Traffic fines**	**Total**
Balance at the beginning of the period	(28,580,298)	(1,814,808)	(30,395,107)
Bad debt written off	-	1,148,112	1,148,112
(Contribution to the impairment) / reversal of impairment	(3,034,597)	(326,191)	(3,360,788)
Balance at the end of the period	**(31,614,895)**	**(992,888)**	**(32,607,782)**

Allowance for impairment as at 30 June 2021			
Reconciliation of allowance for impairment	**Statutory receivables - rates**	**Statutory receivables - Traffic fines**	**Total**
Balance at the beginning of the period	(28,195,205)	(1,161,902)	(29,357,106)
Bad debt written off	-	-	-
(Contribution to the impairment) / reversal of impairment	(385,093)	(652,907)	(1,038,000)
Balance at the end of the period	**(28,580,298)**	**(1,814,808)**	**(30,395,107)**

	2022	2021
	R	R

4 Cash and cash equivalents

	2022	2021
Bank balances	12,683,847	3,690,854
Short-term deposits	167,549,768	155,483,460
	180,233,614	**159,174,314**
Cash on hand	1,344	1,377
	180,234,958	**159,175,691**

Cash and cash equivalents held by the municipality that are available for use .

For the purpose of statement of financial position and the cash flow statement, cash and cash equivalents includes cash on hand and cash at bank net of outstanding overdraft.
The municipality does not have overdrawn current account facilities with its banker and therefore does not incur overdrawn current account fees. Short-term deposits are made for varying periods, depending on the immediate cash requirements. It earn interest at the respective short-term deposit rate. The maximum investment period is three months.

The Municipality has the following bank accounts:

	Cashbook balances	Bank statement balances	Cashbook balances	Bank statement balances
	30 June 2022	30 June 2022	30 June 2021	30 June 2021
Bank balances				
First National Bank Limited - Primary Bank account - 62026224999	11,526,728	11,524,373	2,670,461	2,670,461
First National Bank Limited - Bank account - 52551036969	1,157,118	1,157,119	1,020,393	1,020,393
	12,683,847	**12,681,492**	**3,690,854**	**3,690,854**
Short-term deposits				
First National Bank Limited business money market-62235619197	1,743,788	1,743,788	25,099,606	25,099,606
FNB Fixed Deposit -74942423951	6,015,293	6,015,293	-	-
Nedbank Limited investment-03/7881098635/000018	-	-	94,600	94,600
First National Bank Limited money market-62008452071	1,628,102	1,628,102	1,591,380	1,591,380
First National Bank Limited call deposit-62544297436	-	-	5,195,055	5,195,055
First National Bank Limited call deposit-62544294987	-	-	5,493,177	5,493,177
First National Bank Limited call deposit-74165605518	911,252	911,252	887,685	887,685
First National Bank Limited Fixed deposit-74906990821	31,267,892	31,267,892.40	-	-
FNB CALL DEPOSIT-62810888935	467,983	467,983	460,717	460,717
FNB CALL DEPOSIT-62810887119	279,115	279,115	275,238	275,238
First National Bank Limited call account-62550105011	206,031	206,031	201,246	201,246
FNB Fixed Deposit -74938172372	5,053,548	5,053,548	-	-
Standard Bank Limited-052070336	4,417	4,417	80,434	80,434
Standard Bank Limited-478735995 005	-	-	30,638,646	30,638,646
Standard Bank Limited-478735995 006	-	-	15,000,000	15,000,000
Nedbank Investment- 03/7881098635/000035	-	-	30,000,000	30,000,000
Nedbank Investment- 03/7881098635/000047	30,889,266	30,889,266	-	-
Investec Bank Limited-1100540834-450	-	-	10,254,897	10,254,897
Investec Bank Limited-1100540834-500	10,644,690	10,644,690	-	-
Absa Business Bank - 2079795620	31,330,604	31,330,604	30,210,780	30,210,780
Absa Business Bank - 2080353520	15,000,000	15,000,000	-	-
Standard Bank Limited-478735995 015	32,107,787	32,107,787		
	167,549,768	**167,549,768**	**155,483,460**	**155,483,460**
	180,233,614	**180,231,259**	**159,174,314**	**159,174,314**

5 Investment property

	2022			2021		
	Cost / Valuation	Additions/Fair value adjustments	Closing balance	Cost / Valuation	Additions/Fair value adjustments	Closing balance
Investment property	20,411,000	1,348,000	21,759,000	20,411,000	-	20,411,000

Reconciliation of investment property - 30 June 2022

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	20,411,000	1,348,000	-	21,759,000

Reconciliation of investment property - 30 June 2021

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	20,411,000	-	-	20,411,000

Rentals from investment properties amounted to R 397 1118 (2021/2022) and R 400 038 (2020/2021)

Pledged as security:

No investment property is pledged as security.

Investment property consists mostly of land held for an undeterminable future use and land and buildings held to earn rentals. There were no recent comparable vacant land sales within Bulwer, Underberg and Creighton to support any increase in values in the 2020/2021 financial year.

The last valuation was performed as of 30 June 2022 and resulted in the R1 348 000.00.

Details of valuation

Investment property mainly vacant stands and land and buildings are stated at fair values, which have been determined based on valuations by an independent valuer who is registered as a Professional Valuer in terms of Section 20(2)a of the Property Valuers Profession Act 2000, and Member of the South African Institute of Valuer's. The valuation was arrived at by reference to the comparable sales approach. The last valuation was performed as of 30 June 2022.

6a Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Infrastructure	260,420,371	83,446,351	176,974,021	240,445,198	56,673,527	183,771,672
Community Assets	261,614,738	43,121,436	218,493,303	230,038,782	32,923,079	197,115,703
Machinery and Equipment	15,875,819	7,797,685	8,078,135	12,441,818	3,951,326	8,490,492
Transport	37,340,685	14,209,738	23,130,947	31,998,028	10,725,119	21,272,909
Furniture and Office Equipment	7,874,654	4,240,000	3,634,654	6,255,109	2,901,196	3,353,913
Leased Assets	253,101	252,004	1,097	1,279,180	1,111,838	167,342
Computer equipment	6,528,668	3,599,554	2,929,114	4,997,757	2,576,746	2,421,011
Buildings	39,629,952	5,993,635	33,636,316	28,899,770	4,670,648	24,229,122
Land	12,738,101	-	12,738,101	12,738,101	-	12,738,101
	642,276,089	**162,660,402**	**479,615,686**	**569,093,743**	**115,533,477**	**453,560,266**

Dr Nkosazana Dlamini Zuma Municipality
Annual financial statements for the year ended 30 June 2022

Notes to the Financial statements

6b Property, plant and equipment

Reconciliation of property, plant and equipment - 30 June 2022

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Landfill adjustment	Disposals / Write offs	Depreciation and impairments	Closing balance
	R	R	R	R	R	R	R
Infrastructure	183,771,672	-	19,949,973			(26,747,625)	176,974,021
Community Assets	197,115,703		29,935,764	1,640,194		(10,198,358)	218,493,303
Machinery and Equipment	8,490,492	3,437,560	-			(3,849,917)	8,078,135
Transport	21,272,909	5,341,751	-			(3,483,713)	23,130,947
Furniture and Office Equipment	3,353,913	1,533,009	-			(1,251,812)	3,634,654
Leased Assets	167,341	-	-			(166,701)	1,097
Computer equipment	2,421,011	1,552,730	-			(1,044,628)	2,929,114
Buildings (Other)	24,229,122	1,690,569	9,039,612			(1,322,987)	33,636,316
Land (Other)	12,738,101	-	-			-	12,738,101
	453,560,265	**13,555,619**	**58,925,349**	**1,640,194**	**-**	**(48,065,741)**	**479,615,686**

Analysis of work in progress - 30 June 2022

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included with in infrastructure assets	5,747,719	19,949,973	(24,484,751)	-	1,212,942
Included with in community assets	3,247,754	29,935,764	(30,592,055)	-	2,591,463
Included with in buildings (Other) assets	255,942	9,039,612	(303,690)	-	8,991,864
	9,251,416	**58,925,349**	**(55,380,496)**	**-**	**12,796,268**

Repairs and maintenance expenditure on property, plant and equipment

	2022	2021
Infrastructure	5,815,053	1,307,000
Community Assets	2,705,546	2,325,331
Machinery and Equipment	123,754	237,703
Transport	4,491,391	1,781,896
Buildings & Other assets	1,165,487	167,734
	14,301,231	**5,819,664**

Repairs and maintenance

Amounts paid to service providers	14,301,231	5,819,664
Amounts spent on Materials	-	
Time spent by employees	-	-
	14,301,231	**5,819,664**

Items of property plant and equipment that were fully depreciated with a cost of R657 663.96 were approved for disposal in the current year but the process would be finalised in the upcoming year.

Reconciliation of property, plant and equipment - 30 June 2021

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Impairment of work in progress	Disposals / Write offs	Depreciation and impairments	Correction of error	Closing balance
	R	R	R	R	R	R		R
Infrastructure	142,558,931	26,500	55,588,634	-	-	(17,215,321)	2,812,928.47	183,771,672
Community Assets	192,996,781	201,239	13,867,661	(1,406,532)	-	(8,061,898)	(481,548)	197,115,703
Machinery and Equipment	8,990,265	620,714	-	-	-	(1,120,487)		8,490,492
Transport	19,772,010	4,268,292	-	-	-	(2,767,393)		21,272,909
Furniture and Office Equipment	4,218,743	279,770	-	-	-	(1,144,600)		3,353,913
Leased Assets	586,747	-	-	-	-	(419,289)		167,341
Computer equipment	2,588,598	721,716	-	-	-	(889,302)		2,421,011
Buildings (Other)	25,427,976	-	-	-	-	(1,198,854)		24,229,122
Land (Other)	12,738,101	-	-	-	-	# ############		12,738,101
	409,878,152	**6,118,231**	**69,456,295**	**(1,406,532)**	**-**	**(32,817,144)**	**2,331,380**	**453,560,265**

Analysis of work in progress - 30 June 2021

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included with in infrastructure assets	3,953,508	55,588,634	(53,794,423)	-	5,747,719
Included with in community assets	18,688,138	13,867,661	(29,308,045)	-	3,247,754
Included within buildings (Other) assets	255,942	-	-	-	255,942
				-	
	22,897,588	**69,456,295**	**(83,102,468)**	**-**	**9,251,416**

Repairs and maintenance expenditure on property, plant and equipment

	2021	2020
Infrastructure	1,307,000	2,015,104
Community Assets	2,325,331	1,120,363
Machinery and Equipment	237,703	42,789
Transport	1,781,896	791,501
Buildings & Other assets	167,734	540,286
	5,819,664	**4,510,043**

Repairs and maintenance

Amounts paid to service providers	5,819,664	4,487,533
Amounts spent on Materials		22,510
Time spent by employees	-	-
	5,819,664	**4,510,043**

7 Intangible assets

	2022			2021		
	R	R	R	R	R	R
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying Value
Computer software	853,417	(391,001)	462,417	550,181	(236,292)	313,888

Reconciliation of intangible assets - 30 June 2022

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	313,888	303,237	(154,709)	-	462,417

Reconciliation of intangible assets - 30 June 2021

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	232,432	258,728	(177,272)	-	313,888

Restricted title:

All computer software's are issued under licence and are restricted to the condition under which each licence is issued.

8 Finance lease obligation

	2022 R	2021 R
Minimum lease payments due		
- Within one year	-	177,036
- In second to fifth year inclusive	-	-
	-	**177,036**
Less: Future finance charges	-	(6,325)
Present value of minimum lease payments	**-**	**170,712**
Present value of minimum lease payments due:		
- Within one year	-	170,712
- In second to fifth year inclusive	-	-
	-	**170,712**
Non-current liabilities	-	-
Current liabilities	-	170,712
	-	**170,712**

The average lease term is 3 years. The capitalised liabilities are in respect of office equipment leased by the municipality. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, internal rates of return applicable to each lease were determined and accordingly applied to amortise each of the respective lease repayments. Therefore, the average effective borrowing rate is 9%, which is subject to a 0% - 15% escalation per annum. The leases have fixed repayment terms. The agreements do not provide for contingent rental payments. It must be noted that printing machine leases ended in the current financial year and was not replaced by another appointment. The procurement processes for the new lease would be finalised in 2022/2023 financial year.

	2022	2021
	R	R

9 Payables from exchange transactions

	2022	2021
Trade payables	31,015,483	19,099,169
Retention creditors - contracts	9,363,914	8,551,294
Staff leave accrual	6,872,446	5,827,597
13th cheque provision	1,927,087	1,729,594
Sundry payables	10,355,088	10,195,814
	59,534,018	**45,403,468**

10 Unspent conditional grants

	Balance at the beginning of the period	Portion of rollover not approved and paid to COGTA	Additions during the period	Income recognised during the period a result of grant conditions being met	Balance as at 30 June 2022
Building Plan Management System	80,000	(80,000)		-	-
Municipal Infrastructure Grant	-	-	42,508,000	(42,508,000)	-
Greenest Award Municipal Grant	375,000	-	-	(375,000)	-
Anti-corruption Grant	133,983	-	-	(133,983)	-
Small Town Rehabilitation Grant	-	-	5,200,000	-	5,200,000
Financial Management Grant	-	-	1,950,000	(1,950,000)	-
Expanded Public Works Programme	-	-	2,323,000	(2,323,000)	-
Arts & culture - Library Grant	-	-	3,972,000	(3,972,000)	-
	588,983	**(80,000)**	**55,953,000**	**(51,261,983)**	**5,200,000**

	Balance at the beginning of the period	Portion of rollover not approved and paid to COGTA	Additions during the period	Reduction of grant as a result of grant conditions being met	Balance as at 30 June 2022
Integrated National Electrical Programme Grant	-		9,700,000	(9,700,000)	-
Title Deeds Restoration Programme Grant	200,000		-	-	200,000
Department of Human Settlements Grant	5,624,057		311,024	(311,024)	5,624,058
	5,824,057	**-**	**10,011,024**	**(10,011,024)**	**5,824,058**
	6,413,040	**(80,000)**	**65,964,024**	**(61,273,007)**	**11,024,058**

	Balance at the beginning of the period	Portion of rollover not approved and deducted from equitable share	Additions during the period	Income recognised during the period a result of grant conditions being met	Balance as at 30 June 2021
Building Plan Management System	500,000			(420,000)	80,000
Municipal Infrastructure Grant	-		26,658,000	(26,658,000)	-
Greenest Award Municipal Grant	-		375,000		375,000
Anti-corruption Grant	171,343		-	(37,360)	133,983
Financial Management Grant	-		2,000,000	(2,000,000)	-
Expanded Public Works Programme	-		2,513,000	(2,513,000)	-
Arts & culture - Library Grant	-		3,803,000	(3,803,000)	-
Arts and Culture - Creighton Library	2,409,050			(2,409,050)	-
	3,080,393	**-**	**35,349,000**	**(37,840,410)**	**588,983**

	Balance at the beginning of the period	Portion of rollover not approved and deducted from equitable share	Additions during the period	Reduction of grant as a result of grant conditions being met	Balance as at 30 June 2021
Integrated National Electrical Programme Grant			8,400,000	(8,400,000)	-
Title Deeds Restoration Programme Grant			200,000	-	200,000
Department of Human Settlements Grant	5,624,057		24,174,164	(24,174,164)	5,624,057
	5,624,057	**-**	**32,774,164**	**(32,574,164)**	**5,824,057**
	8,704,450	**-**	**68,123,164**	**(70,414,574)**	**6,413,040**

Name of Grant	Description of Grant
Anti-corruption Grant	This grant is used to fund anti-corruption activities. Unspent portion included in current liabilities.
Small Town Rehabilitation Grant	The grant is used to support small and rural municipalities with the rehabilitation of small towns as local centres of economic activity and nodes of concentrated and focused delivery of services

		2022	2021
		R	R
Financial Management Grant	This grant is used to finance sound financial management and to pay salaries for the interns.		
Expanded Public Works Programme	The grant is utilised for creating of job opportunities in environmental and cultural, infrastructure and the social eradication of poverty and capacity building and skills programmes.		
Arts and Culture - Library grant	This grant is used to subsidize the cost of running the libraries.		
Municipal Infrastructure Grant	This grant is used to subsidize the cost of building infrastructure. Conditions of the grant have been met. There was no delay or withholding of the grant.		
Integrated national electrical programme grant	The municipality receives funding from INEP to fund the electrification of the areas within the municipal demarcation on behalf of ESKOM.		
Building Plan Management System	This grant was received from KZN CoGTA for development and implementation of a building plan information system.		
Greenest Award Municipal Grant	This grant was received from KZN EDTEA as a conditional award won by the municipality as a result of complying with Waste Management prescripts.		
Arts & Culture Creighton Library grant	This grant is for construction of Creighton Community library.		
Title Deeds Restoration Programme Grant	This grant allocated to the municipality for the completion of Title Deeds related activities.		
Department of Human Settlements grant	This grant is to be used in the implementation of the Department of Housing projects.		

The municipality has complied with all grant conditions and all allocations were received by the municipality as gazetted. INEP grant was reduced by R 3 020 000 due to underspending in the middle of the year while MIG was increased by R 6 000 000.

	2022	2021
	R	R

11 Provisions

11.1 Reconciliation Provision for landfill site rehabilitation - 30 June 2022

	Opening balance post adjustments	Reductions	Interest	Contributions to provision	Closing balance
Environmental rehabilitation - landfill site	(7,757,272)	381,860	(536,028)	(1,640,194)	(9,551,633)
30 June 2021					
Environmental rehabilitation - landfill site	(9,163,804)	2,070,908	(664,376)	-	(7,757,272)

The provision for rehabilitation of refuse disposal sites relates to the legal obligation to rehabilitate the disposal sites. The municipality has two landfill sites, one at Creighton and the other at Bulwer. Both sites have a 10 year licence issued on the 15 of September 2015 and the 26 of October 2015 respectively. The provision made represents the present value of estimated future rehabilitation costs for these landfill sites. It also takes into account the estimated landfill site capacity, the average refuse disposal per month on Creighton landfill site; in addition to the fact that each has their respective licences valid till the second-half of 2025.

11.2 Long service awards obligation

	2022	2021
Balance at the beginning of the period	3,696,000	2,522,000
Current service cost	433,000	283,000
Interest cost	402,000	323,000
Benefits paid	(417,000)	(139,092)
Actuarial (gains)/losses	(402,000)	707,092
	3,712,000	**3,696,000**
Current liabilities	339,000	439,000
Non current liabilities	3,373,000	3,257,000
	3,712,000	**3,696,000**

The municipality offers certain employees leave awards that may be exchanged for cash on certain anniversaries of commencing service determined by the length of service.

The most recent actuarial valuation of plan assets of long service awards and the present value of the defined benefit obligation were carried out at 30 June 2022 by a fellow of the Fellow of the Actuarial Society of South Africa . The present value of the defined benefit obligation , and the related current service cost and past service cost, were measured using the Projected Unit Credit Funding Method.

The principal assumptions used for the purpose of actuarial valuations are as follows:

	2022	2021
Discount rate	Yield Curve	Yield Curve
Consumer Price Index (CPI)	Difference between nominal and real yield curves	Difference between nominal and real yield curves
Normal salary increase rate (CPI+1%)	4.50%	4.30%
Net effective discount rate	Yield curve based	Yield curve based

The amount recognised in the Statement of Financial Position is as follows:

	2022	2021
Present value of unfunded obligations	**3,712,000**	**3,696,000**

The amounts recognised in the Statement of Financial Performance are as follows:

	2022	2021
Current service cost	433,000	283,000
Interest cost	402,000	323,000
Benefits paid	(417,000)	(139,092)
Actuarial gains / (losses)	(402,000)	707,092
Amount included in other income - Actuarial gain on provision - Long service award	**16,000**	**1,174,000**

Movements in the present value of the defined benefit obligation were as follows:

	2022	2021
Current service cost	433,000	283,000
Interest cost	402,000	323,000
Benefits paid	(417,000)	(139,092)
Actuarial gains and losses	(402,000)	707,092
	16,000	**1,174,000**

	2022	2021
	R	R
Movement in the present value of plan assets were as follows:		
Benefits paid	(417,000)	(139,092)
	(417,000)	**(139,092)**
Present value of obligation	**3,712,000**	**3,696,000**

11.3 Post retirement health care benefits obligations

The history of experienced adjustments is as follows:

	2022	2021
Balance at the beginning of the period / year	6,173,000	5,496,000
Current Service cost	504,000	372,000
Current interest cost	669,000	575,000
Medical contributions subsidies for continuation pensioners		
Benefits Paid	(55,609)	(53,586)
Actuarial losses	(435,391)	(216,414)
	6,855,000	**6,173,000**

The municipality provides certain post-retirement health care benefits liability by funding the medical aid contribution of qualifying retired members of the municipality . According to the rules of the Medical Aid Funds, with which the municipality is associated , a member (who is on the current Conditions of service) is entitled to remain a continued member of such medical aid fund on retirement , in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operate an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and present value of the unfunded defined benefit obligation were carried out at 30 June 2022 by a fellow of the Faculty of Actuaries and Fellow of Actuarial Society of South Africa. The present value of the defined benefit obligation , and the related current service costs and past service costs were measured using the Projected Unit Credit Method.

	2022	2021
The members of the post-employment benefit plan are made up as follows:		
Pensioners	**1**	**1**
In-service members	**103**	**101**
The liability in respect of past service has been estimated as follows:		
In-service members	**6,855,000**	**6,173,000**

The Municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:
Key Health, Bonitas, Samwumed and LA Health.

	2022	2021
	R	R

11.3 Post retirement health care benefits obligations (cont.)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2022	2021
Discount rate	Yield Curve	Yield Curve
Expected inflation	Difference between nominal and real yield curves	Difference between nominal and real yield curves
Health care cost inflation (CPI+1%)	4.50%	4.30%
Net discount rate	Relationship between discount rate and health care inflation rate	Relationship between discount rate and health care inflation rate

The amount recognised in the statement of financial position is as follows:

	2022	2021
Present value of unfunded obligations	**6,855,000**	**6,173,000**

The amount recognised in the statement of financial performance is as follows:

	2022	2021
Total included in employee related costs - Contribution to medical aid schemes, pension funds, UIF and SDL	6,855,000	6,173,000
	6,855,000	**6,173,000**

Movements in the present value of the defined benefit obligation were as follows:

	2022	2021
Current service cost	504,000	372,000
Interest cost	669,000	575,000
Medical contributions subsidies for continuation pensioners	-	-
Actuarial gains and losses	(435,391)	(216,414)
Amount included in employee related costs	**737,609**	**730,586**
Current liabilities	68,000	76,000
Non current liabilities	6,787,000	6,097,000
	6,855,000	**6,173,000**

12 Housing operating account

	2022	2021
Movement in the current period / year:		
Opening balance	5,493,175	5,228,240
Transfer to Municipality		
Add: Interest received and further advances	522,117	264,936
Closing balance	**6,015,293**	**5,493,175**
The Housing Operating Account is represented by cash and cash equivalents	**6,015,293**	**5,493,175**

			2022 R	Restated 2021 R
13	**Revenue**			
	Revenue comprises revenue from exchange and non-exchange transactions as follows:			
13.1	**Revenue from exchange transactions**			
	Service charges	14	4,006,487	3,878,196
	Licences and permits	15	445,291	414,494
	Agency services	16	551,666	306,427
	Rental of facilities and equipment	17	1,122,388	878,068
	Other income	18	548,174	298,738
	Interest received	19	7,600,721	6,423,720
			14,274,727	**12,199,642**
13.2	**Revenue from non - exchange transactions**			
	Property rates	20	34,690,264	34,318,330
	Property rates - penalties imposed	20	6,445,089	6,105,261
	Government grants and subsidies	21	190,737,983	197,597,410
	Traffic fines	23	586,350	719,200
	Assets donated	22	931,474	-
	Pound Fees		446,058	162,060
	Incidental Cash Surpluses		41,505	346,261
			233,878,723	**239,248,522**

Incidental cash surpluses relates to fruitless & wasteful expenditure to be recovered from relevant officials and bursary refunds from employees who did not fulfil their obligations.

		2022 R	Restated 2021 R
14	**Service charges**		
	Service charges - Refuse removal	**4,006,487**	**4,006,487**
15	**Licences and permits**		
	Licences and permits	**445,291**	**414,494**
16	**Agency services**		
	Agency services	**551,666**	**306,427**

The municipality receives 8.55% on amounts collected for vehicle registrations since this is the function of Department of Transport. In prior years it was in included in licences and permits, it has been separately disclosed to achieve fair presentation.

		2022 R	Restated 2021 R
17	**Rental of facilities and equipment**		
	Market related	1,094,725	865,660
	Non-Market related	27,662	12,409
		1,122,388	**878,068**
18	**Other income**		
	Sale of Goods	16,214	95,628
	Insurance Refunds & Commissions	14,515	29,149
	Cemetery and Burial	4,601	6,438
	Building Plan Approval	107,723	121,322
	Skills Development Levy Refund	337,350	-
	Photocopies and Faxes	66,875	45,525
	Clearance Certificates	896	676
		548,174	**298,738**
19	**Interest received**		
	Interest Received - Deposit held by Suppliers	16,168	21,221
	Interest Received - Current Account	210,977	175,226
	Interest Received - Investments	7,373,576	6,227,273
		7,600,721	**6,423,720**
20	**Property rates**		
	Residential	7,608,246	7,464,967
	Business & Commercial	8,670,700	8,389,514
	Agricultural	8,946,830	9,002,921
	State owned	8,185,111	7,845,451
	Vacant	1,279,377	1,615,478
	Total	**34,690,264**	**34,318,330**
	Penalties		
	Property rates	6,358,491	5,984,091
	Service charges	86,598	121,170
		6,445,089	**6,105,261**

	2022 R	Restated 2021 R
Valuations		
Business and Commercial	291,312,000	291,312,000
Farms - Agriculture	3,171,237,000	3,185,456,000
Farms - Commercial	3,918,000	3,918,000
Farms - Other	10,267,000	10,267,000
Farms - Residential	14,206,000	14,206,000
Industrial	18,860,000	18,860,000
Municipal Properties	71,869,000	71,869,000
Protected Areas	359,000	359,000
Public Service Infrastructure (PSI)	6,603,000	6,603,000
Public Benefit Organisation	58,200,000	58,200,000
Residential	740,274,000	736,624,000
Smallholdings - Agriculture	31,337,000	31,337,000
Smallholdings - Other	1,056,000	1,056,000
Smallholdings - Residential	79,367,000	79,367,000
State Public Service Purpose	478,432,000	478,432,000
State Trust Land	256,128,000	256,128,000
Tourism & Hospitality Rural	334,047,000	336,797,000
Vacant Land	101,617,000	107,423,000
Worship	61,404,000	61,404,000
	5,730,493,000	**5,749,618,000**

Valuation of properties within the boundaries of the Municipal area are performed every five years. The current valuation came into effect on 1 July 2017. Interim valuations are carried out to take account of changes in individual property values due to subdivisions, property improvements etc. Rates are levied on an annual basis over 12 monthly. A reduction is granted in terms of the Municipal Property Rates Act on the first R15 000 of the market value of all residential properties (in addition to the first R15 000 exempt in terms of MPRA an additional amount of R 35 000 is granted to all developed residential properties). Qualifying Public Service Infrastructure are granted a 100% impermissible exemption. A 30% rebate is granted to all developed properties except for State owned properties/PSPs. An additional 5% rebate is granted to all developed properties outside townlands except for State owned properties/PSPs. Qualifying Pensioners receive a rebate between 50% to 100% depending on the Market Value of property and household income. Qualifying Owners of Properties Utilised Exclusively for Tourism and Hospitality Purposes are granted 73% rebate. 100% indigent rebates are offered to qualifying applicants who meets the qualifying requirements as stated in the Rates and Indigent policies. PBOs/NPOs who meets requirements as stated in the Rates Policy are granted 100% rebates.

		2022 R	Restated 2021 R
21	**Government grants and subsidies**		
	Operating grants		
	Equitable share	139,476,000	159,757,000
	Financial management grant	1,950,000	2,000,000
	Building Plan Management System	-	420,000
	Community library services grant	3,972,000	3,803,000
	Expanded public works programmes	2,323,000	2,513,000
	Anti-corruption Grant	133,983	37,360
	Integrated national electrical programme	-	-
	Promulgation of municipal by-laws		
	Exercise work study		
		147,854,983	**168,530,360**
	Capital grants		
	Greenest Award Municipal Grant	375,000	
	Arts and Culture - Creighton Library	-	2,409,050
	Municipal infrastructure grant	42,508,000	26,658,000
		42,883,000	**29,067,050**
		190,737,983	**197,597,410**

Grants reconciliation is on note number 11.

		2022 R	Restated 2021 R
22	**Assets donated**		
	Assets donated	**931,474**	**-**

Donated assets relates to computer equipment donated by Department of Arts and Culture to Creighton and Underberg libraries and donation of furniture and office equipment to Creighton library by one of the local businesses.

		2022 R	Restated 2021 R
23	**Traffic fines**		
	Traffic fines	**586,350**	**719,200**

	2022 R	Restated 2021 R
24 Employee related costs		
Salaries and wages	58,345,101	50,920,640
Bonus paid and bonus provision	4,080,860	5,036,558
Contribution to UIF, SDL, Bargaining Council	1,197,837	967,910
Contribution to medical aid schemes	3,230,281	3,002,232
Contribution to pension funds	7,527,367	6,610,097
Leave pay and provision charge	1,363,112	1,467,933
Travel and car allowances	460,818	330,000
Overtime payments	1,506,888	1,301,542
Housing benefits and other employee related costs	211,730	189,546
	77,923,994	**69,826,458**
Remuneration of the Municipal Manager		
Annual remuneration	911,581	912,495
Performance Bonus	-	167,420
Travel, housing and other allowances	180,000	180,000
Contribution to medical aid, pension fund and UIF	187,986	187,072
	1,279,567	**1,446,987**
Remuneration of the Chief Financial Officer		
Annual remuneration	938,702	930,618
Performance Bonus	-	89,657
Travel, housing and other allowances	103,506	103,506
Contribution to medical aid, pension fund and UIF	23,713	31,797
	1,065,921	**1,155,578**
Remuneration of the Public Works and Basic Services Manager		
Annual remuneration	741,300	872,117
Performance Bonus	-	73,356
Travel, housing and other allowances	130,818	-
	872,117	**945,473**
Remuneration of the Community Servicer Manager		
Annual remuneration	820,784	825,006
Performance Bonus	-	73,356
Contribution to medical aid, pension fund and UIF	51,334	47,112
	872,117	**945,473**
Remuneration of the Corporate Services Manager		
Annual remuneration	939,921	939,921
Performance Bonus	-	89,657
Travel, housing and other allowances	126,000	126,000
	1,065,921	**1,155,578**

	2022 R	Restated 2021 R
25 Remuneration of Councillors		
Mayor		
Annual remuneration	741,664	748,573
Travel, housing and other allowances	40,700	44,400
Contribution to medical aid, pension fund and UIF	102,929	112,286
	885,293	**905,259**
Deputy Mayor		
Annual remuneration	613,676	601,738
Travel, housing and other allowances	40,700	44,400
Contribution to medical aid, pension fund and UIF	44,914	86,950
	699,290	**733,088**
Speaker		
Annual remuneration	591,586	601,738
Travel, housing and other allowances	40,700	44,400
Contribution to medical aid, pension fund and UIF	82,343	86,950
	714,629	**733,088**
Councillors		
Annual remuneration	6,696,540	6,134,671
Travel, housing and other allowances	1,622,597	2,242,446
Contribution to medical aid, pension fund and UIF	826,827	849,029
	9,145,964	**9,226,146**
Total remuneration of councillors	**11,445,176**	**11,597,581**

In-kind benefits:

The Mayor, Deputy Mayor, Speaker and two Exco members are full-time. The Mayor, Deputy Mayor, and Speaker are provided with an office and secretarial support at the cost of the municipality. Councillors were paid within the Upper Limits envisaged in section 219 of the constitution and Government Gazette 46470 dated 02 June 2022. They are also provided with municipal vehicles at the cost of the municipality.

26 Depreciation and amortisation

	2022	2021
Property, plant and equipment - Depreciation	48,065,741	35,737,751
Property, plant and equipment - Impairment	-	75,265
Intangible assets - Amortisation	154,709	177,272
	48,220,449	**35,990,288**

27 Finance costs

	2022	2021
Interest paid on finance leases	6,324	55,153
Interest paid on expenses	5,131	93,652
Interest on provisions	1,607,027	1,562,376
	1,618,483	**1,711,182**

Interest on provisions includes interest on long service awards, post employment medical aid benefits and on landfill sites rehabilitation provision.

28 Debt impairment

	2022	2021
Bad debt - Contribution to the impairment	5,509,478	1,751,082
Bad debt - Written off	-	-
	5,509,478	**1,751,082**

	2022 R	Restated 2021 R
29 Operational costs		
Accounting and Auditing	1,350,757	1,383,706
Achievements and Awards	106,250	209,290
Administrative and Support Staff	670,887	567,790
Advertising, Publicity and Marketing	885,710	792,016
Animal Care	134,208	52,400
Artists and Performers	106,200	-
Audit Committee	416,750	439,377
Bank Charges	168,676	217,452
Bargaining Council	887,310	844,193
Bursaries	698,688	559,563
Business and Advisory	465,980	701,012
Catering Services	1,077,397	412,788
Cleaning Services	275,119	237,598
Commissions and Committees	87,613	121,976
Communication	995,567	5,422
Consultants and Professional Services	1,886,415	215,843
Consumables	1,219,482	559,096
Contractors/Repairs and maintenance	14,301,231	5,819,664
Courier and Delivery Services	271,193	335,971
Deeds	3,459	7,140
Drivers Licences and Permits	3,055	8,500
Electrification Projects	4,477,070	1,227,461
External Audit Fees	1,437,752	1,744,843
Fire Services	-	86,957
Gardening Services	568,516	369,210
Geoinformatics Services	597,096	-
Hire Charges	1,862,202	686,663
Indigent Relief	1,130,367	1,142,318
Insurance Underwriting	1,803,164	2,169,128
Land - Rental	102,492	114,767
Legal Advice and Litigation	792,285	1,196,890
Materials and Supplies	2,340,925	2,413,595
Motor Vehicle Licence and Registration	313,816	331,707
Municipal Services	2,438,899	1,940,928
Occupational Health and Safety	436,108	336,329
Parking Fees	7,988	4,823
Printing and Publications	962,659	1,047,698
Professional Bodies and Membership	115,764	76,311
Refuse Removal	1,829,415	1,649,103
Registration & Training Fees	836,737	593,111
Remuneration to Ward Committees	618,800	891,400
Security Services	13,042,980	9,157,567
Signage	40,020	87,190
Specialised Computer Service	751,117	510,780
Telephone, Fax, Telegraph	1,856,886	1,948,400
Transportation	609,460	222,326
Travel and Subsistence	3,517,105	1,368,945
Uniform and Protective Clothing	1,958,203	374,544
Property valuation fees	1,197,040	426,627
Wet Fuel	4,701,629	3,216,021
	76,358,440	**48,826,442**

The above expenditure includes COVID 19 related operating expenditure amounting to R 363 914 for 2021/2022 and R 609 528 in 2020/2021 for the following;

Description		
Operating expenditure		
Sanitizers	69,314	121,807
Screening of officials and community members entering municipal premises	242,400	350,000
General disinfectants	-	42,868
Visor face shields, wipes, masks and gloves	26,700	44,340
Thermometers		
Cover Suits	25,500	50,512
	363,914	**609,528**
Capital expenditure		
Community Safety vehicles (Disaster & Traffic Units)	-	2,888,233
Underberg CBD infrastructure Upgrade	5,384,024	622,655
Construction of Disaster Emergency centre	11,841,605	
Procurement and installation of park home offices	1,396,413	
Construction of multi-purpose community halls	23,648,494	1,152,417
	42,270,536	**4,663,304**
TOTAL	**42,634,450**	**5,272,832**

		2022 R	Restated 2021 R
30	**Cash generated from operations before interest**		
	Surplus for the period / year	28,425,429	87,736,644
	Adjustment for:		
	Depreciation and amortisation	48,220,449	32,994,532
	Finance costs	1,618,483	148,806
	Movement in provisions	2,492,361	(2,895,434)
	Interest received	(7,600,721)	(6,423,720)
	Fair value adjustment	(1,348,000)	-
	Debt impairment provision	5,509,478	1,751,082
	Other non cash items in property plant and equipment	(1,640,194)	-
	Other non cash items		3,454,456
	Operating surplus before working capital changes	**75,677,286**	**116,766,365**
	Working capital changes		
	increase in receivables from exchange and non-exchange transactions	(2,041,543)	(8,214,153)
	movements in Value Added Tax	1,163,813	(3,739,405)
	movements in payables from exchange transactions and finance lease obligation	14,130,851	4,970,648
	decrease in unspent conditional grants and receipts	4,611,017	(2,291,410)
	Increase in allowance for impairments	(5,509,478)	
	Cash generated from operations before interest	**88,031,946**	**107,492,046**

31 Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of the Adjustment Budget that was approved by Council on 24 February 2022 and 21 April 2022.

32 Accounting by principals and agents

The Municipality is a party to a principal-agent arrangement(s).

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

Department of Transport.

The Municipality acts on behalf of the Department to issue licences to, and collect money from motorists, i.e. there are three parties to the arrangement, principal (Department of Transport), agent(Dr Nkosazana Dlamini Zuma Municipality) and third party (motorists).

The Department of transport is responsible for issuing the licence, the transaction is however between the Department of Transport and the motorist, i.e. the municipality is not a party to the transaction with the third parties. The municipality facilitates the issuing of these licenses and the collection of the prescribed fees.

The Municipality receives a fee of 8.55% of the transaction amount and there were no changes that occurred during the reporting period.

Revenue recognised by the municipality as an agent is stated on note number 16.

Department of Human Settlements

The Municipality acts as an agent on behalf of the Department for the implementation of housing projects. The Municipality receives funds from the Department and pays it over to contractors once invoices are received and certified by the Department.

Reconciliation of the carrying amount of payables as a result of the above arrangement is on note number 10.

		2022 R	Restated 2021 R
33	**Commitments**		
	Authorised capital expenditure		
	Approved and contracted		
	- Infrastructure assets	1,472,909	7,043,993
	- Community assets	2,976,024	14,413,589
	-Other assets	11,790,676	1,930,667
	-Furniture and office equipment	245,100	351,916
	-Transportation	1,187,360	2,279,250
	-Machinery and Equipment	155,529	119,390
	Computer Equipment	-	72,016
	Operating commitments		
	Operating expenditure	17,427,270	20,533,222
		17,427,270	**20,533,222**
	Total commitments	**35,254,868**	**46,744,043**
	This expenditure will be financed from:		
	Government grants	10,721,218	16,049,699
	Internal funds	24,533,650	30,694,344
		35,254,868	**46,744,043**

		2022 R	Restated 2021 R
34	**Unauthorised expenditure**		
	Opening balance	-	9,071,761
	Unauthorised expenditure - current period	-	-
	Unauthorised expenditure - written off by council	-	(9,071,761)
	Closing balance	**-**	**-**

The unauthorised expenditure of R 9 071 761 relates to the total amount transferred by the Department of Human Settlements paid to the contractor for housing projects.

		2022 R	Restated 2021 R
35	**Fruitless and wasteful expenditure**		
	Opening balance	3,449,494	3,795,397
	Fruitless and wasteful expenditure - current period	5,131	93,652
	Fruitless and wasteful expenditure - transferred to debtors (to be recovered)	-	(313,385)
	Fruitless and wasteful expenditure - written off by council	(3,449,494)	(126,171)
	Closing balance	**5,131**	**3,449,494**

Current year fruitless and wasteful expenditure is for interest charged on outstanding accounts for SAPO, Eskom and Harry Gwala District municipality. The municipality has requested the suppliers to email all statements in order to avoid penalties, some of the accounts are emailed while others are posted. The municipality has also made an arrangement with the district to hand deliver the invoices to avoid interest. The closing balance of R 5 131 would be investigated in 2022/2023 financial year.

		2022 R	Restated 2021 R
36	**Irregular expenditure**		
	Opening balance	10,000	39,929,344
	Irregular expenditure - current period (emanating from prior year(s))	-	11,022,923
	Irregular expenditure - current period	136,348	10,000
	Irregular expenditure - written off by council	(10,000)	(50,952,267)
	Closing balance	**136,348**	**10,000**

Refer to detailed analysis of current year irregular expenditure below:

	2022 R	Restated 2021 R
SCM policy 29(2) - BAC not properly constituted	-	4,695,282
Awarded non-tax compliant suppliers	-	2,500,359
Preferential Procurement Regulations 8(5) - Threshold for local production not met	-	3,679,281
Service of the state	-	148,000
Non-Declaration/Completion of MBD Form	136,348	10,000
	136,348	**11,032,923**

		2022 R	Restated 2021 R
37	**SCM Deviations**		
	Details of Section 36 deviations		
	Reported to council	6,492,943	372,128
		6,492,943	**372,128**

Refer to detailed analysis of current year deviations below:

	2022 R	Restated 2021 R
Emergency	4,149,859.21	35,750
Single supplier	-	9,447
Impractical to follow official procurement processes	2,343,084.11	326,931
TOTAL	**6,492,943**	**372,128**

In terms of regulation 36 of the Municipal SCM regulation, any deviation from SCM policy needs to be recorded with reasons, approved by Accounting Officer and reported to the next Council meeting for noting and to be included as a note to the annual financial statements. The awards listed above have been approved by the Accounting Officer and noted by Council. All deviations are reported monthly and on quarterly basis to the Council with a detailed schedule and reasons thereto.

38 Awards to close family members of persons in the service of the state

In terms of Municipal SCM regulation 45, any award above R 2 000 to a family of employee in the service of the state must be disclosed in the Annual Financial statements.

The following is the list as recorded in the declaration of interest form,

Name of the entity for family member	Capacity	Name of the connected person	Amount	Company Awarded	Description of work
Department of Education	Therapist	Patricia Daya	194,465	Tradewind Maintenance and Supply cc	Supply and Installation of 38Lightning conductors
Department of Social Development	EPWP Program Manager	Prisilla Zanele Maseko	120,000	Isibuko Development Framework	Subdivision layout for lot 16527

Notes to the Financial statements

						2022 R	Restated 2021 R
Department of Social Development	EPWP Program Manager	Prisilla Zanele Maseko	106,950	Isibuko Development Framework	Relocation of Beacons of REM of ERF 477 Himeville to create a new site for proposed Himeville business hives and rezoning.		
Department of Social Development	EPWP Program Manager	Prisilla Zanele Maseko	50,000	Isibuko Development Framework	Relocation of Beacons for 8 municipal sites in Creighton ERF 104,106,107,109,110,111,113,114 for the Municipality.		
Department of Social Development	EPWP Program Manager	Prisilla Zanele Maseko	300,000	Isibuko Development Framework	Preparation of Spatial Development framework for Dr NDZ LM.		
TOTAL			**771,415**				

		2022 R	Restated 2021 R
39	**Additional disclosure in terms of the Municipal Finance Management Act**		
39.1	**Contributions to organised local government**		
	Current period / year subscription	**887,310**	**844,193**
	Amount paid in the current period	**-887,310**	**-844,193**
	Balance unpaid included in payables	**-**	**-**
39.2	**Audit fees**		
	Current period	1,437,752	1,744,843
	Amount paid in the current period	(1,356,969)	(1,744,843)
	Balance unpaid included in payables	**80,783**	**-**
39.3	**PAYE, UIF and SDL**		
	Opening balance	-	-
	Current period amount	11,410,443	10,171,040
	Amount paid in the current period	(11,410,443)	(10,171,040)
	Balance unpaid included in creditors	**-**	**-**
39.4	**Pension and medical aid deductions**		
	Opening balance	-	-
	Payroll deductions	11,802,955	10,657,741
	Amount paid in the current period	(11,802,955)	(10,657,741)
	Balance unpaid included in creditors	**-**	**-**
39.5	**VAT**		
	Vat receivable/(payable)	**-**	**-**

The net of VAT input payables and VAT output receivables are shown in note 8 and 2. All VAT returns have been submitted by the due date throughout the period.

39.6 Councillors' arrear consumer accounts

The following Councillors had rates or services arrears owed for a period more than 90 days during the year in 2021/2022.

30-Jun-22	**Outstanding less than 90 days**	**Outstanding more than 90 days**	**Total**
1. Cllr ZP Mkhize	1,387		1,387
2. Cllr SG Mkhize		9,870	9,870

40 Risk Management

40.1 Financial management risk

The municipality’s activities expose it to a variety of financial risks: cash flow 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 Directorate : Budget and Treasury Office monitors and manages the financial risks related to operations through internal policies and procedures . These risks include interest rate risks , credit risks and liquidity. Compliance with policies and procedures is reviewed continuously by the internal auditors and interim by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal auditors responsible for initiating a control framework and monitoring and responding to potential risks , reports to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit.

40.2 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 cash flow forecasts and credit facilities.

The table below analyses the municipality’s financial liabilities at the date of statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months and beyond 12 months equal their carrying balances as the impact of discounting is not significant.

Maturity profile - 30 June 2022	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Trade payables	59,534,018	-	-	59,534,018
Total	**59,534,018**	**-**	**-**	**59,534,018**

Maturity profile - 30 June 2021	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Finance lease obligations	170,712	-	-	170,712
Trade payables	45,403,468	-	-	45,403,468
Total	**45,574,180**	**-**	**-**	**45,574,179**

	2022 R	2021 R

40 Risk Management (cont.)

40.3 Credit risk

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

Receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis taking into account nature of debtor, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

	2022 R	2021 R
Financial instruments		
Receivables from non-exchange transactions	41,251,585	38,835,101
Receivables from exchange transactions	3,541,337	3,916,578
Bank, and cash equivalents	180,234,958	159,175,691
	225,027,880	**201,927,370**

40.4 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from short term investments. Investments are made at variable rates and are exposed to cash flow interest rate risk.

At the end of the accounting period / year end, financial instruments exposed to interest rate risk were Call Deposits and Notice Deposits.

41 Related parties

41.1 Relationships

Compensation to the Accounting Officer, other Key Management and to Councillors:

	2022 R	2021 R
Accounting Officer and other key management	5,155,644	5,649,089
Councillors	11,445,176	11,597,581
	16,600,819	**17,246,670**

41.2 Personal Details

	Annual remuneration	Travel, housing, Performance bonus and other allowances	Contribution to medical aid, pension fund and UIF	Outstanding balances - Receivables/ (Payables)
Key Management				
NC Vezi - Municipal Manager	911,581	180,000	187,986	
KMB Mzimela - Chief Financial Officer	938,702	103,506	23,713	(113)
SV Mngadi - Public Works and Basic Services Manager	741,300	130,818	-	
Z Mlata - Community Servicer Manager	820,784	-	51,334	
SJ Sondezi - Corporate Services Manager	939,921	126,000	-	
Councillors				
PS MSOMI - Mayor	485,777	25,900	65,500	
KA HADEBE - Deputy Mayor	592,899	94,504	36,025	
SS PHOSWA - Speaker	390,444	25,900	52,400	
HS MLIBENI - Exco Member	209,506	25,900	26,452	
NG DLAMINI - Exco Member	221,846	123,478	30,943	
RS MLOTSHWA - Exco Member	209,506	25,900	26,452	
D ADAMS - Councillor - Former Exco Member	244,752	110,445	-	
DR NGCAMU - Councillor	241,060	44,400	35,534	
SJ PHAKATHI - Councillor	181,836	112,507	26,651	
VAT MTHEMBU - Councillor	181,836	112,507	26,651	
BB NTSHIZA - Councillor	159,957	25,900	20,728	
BR MEMELA - Councillor	201,986	25,900	25,762	
PK MEMELA - Councillor	159,957	25,900	20,728	
P MAYEZA - Councillor	159,957	25,900	20,728	
Z NDLOVU - Councillor	159,957	25,900	20,728	
MP MBANJWA - Councillor	159,957	25,900	20,728	
TE MDLADLA - Councillor	159,957	25,900	20,728	
N DLAMINI - Councillor	159,957	25,900	20,728	
RC ALDOUS-TROLLOPE - Councillor	159,957	25,900	20,728	
MW MTOLO - Councillor	201,986	25,900	25,762	
SG MKHIZE -Councillor	159,957	25,900	20,728	9,870
NC DLAMNI - Councillor	159,957	25,900	20,728	
PN MDLANGATHI - Councillor	159,957	25,900	20,728	
BB KHATHI - Councillor	159,957	25,900	20,728	
MTC BHENGU - Councillor	159,957	25,900	20,728	
IT SHOBA - Councillor	159,957	25,900	20,728	
NP ZULU - Councillor	159,957	25,900	20,728	
X ZAMISA - Councillor	209,506	25,900	26,452	
MM DLAMINI - Councillor	159,957	25,900	20,728	
Former Councillors				
PN MNCWABE - Former Mayor	282,427	14,800	37,429	(236)
PP SHANGE - Former Deputy Mayor	225,936	14,800	29,943	
MB BANDA - Former Speaker	225,936	14,800	29,943	
ZP MKHIZE - Councillor - Exco Member	211,812	14,800	28,072	1,387
L MNCWABE - Councillor	60,707	37,502	8,884	
MQWAMBI - Councillor	69,614	37,502	8,884	
MT ZIKODE - Councillor	89,347	43,935	11,401	
MV PHOSWA - Councillor	89,355	14,800	11,845	
NC MBANJWA - Councillor	89,355	14,800	11,845	
NM DLAMINI - Councillor	69,614	37,502	8,884	
Q DLAMINI - Councillor	89,355	14,800	11,845	
SK JACA - Councillor	78,497	37,502	-	
ST DLAMINI - Councillor	89,355	14,800	11,845	
ST SHABANE - Councillor	89,355	14,800	11,845	
SV ZULU - Councillor	89,355	14,800	11,845	
T NDLOVU - Councillor	69,614	37,502	8,884	
WM KHUMALO - Councillor	89,355	14,800	11,845	
WN KHESWA - Councillor	69,614	37,502	8,884	
WN MAGOSO - Councillor	89,355	14,800	11,845	
ZA MTOLO - Councillor	69,614	37,502	8,884	
ZP GCUME - Councillor	69,614	37,502	8,884	
BC MNCWABE - Councillor	114,682	14,800	15,201	
BK ZONDI - Councillor	89,355	14,800	11,845	

42 Contingencies

Contingent asset

A contingent asset exists representing a possible recovery of Municipal funds frequently disbursed from the Municipality's bank account by a former employee of the institution.

Contingent Liability

There are no outstanding litigation claims as at the end of the quarter to be reported under this item.

		2021
		R

43 Events after the reporting date

No events identified after reporting date.

44 Prior period errors

During the year the following errors were identified in the prior year financial statements:

Receivables from non-exchange transactions

During the current financial year, it was noted that the receivables from non-exchange transactions age analysis was consolidated with the receivables from exchange transactions age analysis in note 3.1 contrary to requirements of GRAP9, GRAP23 and GRAP108. Restated note is in note 3.1 and 3.2

Licences and permits

In 2021/2022 the municipality noted that in 2020/2021 the amount for agency services was incorrectly included in licences and permits instead of disclosing it separately on the face of financial statements in order to achieve fair presentation.

Licences and permits	414,494
Agency services	306,427
Licences and permits as previously stated	**720,920**

During the current year audit it was discovered that internally funded completed electrification projects handed over to Eskom were separately disclosed in the Statement of Financial Performance as transfers and subsidies instead of including it in operational costs.

Operational costs as previously stated	47,598,981
Electrification projects	1,227,461
Restated operational costs	**48,826,442**

Statement of Financial Performance for period ended 30 June 2021

Licences and permits	(306,427)
Agency services	306,427
Transfers and subsidies	(1,227,461)
Operational costs	1,227,461

During the current year management identified interest incurred the was incorrectly capitalised in property, plant and equipment and expensed in employee cost. This was a result of total adjustment to provisions being accounted for either as an asset movement or employee cost movements. the asset cost correction will also impact the accumulated depreciation charged.

Furthermore management identified assets were not reassessed their useful life in prior periods and were reassessed in the current period.

The effects of the above mentioned errors on the financial results are as follows,

Statement of Financial Position for period ended 30 June 2021

Property, plant and equipment	
Community Asset - Cost	-664,375.79
Community Asset - Accumulated depreciation	182,827.64
Infrastructure asset - Accumulated depreciation	2,812,928.47
	2,331,380.32

Statement of Financial Performance for period ended 30 June 2021

Employee related costs	-898,000.00
Finance costs	1,562,375.79
Depreciation and amortisation	-2,995,756.11
	-2,331,380.32