Dr Nkosazana Dlamini Zuma Local Municipality

Annual Financial Statements
for the year ended 30 June 2024

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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 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)

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
Chief Whip	VAT Mthembu
Councillor	X Zamisa
Councillor	MW Mtolo
Councillor	DA Adams
Councillor	MTC Bhengu
Councillor	DR Ngcamu
Councillor	SJ Phakathi
Councillor	BB Ntshiza
Councillor	BR Memela
Councillor	PK Memela
Councillor	P Mayeza (Termination date - 14/02/2024)
Councillor	Z Ndlovu (Termination date - 14/02/2024)
Councillor	MP Mbanjwa (Termination date - 14/02/2024)
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
Councillor	TF Dumakude (Commencement date - 07/03/2024)
Councillor	N Zikode (Commencement date - 07/03/2024)
Councillor	ZL Zondi (Commencement date - 07/03/2024)

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, ABSA, Nedbank and Standard Bank
Auditors	Auditor General of South Africa

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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 annual 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 councillors, 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 period ending to 30 June 2025 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 2024 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 Local Municipality
Annual financial statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

	Note	2024 R	2023 R
ASSETS			
Current Assets			
Receivables from non-exchange transactions	3.1	56,081,532	53,855,939
Receivables from exchange transactions	3.2	5,333,690	3,660,268
Cash and cash equivalents	4	139,435,415	159,255,744
		200,850,637	**216,771,951**
Non-Current Assets			
Investment property	5	30,302,000	19,732,000
Property, plant and equipment	6	538,681,794	513,888,428
Intangible assets	7	854,823	417,920
		569,838,617	**534,038,348**
Total Assets		**770,689,254**	**750,810,299**
LIABILITIES			
Current Liabilities			
Finance lease obligation	8	264,243	232,835
Payables from exchange transactions	9	49,345,366	45,679,073
Payables from non-exchange transactions	10	-	6,354,962
Long service awards obligation	11.2	428,000	630,000
Post retirement health care benefits	11.3	108,000	107,000
		50,145,609	**53,003,870**
Non Current Liabilities			
Finance lease obligation	8	120,408	384,651
Provision for landfill site rehabilitation	11.1	11,367,450	9,877,947
Long service awards obligation	11.2	3,783,000	3,328,000
Post retirement health care benefits	11.3	8,076,000	6,918,000
		23,346,858	**20,508,597**
Total Liabilities		**73,492,467**	**73,512,467**
Net Assets		**697,196,788**	**677,297,832**
TOTAL NET ASSETS			
Housing operating account	12	6,228,239	6,830,756
Accumulated surplus		690,968,548	670,467,075
Total Net Assets		**697,196,788**	**677,297,832**

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Statement of Financial Performance for the period ended 30 June 2024

	Note	2024 R	2023 R
Revenue	13		
Revenue from exchange transactions			
Service charges	14	4,378,912	4,197,040
Licences and permits	15	512,125	416,854
Agency services	16	609,274	634,719
Rental of facilities and equipment	17	2,353,721	1,305,819
Other income	18	1,899,991	745,161
Contract revenue	43	6,575,466	7,349,565
Interest received	19	15,970,079	14,179,386
Gain on disposal of assets		-	1,654,175
Total revenue from exchange transactions		32,299,567	30,482,719
Revenue from non exchange transactions			
Property rates	20	42,391,594	41,073,513
Penalties on property rates	20	7,674,329	6,469,455
Government grants and subsidies	21	202,952,905	197,542,096
Assets donated	22	0	31,442
Traffic fines		337,200	548,750
Pound Fees		407,633	429,666
Incidental Cash Surpluses	23	162,716	47,140
Total revenue from non exchange transactions		253,926,377	246,142,062
Total revenue		**286,225,945**	**276,624,781**
Expenditure			
Employee related costs	24	91,106,893	79,918,912
Remuneration of councillors	25	12,497,840	11,578,369
Depreciation, impairment and amortisation	26	48,554,513	45,220,178
Finance costs	27	2,412,236	2,279,910
Debt impairment	28	24,338,908	1,256,790
Operational Costs	29	97,986,600	89,886,610
Total expenditure		**276,896,989**	**230,140,769**
Total revenue		286,225,945	276,624,781
Total expenditure		276,896,989	230,140,769
Operating surplus		**9,328,955**	**46,484,013**
Fair value adjustments	5	10,570,000	782,000
		10,570,000	**782,000**
Surplus for the year		**19,898,955**	**47,266,013**

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Annual financial statements for the year ended 30 June 2024

Statement of Changes in Net Assets for the period ended 30 June 2024

	Note	Housing Operating Account	Accumulated Surplus	Net Assets
		R	R	R
Balance at 1 July 2022		**6,015,292**	**624,016,527**	**630,031,819**
Changes in net assets				
Surplus for the period		-	47,266,013	47,266,013
Transfer Housing Operating Account interest on call	12	815,465	(815,465)	-
				-
Total changes		815,465	46,450,548	47,266,013
Balance at 30 June 2023		**6,830,756**	**670,467,075**	**677,297,832**
Changes in net assets				
Surplus for the period			19,898,955	19,898,955
Transfer Housing Operating Account interest on call	12	578,643	(578,643)	-
Transfer Housing Operating Account expenditure incurred		(1,181,160)	1,181,160	-
Total changes		**(602,517)**	**20,501,473**	**19,898,955**
Balance at 30 June 2024		**6,228,239**	**690,968,548**	**697,196,787**

Dr Nkosazana Dlamini Zuma Local Municipality
Annual financial statements for the year ended 30 June 2024

Cash Flow Statement for the period ended 30 June 2024

	Note	2024 R	2023 R
Cash flows from operating activities			
Receipts		**236,568,045**	**235,149,548**
Cash receipts from taxes, levies and fines		26,682,678	27,682,030
Cash receipts from charges for goods and services		3,734,180	4,504,921
Cash receipts from royalties, fees, commissions and other revenue		2,391,259	2,623,352
Cash receipts from grants or transfers and other appropriations		196,597,943	192,873,001
Cash receipts from insurance entity		586,520	116,679
cash receipts from contracts		6,575,466	7,349,565
Payments		**(199,372,076)**	**(196,452,222)**
Cash payments to and on behalf of employees and Councillors		(103,347,297)	(92,823,693)
Cash payments to suppliers for goods and services;		(86,975,892)	(93,565,216)
Cash payments of an insurance entity for premiums		(2,473,421)	(2,713,748)
cash payments for contracts held		(6,575,466)	(7,349,565)
Net cash flows from operating activities before interest	30	**37,195,970**	**38,697,327**
Interest received		16,025,900	20,747,458
Interest paid		(70,172)	(78,051)
Net cash flows from operating activities after interest		**53,151,698**	**59,366,733**
Cash flows from investing activities			
Cash payments to acquire property, plant assets		(71,479,680)	(83,693,615)
Cash payments to acquire intangibles		(1,259,513)	(444,053)
Cash receipts from sales of property, plant and equipment assets		-	2,732,113
Cash receipts from sales of Investment property assets		-	1,182,487
Net cash flows from investing activities		**(72,739,193)**	**(80,223,068)**
Cash flows from financing activities			
Cash payments for the reduction of finance lease		(232,835)	(122,879)
Net cash flows from financing activities		**(232,835)**	**(122,879)**
Net increase/(decrease) in cash and cash equivalents		(19,820,330)	(20,979,214)
Net cash and cash equivalents at the beginning of the period		159,255,744	180,234,959
Net cash and cash equivalents at the end of the period	4	**139,435,415**	**159,255,744**

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Annual financial statements for the year ended 30 June 2024

Segment reporting statement for the period ended 30 June 2024

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
	R	R	R	R	R	
Segment Revenue						
Service charges				4,378,912		4,378,912
Licences and permits		512,125				512,125
Agency services		609,274				609,274
Rental of facilities and equipment		2,353,721				2,353,721
Contract revenue			6,575,466			6,575,466
Other income	1,534,027	3,199	137,418	225,347		1,899,991
Interest revenue	15,970,079					15,970,079
Gain on disposal of assets	-					-
External revenue from exchange transactions	**17,504,106**	**3,478,319**	**6,712,883**	**4,604,259**	**-**	**32,299,567**
Property rates	42,391,594					42,391,594
Penalties on property rates	7,674,329					7,674,329
Government grants and subsidies	166,951,905	4,169,000	31,832,000			202,952,905
Assets donated		-				-
Traffic fines		337,200				337,200
Pound Fees		407,633				407,633
Incidental Cash Surpluses	162,716					162,716
External revenue from non-exchange transactions	**217,180,544**	**4,913,833**	**31,832,000**	**-**	**-**	**253,926,377**
Segment Expenses						
Employee related costs	(34,458,908)	(23,048,573)	(26,728,297)	(6,871,115)	-	- 91,106,893
Remuneration of councillors	(12,497,840)	-	-	-		- 12,497,840
Depreciation, impairment and amortisation	(4,744,714)	(14,636,700)	(28,450,361)	(722,738)	-	- 48,554,514
Finance costs	(2,412,236)	-	-	-		- 2,412,236
Debt impairment	(24,338,908)	-	-	-		- 24,338,908
Operational Costs	(43,890,040)	(8,575,810)	(42,369,994)	(3,150,756)		(97,986,600)
Total segment expenses	**(122,342,647)**	**(46,261,083)**	**(97,548,652)**	**(10,744,608)**	**-**	**(276,896,990)**
Fair value adjustments	10,570,000	**-**	**-**	**-**	**-**	10,570,000
Surplus/deficit for the year	**122,912,004**	**(37,868,931)**	**(59,003,769)**	**(6,140,349)**	**-**	**19,898,955**

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	135,523,538	283,910,900	202,070,171	9,749,230	139,435,415	770,689,254
Segment liabilities	(29,100,895)	(6,445,300)	(21,652,650)	(16,293,621)	-	(73,492,467)
Additions/(adjustment) to non-current assets	14,756,525	33,005,278	33,717,910	913,576	-	82,393,289
Non-cash revenue (included above)	-	-	-	-	-	-
Non-cash expenses (included above)	(29,083,622)	(14,636,700)	(28,450,361)	(722,738)	-	(72,893,422)

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Annual financial statements for the year ended 30 June 2024

Segment reporting statement for the period ended 30 June 2023

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
	R	R	R	R	R	R
Segment Revenue						
Service charges	-	-	-	4,197,040	-	4,197,040
Licences and permits	-	416,854	-	-	-	416,854
Agency services	-	634,719	-	-	-	634,719
Rental of facilities and equipment	-	1,305,819	-		-	1,305,819
Contract revenue	-		7,349,565			7,349,565
Other income	432,372	3,743	168,253	140,792	-	745,160
Interest revenue	14,179,386	-	-	-	-	14,179,386
Gain on disposal of assets	1,654,175	-	-	-	-	1,654,175
External revenue from exchange transactions	**16,265,933**	**2,361,135**	**7,517,818**	**4,337,832**	**-**	**30,482,718**
Property rates	41,073,513	-	-	-	-	41,073,513
Penalties on property rates	6,469,455	-	-	-	-	6,469,455
Government grants and subsidies	154,416,000	38,234,001	4,892,095	-	-	197,542,096
Assets donated	-	31,442	-	-	-	31,442
Traffic fines	-	548,750	-	-	-	548,750
Pound Fees	-	429,666	-	-	-	429,666
Incidental Cash Surpluses	47,140	-	-	-	-	47,140
External revenue from non-exchange transactions	**202,006,108**	**39,243,859**	**4,892,095**	**-**	**-**	**246,142,062**
Segment Expenses						
Employee related costs	(29,846,662)	(23,288,123)	(19,674,785)	(7,109,342)	-	(79,918,912)
Remuneration of councillors	(11,578,369)	-	-	-	-	(11,578,369)
Depreciation, impairment and amortisation	(4,360,294)	(12,771,720)	(25,342,401)	(2,745,762)	-	(45,220,178)
Finance costs	(2,279,910)	-	-	-	-	(2,279,910)
Debt impairment	(1,256,790)	-	-	-	-	(1,256,790)
Operational Costs	(35,951,338)	(4,596,827)	(43,915,647)	(5,422,796)	-	(89,886,609)
Total segment expenses	**(85,273,363)**	**(40,656,671)**	**(88,932,833)**	**(15,277,901)**	**-**	**(230,140,768)**
Fair value adjustments	782,000	**-**	**-**	**-**	**-**	782,000
Surplus/deficit for the year	**133,780,678**	**948,323**	**(76,522,920)**	**(10,940,069)**	**-**	**47,266,012**
			697,196,788			

	Governance and administration	Community and public safety	Economic and environmental services	Trading Services	Unallocated	Total
Other Information						
Segment assets	126,803,626	266,168,623	189,442,318	9,139,977	159,255,744	750,810,300
Segment liabilities	(28,879,838)	(6,480,299)	(21,770,234)	(16,382,103)	-	(73,512,463)
Additions/(adjustment) to non-current assets	7,121,095	40,874,726	33,818,801	(486,795)	-	81,327,828
Non-cash revenue (included above)	-	31,442	-	-	-	31,442
Non-cash expenses (included above)	(4,360,294)	(12,771,720)	(25,342,401)	(2,745,762)	-	(45,220,178)

Dr Nkosazana Dlamini Zuma Local Municipality
Annual financial statements for the year ended 30 June 2024

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	4,421,331	-	4,421,331	4,378,912	(42,419)		-1%
Rental of facilities and equipment	1,509,218	-	1,509,218	2,353,721	844,503	1	56%
Licences and permits	406,341	2,000	408,341	512,125	103,784	2	25%
Agency services	687,970	-	687,970	609,274	(78,696)	3	-11%
Contract revenue		6,574,783	6,574,783	6,575,466	683		0%
Other income	767,901	590,593	1,358,494	1,899,991	541,497	20	40%
Interest received	11,491,036	3,786,854	15,277,890	15,970,079	692,189	4	5%
Gains on disposal of assets	2,488,000		2,488,000	-	(2,488,000)	5	-100%
Total revenue from exchange transactions	**21,771,797**	**10,954,230**	**32,726,027**	**32,299,567**	**(426,460)**		
Revenue from non-exchange transactions							
Property rates	45,404,434	-	45,404,434	42,391,594	(3,012,840)	6	-7%
Property rates - penalties	6,159,526	(3,575,287)	2,584,239	7,674,329	5,090,090	7	197%
Incidental cash surpluses, fines, penalties and forfeits (traffic fines & pound fees)	894,789		894,789	907,550	12,761		1%
Government grants and subsidies	202,422,000	530,905	202,952,905	202,952,905	-		-
Assets donated			-	-	-		-
Total revenue from non-exchange transactions	**254,880,749**	**(3,044,382)**	**251,836,367**	**253,926,377**	**2,090,010**		
TOTAL REVENUE	**276,652,546**	**7,909,848**	**284,562,394**	**286,225,945**	**1,663,551**		
Expenditure							
Employee related costs	92,616,030	(125,000)	92,491,030	91,106,893	1,384,137		1%
Remuneration of councillors	12,483,886		12,483,886	12,497,840	(13,954)		0%
Depreciation, impairment and amortisation	57,348,918	(13,100,693)	44,248,225	48,554,513	(4,306,288)	8	-10%
Finance costs	5,018,213	(1,000,000)	4,018,213	2,412,236	1,605,977	9	40%
Debt impairment	5,039,890	(3,000,000)	2,039,890	24,338,908	(22,299,018)	10	-1093%
Operational costs - contracted services and other expenditure	92,286,164	31,614,987	123,901,151	97,986,600	25,914,551	11	21%
	264,793,101	**14,389,294**	**279,182,395**	**276,896,989**	**2,285,406**		
Operating Surplus	**11,859,445**	**(6,479,446)**	**5,379,999**	**9,328,955**	**3,948,956**		
Fair value adjustments	-	-	-	10,570,000	10,570,000	12	100%
	-	**-**	**-**	**10,570,000**	**10,570,000**		
Surplus for the year	**11,859,445**	**-6,479,446**	**5,379,999**	**19,898,955**	**14,518,956**		
Cash flow statement							
Net cash flows from operating activities	78,563,103	(45,779,412)	32,783,691	53,151,698	(20,368,007)	13	-62%
Net cash flows from investing activities	(103,075,100)	8,202,735	(94,872,365)	(72,739,193)	(22,133,172)	14	23%
Net cash flows from financing activities	-	-	-	(232,835)	232,835	15	-100%
Net increase in cash and cash equivalents	**(24,511,997)**	**(37,576,677)**	**(62,088,674)**	**(19,820,330)**	**(42,268,344)**		
Net cash and cash equivalents at the beginning of the period	113,639,983	45,615,762	159,255,745	159,255,744	1		0%
Net cash and cash equivalents at the end of the period	**89,127,986**	**8,039,085**	**97,167,071**	**139,435,414**	**(42,268,343)**		
Capital expenditure & funds sources							
Capital expenditure							
Transfers recognised - capital	31,779,000	(325,000)	31,454,000	30,854,000	600,000		2%
Public contributions & donations	-	-	-	-	-		0%
Borrowing	-	-	-	-	-		0%
Internally generated funds	60,015,000	(6,807,813)	53,207,187	42,018,167	11,189,020	16	21%
Total sources of capital funds	**91,794,000**	**(7,132,813)**	**84,661,187**	**72,872,167**	**11,789,020**		14%
Financial position							
Total current assets	145,577,968	16,688,441	162,266,409	200,850,637	(38,584,228)	17	-24%
Total non current assets	589,910,088	(15,458,778)	574,451,310	569,838,617	4,612,693		1%
Total current liabilities	92,043,774	(58,501,976)	33,541,798	50,145,609	(16,603,811)	18	-50%
Total non current liabilities	17,111,272	3,397,326	20,508,598	23,346,858	(2,838,260)	19	-14%
Community wealth/equity or Total net assets	**626,333,010**	**56,334,313**	**682,667,323**	**697,196,788**	**(14,529,465)**		

Dr Nkosazana Dlamini Zuma Local Municipality
Annual financial statements for the year ended 30 June 2024

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

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, this is due to budgeting based on historical outcomes and tempered optimism in the local economic and social activities after impacts of lockdowns.

2 Licences and permits - Underestimation of revenue from Driver/Learner licence application based on historical trends. This is a demand driven revenue item which the municipality has limited control.

3 Agency services - Overestimation of revenue from Department of Transaport agency services fees based on historical trends. This is a demand driven revenue item which the municipality has limited control.

20 Other Income – the reduction on landfil site provision is the major driver of the above expected performance, supplimented by tender document sales.

4 Interest received - The Municipality received more interest than anticipated because of an increase in interest rates and better cash-flow management of our savings/rear-loaded municipal programmes. Unused cash generated more interest especially in the last quarter of the financial year.

5 Gains on disposal of assets – the underperformance is due to the non-finalisation of the auction of the municipal land, as the municipality still excersises control over the land, to be released on the transfer of ownership.

6 Property rates - The underperformance is due to a combination of factors such as falling valuations, rezoning of properties, utilisation of rebates avaliable through the rates policy.

7 Property rates - penalties - More penalties were levied than anticipated as a result of the growing gross debtors book, financial systems crash which led to the delayed issueing of statements to debtors which impacted debtor collection, slow recovery of the local economy and loss of income by other residents from the devastating effect of nationwide lockdown which has contributed to an increase in debtors book as other residents could not pay outstanding amounts on time.

8 Depreciation and amortisation – anticipated completion and commissioning dates were met early, leading to a fasttracked depreciation start date.

9 Finance Costs - Overestimation of notional interest based on the expectation of the establishment of a new landfil site.

10 Debt Impairments -Financial systems crash which led to the delayed issueing of statements to debtors which impacted debtor collection rates, this has led to a significant impact on recoverability given the consistant methodolody used.

11 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. Prudence exercised on community programmes contributed to the savings as many programmes i.e. OSS, Public participation, Sport and development, Arts and Culture, Community gender forums and all other community outreach related expenses.

12 Fair Value adjustments - There has been an increase in the value of investment properties based on recent sales in the ares where investment properties is located, based on history an increase/decrease was not catered for in the original/adjustment budget.

Cash flow statement

13 Net cash flows from operating activities - Variance as result of the following, delays on appointment of service providers because most of the tenders have to be re-advertised due to potential services provides noncompliance with SCM regulations and poor performance.

14 Net cash flows from investing activities - Variance as result of the following, delays on appointment of service providers because most of the tenders have to be re-advertised due to potential services provides noncompliance with SCM regulations and poor performance.

15 Net cash flows from financing activities - repayment of the remaining current liability portion of liabilities was not budgeted for as lease agreements were only finalised late into the financial year.

Capital expenditure & funds sources

16 Internally generated funds - Variance as a result of reasons stated on Variance comment number 14

Statement of Financial position

17 Total current assets - Variance due to growing debtors book as a result of matters disclosed in number 7 and 10

18 Total current liabilities - Variance as a result of budgets being prepared with the understanding that good measures introduced to reduce creditors which also helps our suppliers with their cashflows, which aligns with the municipality's commitment to assisting Small, Medium and Micro Enterprises (SMMEs) avoid serious adverse impact on the financial health due to delayed payment which has been implemented but the late arrival of invoices at financial year end resulted in a significant balance in trade payables/accruals.

19 Total non-current liabilities - Variance as result of delays in 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. futhermore; In assessing whether there is any indication that a financial asset receivable, or group of 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.

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.

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:

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.

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	1 - 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.

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:

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.
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.

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

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

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.

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 contracted 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.

1.30 Construction contracts

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.
Construction contract includes contracts for the rendering of services which are directly related to the construction of the asset, for example, those for the services of project managers and architects; and contracts for the destruction or restoration of assets, and the restoration of the environment following the demolition of assets.

Contract revenue shall comprise of the initial amount of revenue agreed in the contract; and variations in contract work, claims and incentive payments to the extent that (i) it is probable that they will result in revenue; and (ii) they are capable of being reliably measured.

Contract costs that relate directly to the specific contract; costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and such other costs as are specifically chargeable to the customer under the terms of the contract.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The method used to determine the stage of completion will be base on progress reports prepared by engineers. An expected deficit on a construction contract to which paragraph GRAP11.49 applies shall be recognised as an expense immediately in accordance with paragraph GRAP11.49

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 1	Presentation of Financial Statements	4/1/2023	Minimal impact
GRAP 25	Employee Benefits	4/1/2023	Minimal impact
GRAP 103	Heritage Assets	Date not determined	Minimal impact
GRAP 104	Financial Instruments (Revised April 2023)	4/1/2025	Minimal impact
GRAP 105	Transfer of Functions Between Entities Under Common Control		Minimal impact
GRAP 106	Transfer of Functions Between Entities Not Under Common Control		Minimal impact
GRAP 107	Mergers		Minimal impact
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	4/1/2023	Minimal impact
IGRAP 21	The Effect of Past Decisions on Materiality	4/1/2023	Minimal impact
OVERALL	Improvements To Standards Of GRAP	4/1/2023	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 100	Discontinued Operations	Currently applicable
GRAP 110	Living and non-living resources	Currently applicable
GRAP 103	Heritage Assets	Currently applicable
GRAP 104	Financial Instruments	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

	2024	2023
	R	R

2 Events after the reporting date

The municipality has evaluated events after the reporting date up to the date the financial statements were authorized for issue, based on this evaluation, there were no events that occurred after the reporting date that require adjustment to or disclosure in these financial statements

3 Receivables

3.1 Receivables from non-exchange transactions

	2024	2023
Gross balances		
Suppliers deposits	732,401	637,974
Input Value added tax - Accrual	2,795,277	2,525,554
Other receivables	1,674,758	1,246,521
	5,202,435	**4,410,049**
Less: Allowance for impairment	(531,009)	(576,658)
Net balances after allowance for impairment	**4,671,426**	**3,833,391**
Statutory receivables		
Property Rates	102,106,245	80,263,782
Traffic fines	804,500	1,602,815
Value added tax receivable	1,695,864	370,915
Gross balance	**104,606,609**	**82,237,512**
Less: Allowance for impairment	(53,196,503)	(32,214,963)
Net balances after allowance for impairment	**51,410,106**	**50,022,549**
Net balances for receivables from non-exchange transactions	**56,081,532**	**53,855,939**

3.2 Receivables from exchange transactions

	2024	2023
Gross balances		
Service charges - Refuse	10,611,540	9,332,151
Rent	3,704,057	1,973,827
VAT on amounts receivable	1,879,057	1,521,389
Sundry debtors	683,228	406,153
	16,877,881	**13,233,520**
Less: Allowance for impairment	(11,544,191)	(9,573,253)
Net balances for receivables from exchange transactions	**5,333,690**	**3,660,268**

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 2024

by source type		**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Service charges - Refuse		660,817	238,394	222,751	211,115	10,708,171	12,041,248
Rent		963,292	173,948	186,171	165,266	2,664,728	4,153,405
Sundry debtors		-	-	-	-	683,228	683,228
Total		**1,624,109**	**412,342**	**408,922**	**376,381**	**14,056,127**	**16,877,881**

Debtors aging analysis as at 30 June 2023

by source type		**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Service charges - Refuse		359,656	281,602	234,768	219,361	9,462,084	10,557,471
Rent		28,146	81,468	89,430	95,012	1,975,841	2,269,897
Sundry debtors		-	-	-	-	406,153	406,153
Total		**394,217**	**360,340**	**319,117**	**308,131**	**11,851,714**	**13,233,520**

Debtors aging analysis as at 30 June 2024

Aging per customer group		**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government		374,236	77,696	76,678	66,831	5,248,713	5,844,155
Business		-743,613	-137,289	-129,002	-117,584	-3,452,296	-4,579,784
Households		2,345,608	461,929	556,448	445,703	4,846,958	8,656,646
Agriculture		-479,124	-47,560	-160,324	-79,468	4,653,622	3,887,146
Other		127,002	57,566	65,123	60,899	2,759,129	3,069,719
							-
Total		**1,624,109**	**412,342**	**408,922**	**376,381**	**14,056,127**	**16,877,881**

Debtors aging analysis as at 30 June 2023

Aging per customer group		**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government		90,016	67,283	59,297	54,217	4,430,231	4,701,044
Business		-175,295	-115,628	-96,872	-92,602	-2,926,451	-3,406,849
Households		564,194	400,020	430,314	361,580	4,091,125	5,847,233
Agriculture		-115,245	-41,186	-123,983	-64,469	3,927,938	3,583,056
Other		30,548	49,851	50,361	49,405	2,328,872	2,509,037
							-
Total		**394,217**	**360,340**	**319,117**	**308,131**	**11,851,714**	**13,233,520**

	2024	2023
	R	R

Receivables from exchange transactions

Allowance for impairment as at 30 June 2024							
Reconciliation of allowance for impairment			Other receivables	Service charges - Refuse	Rent	Sundry debtors	Total
Balance at the beginning of the period			(576,658)	(8,614,711)	(944,436)	(14,106)	(10,149,911)
Bad debt written off			45,649		-	-	45,649
(Contribution to the impairment) / reversal of impairment			-	(1,624,080)	(346,859)	-	(1,970,939)
Balance at the end of the period			**(531,009)**	**(10,238,791)**	**(1,291,295)**	**(14,106)**	**(12,075,201)**

Allowance for impairment as at 30 June 2023							
Reconciliation of allowance for impairment			Other receivables	Service charges - Refuse	Rent	Sundry debtors	Total
Balance at the beginning of the period			(500,470)	(7,901,579)	(569,773)	(18,141)	(8,989,963)
Bad debt written off			-	-	-	-	-
(Contribution to the impairment) / reversal of impairment			(76,188)	(713,132)	(374,664)	4,036	(1,159,948)
Balance at the end of the period			**(576,658)**	**(8,614,711)**	**(944,436)**	**(14,106)**	**(10,149,911)**

Provision for impairment is based on the payment record of debtors. The municpality cosinders debt not paid within 60 days and past due in terms of its credit control and debt collection policy. The municpality does not impair state owned/Government debt. Below is an analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired:

Debtors aging analysis as at 30 June 2024							
Aging per customer group				**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				76,678	66,831	5,248,713	5,392,222

Debtors aging analysis as at 30 June 2023							
Aging per customer group				**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government				59,297	54,217	4,430,231	4,543,745

3.3 Statutory receivables

Statutory receivables as at 30 June 2024

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	80,263,782	42,391,594	7,674,329	(214,385)	(28,009,074)	102,106,245	(52,498,762)	49,607,483
Traffic fines	Criminal procedure act, Act No. 51 of 1977	1,602,815	337,200	-	(1,114,915)	(20,600)	804,500	(697,741)	106,760
Value added tax receivable	The Value-Added Tax Act 89 of 1991	370,915	13,629,798	-	-	(12,304,849)	1,695,864	-	1,695,864
		82,237,512	**56,358,592**	**7,674,329**	**(1,329,300)**	**(40,334,524)**	**104,606,609**	**(53,196,503)**	**51,410,106**

Statutory receivables as at 30 June 2023

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	65,246,770	41,073,513	6,469,455	- 489,662	(32,036,294)	80,263,782	(30,749,950)	49,513,833
Traffic fines	Criminal procedure act, Act No. 51 of 1977	1,136,950	548,750	-	-	(82,885)	1,602,815	(1,465,014)	137,801
Value added tax receivable	The Value-Added Tax Act 89 of 1991	1,728,744	16,691,838			(18,049,667)	370,915	-	370,915
		68,112,464	**58,314,101**	**6,469,455**	**(489,662)**	**(50,168,846)**	**82,237,512**	**(32,214,963)**	**50,022,549**

Debtors aging analysis as at 30 June 2024

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	3,901,507	2,648,963	2,329,550	2,010,754	91,215,471	102,106,245
Traffic Fines	18,016	54,993	3,951	12,400	715,140	804,500
Value added tax receivable	1,695,864	-	-	-	-	1,695,864
Total	**5,615,387**	**2,703,956**	**2,333,501**	**2,023,154**	**91,930,611**	**104,606,609**

Debtors aging analysis as at 30 June 2023

by source type	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Rates	3,066,901	2,082,300	1,831,215	1,580,616	71,702,751	80,263,782
Traffic fines	36,250	110,650	- 7,950	24,950	1,438,914	1,602,814
Value added tax receivable	370,915	-	-	-	-	370,915
Total	**3,474,066**	**2,192,950**	**1,823,265**	**1,605,566**	**73,141,666**	**82,237,512**

Debtors aging analysis as at 30 June 2024

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	2,686,192	553,869	384,902	383,645	24,311,492	28,320,101
Business	694,483	570,751	485,356	454,936	15,031,113	17,236,639
Households	1,108,827	842,044	727,505	556,079	38,296,757	41,531,211
Agriculture	1,108,771	778,572	717,784	623,622	14,264,781	17,493,530
Other	1,437	763	208	629	22,092	25,129
Total	**5,599,710**	**2,745,999**	**2,315,754**	**2,018,912**	**91,926,235**	**104,606,609**

Debtors aging analysis as at 30 June 2023

Aging per customer group	0-30 Days	30-60 Days	60-90 Days	90-120 Days	Older than 120 Days	Total
Government	1,156,385	440,585	306,193	305,194	19,340,052	21,548,409
Business	552,469	454,038	386,106	361,907	11,957,411	13,711,930
Households	882,036	678,414	563,090	442,367	30,470,956	33,036,864
Agriculture	882,039	619,362	567,875	496,098	11,347,786	13,913,160
Other	1,137	550	-	-	25,461	27,148
Total	**3,474,066**	**2,192,950**	**1,823,265**	**1,605,566**	**73,141,666**	**82,237,512**

Interest/penalties accrue at 18% per annum if an instalment past due. Interest rate used in the discount of statutory receivables is 8.57%.

Allowance for impairment as at 30 June 2024

Reconciliation of allowance for impairment	**Statutory receivables - rates**	**Statutory receivables - Traffic fines**	**Total**
Balance at the beginning of the period	(30,749,950)	(1,465,013)	(32,214,963)
Bad debt written off	-	1,106,965	1,106,965
(Contribution to the impairment) / reversal of impairment	(21,748,813)	(339,692)	(22,088,505)
Balance at the end of the period	**(52,498,763)**	**(697,741)**	**(53,196,503)**

Allowance for impairment as at 30 June 2023

Reconciliation of allowance for impairment	**Statutory receivables - rates**	**Statutory receivables - Traffic fines**	**Total**
Balance at the beginning of the period	(31,614,895)	(992,887)	(32,607,783)
Bad debt written off	-	-	-
(Contribution to the impairment) / reversal of impairment	864,945	(472,126)	392,820
Balance at the end of the period	**(30,749,950)**	**(1,465,013)**	**(32,214,963)**

Provision for impairment is based on the payment record of debtors. The municpality cosinders debt not paid within 60 days as past due in terms of its credit control and debt collection policy. The municpality does not impair state owned/Government debt. Below is an analysis of the age of Statutory receivables that are past due as at the end of the reporting period but not impaired:

Debtors aging analysis as at 30 June 2024

Aging per customer group	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government	384,902	383,645	24,311,492	25,080,040

Debtors aging analysis as at 30 June 2023

Aging per customer group	**60-90 Days**	**90-120 Days**	**Older than 120 Days**	**Total**
Government	306,193	305,194	19,340,052	19,951,439

	2024	2023
	R	R

4 Cash and cash equivalents

	2024	2023
Bank balances	4,881,934	17,433,888
Short-term deposits	134,552,296	141,820,700
	139,434,230	**159,254,588**
Cash on hand	1,185	1,156
	139,435,415	**159,255,744**

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 earns 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 2024	30 June 2024	30 June 2023	30 June 2023
Bank balances				
First National Bank Limited - Primary Bank account - 62026224999	4,881,934	4,881,933	17,218,952	17,218,952
First National Bank Limited - Bank account - 52551036969	-	-	214,936	214,936
	4,881,934	**4,881,933**	**17,433,888**	**17,433,888**
Short-term deposits				
First National Bank Investment-62008452071	787,185	787,185	44,877,262	44,877,262
Absa Business Bank-93-7405-3205	2,215,574	2,215,574	33,841,116	33,841,116
Nedbank Notice Deposit-03/7881098635/000052	5,484,421	5,484,421	30,911,497	30,911,497
Nedbank Notice Deposit-03/7881098635/000058	22,347,911	22,347,911	20,467,019	20,467,019
Investec Bank-1100540834(4500)	-	-	10,544,191	10,544,191
First National Bank 32 Day Flexi Notice-74165605518	1,057,760	1,057,760	973,247	973,247
First National Bank Call Account-62550105011	-	-	205,769	205,769
Standard Bank-4787359950-024	37,913,890	37,913,890	-	-
Absa Business Bank-2081543530	30,703,989	30,703,989	-	-
First National Bank Fixed Deposit-76204802667	21,329,906	21,329,906	-	-
First National Bank Call Account-76206036280	6,483,608	6,483,608	-	-
First National Bank Call Account-63088927886	6,222,470	6,222,470	-	-
First National Bank Call Account-63060516756	5,547	5,547	-	-
Standard Bank-4787359950-035	36	36	-	-
	134,552,297	**134,552,297**	**141,820,700**	**141,820,700**
	139,434,231	**139,434,230**	**159,254,588**	**159,254,588**

5 Investment property

	2024				2023		
	Cost / Valuation	Disposal	Additions/Fair value adjustments	Closing balance	Cost / Valuation	Additions/Fair value adjustments	Closing balance
Investment property	19,732,000	-	10,570,000	30,302,000	18,950,000	782,000	19,732,000

Reconciliation of investment property - 30 June 2024

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	19,732,000	10,570,000	-	30,302,000

Reconciliation of investment property - 30 June 2023

	Opening balance	Additions/Fair value adjustments	Disposals	Closing balance
Investment property	19,259,000	782,000	(309,000)	19,732,000

Rentals from investment properties amounted to R2 284 669 (2023/2024) and R1 226 227 (2022/2023).

Pledged as security:
No investment property is pledged as security.

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 2024.

6a Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Infrastructure	313,097,233	(131,649,656)	181,447,577	282,685,864	(106,257,312)	176,428,553
Community Assets	311,960,463	(66,225,139)	245,735,324	287,399,722	(55,235,556)	232,164,165
Machinery and Equipment	15,344,978	(5,810,338)	9,534,640	13,777,667	(4,043,742)	9,733,925
Transport	53,029,710	(21,246,882)	31,782,828	45,174,766	(15,873,103)	29,301,663
Furniture and Office Equipment	11,318,771	(5,954,734)	5,364,037	8,599,273	(5,399,570)	3,199,703
Leased Assets	740,364	(341,751)	398,613	740,364	(143,274)	597,090
Computer equipment	7,882,553	(5,078,956)	2,803,597	6,502,197	(4,233,386)	2,268,811
Buildings	58,551,348	(9,674,272)	48,877,076	54,995,071	(7,538,653)	47,456,418
Land	12,738,102	-	12,738,102	12,738,101	-	12,738,101
	784,663,521	**(245,981,727)**	**538,681,794**	**712,613,025**	**(198,724,596)**	**513,888,428**

Notes to the Financial statements

6b Property, plant and equipment

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Landfill adjustment	Disposals / Write offs/Transfers	Depreciation	Impairments	Closing balance
	R	R	R	R	R	R	R	R
Infrastructure	176,428,553	-	30,411,368			(25,392,344)		181,447,577
Community Assets	232,164,165	-	23,571,349	913,576	75,818	(10,989,583)		245,735,324
Machinery and Equipment	9,733,925	1,567,311			-	(1,766,596)		9,534,640
Transport	29,301,663	8,330,678			-	(5,373,779)	(475,734)	31,782,828
Furniture and Office Equipment	3,199,703	2,719,498			-	(555,164)		5,364,037
Leased Assets	597,090	-			-	(198,477)		398,613
Computer equipment	2,268,811	1,380,356			-	(845,570)		2,803,597
Buildings (Other)	47,456,418		3,632,095		(75,818)	(2,135,619)		48,877,076
Land (Other)	12,738,101					-		12,738,102
	513,888,428	**13,997,842**	**57,614,812**	**913,576**	**-**	**(47,257,131)**	**(475,734)**	**538,681,794**

Analysis of work in progress - 30 June 2024

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included with in infrastructure assets	17,912,311	30,411,368	(38,753,232)		9,570,447
Included with in community assets	11,402,129	23,571,349	(29,349,678)		5,623,799
Included with in buildings (Other) assets	3,535,971	3,632,095	(424,589)		6,743,477
	32,850,411	**57,614,812**	**(68,527,499)**	**-**	**21,937,724**

Repairs and maintenance expenditure on property, plant and equipment

	2024	2023
Infrastructure	9,109,975	7,201,290
Community Assets	3,117,087	1,924,345
Machinery and Equipment	251,994	155,903
Transport	3,674,275	4,013,880
Computer equipment	10,596	25,217
Buildings & Other assets	1,708,424	3,163,194
	17,872,351	**16,483,829**

Repairs and maintenance

	2024	2023
Amounts paid to service providers	17,872,351	16,483,829
Amounts spent on Materials	-	-
Time spent by employees	-	-
	17,872,351	**16,483,829**

No property, plant and equipment is pledged as security.

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Capital expenditure on purchased assets	Capital expenditure on work in progress	Landfill adjustment	Disposals / Write offs	Depreciation	Impairments	Closing balance
	R	R	R	R	R	R	R	R
Infrastructure	176,974,021	-	22,265,493		-	(22,810,961)	-	176,428,553
Community Assets	218,493,303	143,612	26,131,331	(486,795)	-	(9,876,835)	(2,240,451)	232,164,165
Machinery and Equipment	8,078,135	4,901,909			(1,603,759)	(1,629,783)	(12,577)	9,733,925
Transport	23,130,947	10,625,296			(347,666)	(4,106,914)	-	29,301,663
Furniture and Office Equipment	3,634,654	724,619			-	(1,150,776)	(8,794)	3,199,703
Leased Assets	1,097	740,364			-	(144,371)	-	597,090
Computer equipment	2,929,114	544,847			-	(1,215,715)	10,565	2,268,811
Buildings (Other)	33,636,316	1,302,539	14,062,580			(1,545,017)	-	47,456,418
Land (Other)	12,738,101							12,738,101
	479,615,687	**18,983,185**	**62,459,404**	**(486,795)**	**(1,951,425)**	**(42,480,372)**	**(2,251,257)**	**513,888,428**

Analysis of work in progress - 30 June 2023

	Opening balance	Capital expenditure on work in progress	Transfer to completed assets	Impairment of work in progress	Closing balance
Included with in infrastructure assets	1,212,942	22,265,493	(5,566,123)	-	17,912,311
Included with in community assets	2,591,463	26,131,331	(17,320,665)	-	11,402,129
Included within buildings (Other) assets	8,991,864	14,062,580	(19,518,472)	-	3,535,971
				-	
	12,796,268	**62,459,404**	**(42,405,261)**	**-**	**32,850,411**

Repairs and maintenance expenditure on property, plant and equipment

	2023	2022
Infrastructure	7,201,290	5,815,053
Community Assets	1,924,345	2,705,546
Machinery and Equipment	155,903	123,754
Transport	4,013,880	4,491,391
Computer equipment	25,217	-
Buildings & Other assets	3,163,194	1,165,487
	16,483,829	**14,301,231**

Repairs and maintenance

	2023	2022
Amounts paid to service providers	16,483,829	14,301,231
Amounts spent on Materials	-	
Time spent by employees	-	-
	16,483,829	**14,301,231**

7 Intangible assets

	2024 Cost / Valuation R	2024 Accumulated amortisation and accumulated impairment R	2024 Carrying Value R	2023 Cost / Valuation R	2023 Accumulated amortisation and accumulated impairment R	2023 Carrying Value R
Computer software	2,556,984	(1,702,161)	854,823	1,297,471	(879,551)	417,920

Reconciliation of intangible assets - 30 June 2024

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	417,921	1,259,513	(822,610)	-	854,823

Reconciliation of intangible assets - 30 June 2023

	Opening balance	Additions	Amortisation	Impairment loss	Carrying value
Computer software	462,417	444,054	(488,550)	-	417,921

Restricted title:

All computer software are issued under licence and are restricted to the conditions under which each licence is issued.

8 Finance lease obligation

	2024 R	2023 R
Minimum lease payments due		
- Within one year	298,302	298,302
- In second to fifth year inclusive	124,293	720,897
	422,595	**1,019,199**
Less: Future finance charges	(37,944)	(401,713)
Present value of minimum lease payments	**384,651**	**617,485**
Present value of minimum lease payments due:		
- Within one year	264,243	232,835
- In second to fifth year inclusive	120,408	384,651
	384,651	**617,485**
Non-current liabilities	120,408	384,651
Current liabilities	264,243	232,835
	384,651	**617,485**

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% escalation per annum. The leases have fixed repayment terms. The agreements do not provide for contingent rental payments.

			2024	2023
			R	R
9	**Payables from exchange transactions**			
	Trade payables		15,099,037	12,499,739
	Retention creditors - contracts		11,398,055	11,226,659
	Staff leave accrual		6,337,363	6,319,611
	13th cheque provision		2,201,194	2,014,510
	Output Value added tax - Accrual		1,890,222	1,521,389
	Sundry payables		12,419,496	12,097,166
			49,345,366	**45,679,073**
10	**Payables from non-exchange transaction**			
	Unspent conditional grants			
	Unspent Agent funds	10.1	-	730,905
		10.2	-	5,624,057
			-	**6,354,962**

10.1 Unspent conditional grants

Details of Grants for the year ended 30 June 2024	**Balance at the beginning of the period**	**Portion of rollover not approved and paid**	**Additions during the period**	**Income recognised during the period a result of grant conditions being met**	**Balance as at 30 June 2024**
Municipal Infrastructure Grant	-	-	29,654,000	(29,654,000)	-
Disaster Management Programme	-	-	1,000,000	(1,000,000)	-
Greenest and Smart Municipality Grant	-	-	1,200,000	(1,200,000)	-
Small Town Rehabilitation Grant	-	-	-	-	-
Financial Management Grant	-	-	1,950,000	(1,950,000)	-
Expanded Public Works Programme	-	-	2,178,000	(2,178,000)	-
Municipal Employment Initiative	530,905	-	-	(530,905)	-
Title Deeds Restoration Programme Grant	200,000	(200,000)	-	-	-
Arts & culture - Library Grant	-	-	4,169,000	(4,169,000)	-
	730,905	**(200,000)**	**40,151,000**	**(40,681,905)**	**-**

Details of Grants for the year ended 30 June 2023	**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 2023**
Municipal Infrastructure Grant	-	-	30,558,000	(30,558,000)	-
Disaster Management Programme	-	-	-	-	-
Greenest and Smart Municipality Grant	-	-	-	-	-
Small Town Rehabilitation Grant	5,200,000	-	-	(5,200,000)	-
Financial Management Grant	-	-	1,950,000	(1,950,000)	-
Expanded Public Works Programme	-	-	2,476,000	(2,476,000)	-
Municipal Employment Initiative	-	-	1,000,000	(469,095)	530,905
Title Deeds Restoration Programme Grant	200,000	-	-	-	200,000
Arts & culture - Library Grant	-	-	4,423,000	(4,423,000)	-
	5,400,000	**-**	**40,407,000**	**(45,076,095)**	**730,905**

	2024	2023
	R	R

Name of Grant	Description of Grant
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
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.
Disaster Management Programme	The main objective of the grant is to pro-actively respond to the immediate needs after a disaster has occurred in order to deal with its consequences.
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.
Title Deeds Restoration Programme Grant	This grant allocated to the municipality for the completion of Title Deeds related activities.
Municipal Employment Initiative	This grant is used to provide financial and non-financial support for municipal employment initiatives that support small, informal and local enterprises

The municipality has complied with all grant conditions and all allocations were received by the municipality as gazetted. In 2023/2024 the Municipal Infrastructure Grant was decreased by R2,1 million to R29,7 million.

10.2 Unspent Agent funds

Details of agent funds for the year ended 30 June 2024	Balance at the beginning of the period	Portion of rollover not approved and paid	Additions during the period	Reduction of grant as a result of grant conditions being met	Balance as at 30 June 2024
Department of Human Settlements Grant	5,624,057	(5,624,057)	-	-	-
	5,624,057	**(5,624,057)**	**-**	**-**	**-**

Details of agent funds for the year ended 30 June 2023	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 2023
Department of Human Settlements Grant	5,624,057	-	-	-	5,624,057
	5,624,057	**-**	**-**	**-**	**5,624,057**

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.

	2024	2023
	R	R

11 Provisions

11.1 Reconciliation Provision for landfill site rehabilitation - 30 June 2024

	Opening balance post adjustments	Actuarial adjsutment	Interest	Contributions to provision	Closing balance
Environmental rehabilitation - landfill site	(9,877,947)	(506,439)	(983,064)		(11,367,450)
30 June 2023					
Environmental rehabilitation - landfill site	(9,551,633)	486,795	(924,859)	111,750	(9,877,947)

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

	2024	2023
Balance at the beginning of the period	3,958,000	3,712,000
Service cost	516,000	421,000
Net Interest expense	427,000	439,000
Benefits paid	(576,187)	(422,459)
Remeasurements	(113,813)	(191,541)
	4,211,000	**3,958,000**
Current liabilities	428,000	630,000
Non current liabilities	3,783,000	3,328,000
	4,211,000	**3,958,000**

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 2024 by a fellow of the Fellow of the Actuarial Society of South Africa . The present value of the defined benefit obligation , and the related service cost and were measured using the Projected Unit Credit Funding Method.

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

	2024	2023
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%)	5.1%.	5.40%
Net effective discount rate	Yield curve based	Yield curve based

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

	2024	2023
Present value of unfunded obligations	**4,211,000**	**3,958,000**

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

	2024	2023
Service cost	516,000	421,000
Net Interest expense	427,000	439,000
Benefits paid	(576,187)	(422,459)
Remeasurements	(113,813)	(191,541)
Amount included in other income - Actuarial gain on provision - Long service award	**253,000**	**246,000**

	2024	2023
	R	R
Movements in the present value of the defined benefit obligation were as follows:		
Service cost	516,000	421,000
Net Interest expense	427,000	439,000
Benefits paid	(576,187)	(422,459)
Remeasurements	(113,813)	(191,541)
	253,000	**246,000**
Movement in the present value of plan assets were as follows:		
Benefits paid	(576,187)	(422,459)
	(576,187)	**(422,459)**
Present value of obligation	**4,211,000**	**3,958,000**

11.3 Post retirement health care benefits obligations

The history of experienced adjustments is as follows:

	2024	2023
Balance at the beginning of the period / year	7,025,000	6,855,000
Service cost	490,000	540,000
Net Interest expense	932,000	838,000
Benefits paid	(105,681)	(93,288)
Remeasurements	(157,319)	(1,114,712)
	8,184,000	**7,025,000**

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.

Sensitivity analysis, the following were taken into account when calculating the liability:
- 20% increase/decrease in the assumed level of mortality
- 1% increase/decrease in the medical aid inflation

The most recent actuarial valuations of plan assets and present value of the unfunded defined benefit obligation were carried out at 30 June 2024 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.

	2024	2023
The members of the post-employment benefit plan are made up as follows:		
Pensioners	**2**	**2**
In-service members	**106**	**102**
The liability in respect of past service has been estimated as follows:		
In-service members	**8,184,000**	**7,025,000**

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

	2024 R	2023 R
11.3 Post retirement health care benefits obligations (cont.)		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
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%)	9,18%	5.40%
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:		
Present value of unfunded obligations	**8,184,000**	**7,025,000**
The amount recognised in the statement of financial performance is as follows:		
Total included in employee related costs - Contribution to medical aid schemes, pension funds, UIF and SDL	8,184,000	7,025,000
	8,184,000	**7,025,000**
Movements in the present value of the defined benefit obligation were as follows:		
Service cost	490,000	540,000
Net Interest expense	932,000	838,000
Remeasurements	(157,319)	(1,114,712)
	1,264,681	**263,288**
Current liabilities	108,000	107,000
Non current liabilities	8,076,000	6,918,000
	8,184,000	**7,025,000**

12 Housing operating account

	2024 R	2023 R
Movement in the current period / year:		
Opening balance	6,830,756	6,015,292
Expenditure incurred	(1,181,160)	-
Interest on call account	578,643	815,465
Closing balance	**6,228,239**	**6,830,756**
The Housing Operating Account is represented by cash and cash equivalents. As at 30 Juen 2024; First National Bank Account-63088927886(R6 222 470) and Account-63060516756(R5 547).	**6,228,017**	**6,830,757**

			2024 R	Restated 2023 R
13	**Revenue**			
	Revenue comprises revenue from exchange and non-exchange transactions as follows:			
13.1	**Revenue from exchange transactions**			
	Service charges	14	4,378,912	4,197,040
	Licences and permits	15	512,125	416,854
	Agency services	16	609,274	634,719
	Rental of facilities and equipment	17	2,353,721	1,305,819
	Other income	18	1,899,991	745,161
	Contract revenue	43	6,575,466	7,349,565
	Interest received	19	15,970,079	14,179,386
			32,299,567	**28,828,544**
13.2	**Revenue from non - exchange transactions**			
	Property rates	20	42,391,594	41,073,513
	Property rates - penalties imposed	20	7,674,329	6,469,455
	Government grants and subsidies	21	202,952,905	197,542,096
	Traffic fines		337,200	548,750
	Assets donated	22	-	31,442
	Pound Fees		407,633	429,666
	Incidental Cash Surpluses	23	162,716	47,140
			253,926,378	**246,142,062**

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.

		2024 R	Restated 2023 R
14	**Service charges**		
	Service charges - Refuse removal	**4,378,912**	**4,197,040**
15	**Licences and permits**		
	Licences and permits	**512,125**	**416,854**
16	**Agency services**		
	Agency services	**609,274**	**634,719**

The municipality receives 10% on amounts collected for vehicle registrations since this is the function of Department of Transport.

		2024 R	Restated 2023 R
17	**Rental of facilities and equipment**		
	Market related	2,284,669	1,226,227
	Non-Market related	69,052	79,593
		2,353,721	**1,305,819**
18	**Other income**		
	Sale of Goods	489,073	241,599
	Insurance Refunds & Commissions	586,520	116,679
	Cemetery and Burial	3,199	3,743
	Building Plan Approval	137,418	168,253
	Skills Development Levy Refund	51,297	74,095
	Photocopies and Faxes	224,099	140,280
	Clearance Certificates	1,248	512
	Landfil site provision adjustment	407,137	-
		1,899,991	**745,161**
19	**Interest received**		
	Interest Received - Deposit held by Suppliers	18,413	24,891
	Interest Received - Current Account	685,533	703,051
	Interest Received - Investments	15,266,133	13,451,444
		15,970,079	**14,179,386**
20	**Property rates**		
	Residential	9,641,043	8,897,597
	Business & Commercial	8,522,992	9,530,657
	Agricultural	12,141,315	11,713,843
	State owned	10,440,133	9,234,931
	Vacant	1,646,111	1,696,486
	Total	**42,391,594**	**41,073,513**
	Penalties		
	Property rates	7,494,234	6,400,299
	Service charges	180,095	69,156
		7,674,329	**6,469,455**

	2024 R	Restated 2023 R
Valuations		
Agriculture	4,125,329,000	4,124,279,000
Business & Commercial	529,572,000	528,662,000
Impermissable	28,884,000	28,884,000
Industrial	20,400,000	20,400,000
Municipal	79,194,000	79,194,000
Protected Areas	60,827,000	60,827,000
Public Benefit Organisations	67,260,000	68,170,000
Public Service Infrastructure	1,782,000	1,782,000
Public service purpose	450,292,000	450,292,000
Residential	905,624,000	917,309,017
Vacant Land	84,040,000	84,150,000
	6,353,204,000	**6,363,949,017**

Valuation of properties within the boundaries of the Municipal area are performed every five years. The current valuation came into effect on 1 July 2022. 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 months. 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 a percentage 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.

21 Government grants and subsidies

	2024 R	Restated 2023 R
Operating grants		
Equitable share	162,271,000	152,466,000
Financial management grant	1,950,000	1,950,000
Community library services grant	4,169,000	4,423,000
Expanded public works programmes	2,178,000	2,476,001
Disaster Management Programme	1,000,000	-
Municipal Employment Initiative	530,905	469,095
	172,098,905	**161,784,096**
Capital grants		
Greenest Award Municipal Grant	1,200,000	-
Small Town Rehabilitation Grant	-	5,200,000
Municipal infrastructure grant	29,654,000	30,558,000
	30,854,000	**35,758,000**
	202,952,905	**197,542,096**

Grants reconciliation is on note number 10.

22 Assets donated

	2024 R	Restated 2023 R
Assets donated	**-**	**31,442**

Donated assets relates to computer equipment donated by Department of Arts and Culture, the donated value of the assets reflect their fair value as at the date of acquisition by the municipality.

23 Incidental Cash Surpluses

	2024 R	Restated 2023 R
Bad debts recovered	21,900	-
Staff recoveries	140,816	47,140
	162,716	**47,140**

		2024	Restated 2023
		R	R
24	**Employee related costs**		
	Salaries and wages	68,882,325	60,757,639
	Bonus paid and bonus provision	4,953,708	4,371,025
	Contribution to UIF, SDL, Bargaining Council	1,369,696	1,255,158
	Contribution to medical aid schemes	3,834,670	2,689,848
	Contribution to pension funds	9,075,194	8,066,184
	Leave pay and provision charge	789,525	631,748
	Travel and car allowances	479,598	458,722
	Overtime payments	1,551,374	1,518,590
	Housing benefits and other employee related costs	170,803	169,998
		91,106,893	**79,918,912**
	Remuneration of the Municipal Manager		
	Basic Salary	1,027,725	834,492
	Back Pay	149,603	-
	Cash gratuity	20,340	20,340
	Leave payment	-	219,576
	Travel, housing and other allowances	180,000	180,000
	Contribution to medical aid, pension fund and UIF	174,143	171,730
		1,551,812	**1,426,137**
	Remuneration of the Chief Financial Officer		
	Basic Salary	1,099,167	666,319
	Back Pay	204,672	-
	Cash gratuity	20,340	15,255
	Leave Payment	-	-
	Travel, housing and other allowances	42,781	15,904
	Contribution to medical aid, pension fund and UIF	9,194	1,594
		1,376,153	**699,072**
	Remuneration of the Public Works and Basic Services Manager		
	Basic Salary	808,901	778,812
	Back Pay	217,177	-
	Cash gratuity	20,340	20,340
	Leave Payment	34,221	-
	Travel, housing and other allowances	130,818	130,818
	Contribution to medical aid, pension fund and UIF	2,125	2,125
		1,213,582	**932,096**
	Remuneration of the Community Servicer Manager (Former)		
	Basic Salary	478,757	853,414
	Back Pay	217,177	-
	Cash gratuity	8,475	20,340
	Leave Payment	75,287	-
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	886	58,341
		780,581	**932,096**
	Remuneration of the Community Servicer Manager (Current)		
	Basic Salary	139,045.36	-
	Back Pay	-	-
	Cash gratuity	3,390.00	-
	Leave Payment		-
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	354.24	-
		142,790	**-**
	Remuneration of the Corporate Services Manager		
	Basic Salary	1,023,016	834,283
	Back Pay	153,754	-
	Cash gratuity	20,340	20,340
	Leave Payment	-	184,119
	Travel, housing and other allowances	126,000	126,000
	Contribution to medical aid, pension fund and UIF	2,125	2,125
		1,325,235	**1,166,868**
	Remuneration of the Planning and Development Manager		
	Basic Salary	1,130,063	578,042
	Back Pay	145,508	-
	Cash gratuity	20,340	13,560
	Leave Payment	-	-
	Travel, housing and other allowances	-	-
	Contribution to medical aid, pension fund and UIF	21,078	1,417
		1,316,989	**593,019**

		2024 R	Restated 2023 R
25	**Remuneration of Councillors**		
	Mayor		
	Basic salary	639,604	672,051
	Travel, housing and other allowances	262,353	171,500
	Contribution to medical aid, pension fund and UIF	88,820	98,524
		990,777	**942,074**
	Deputy Mayor		
	Basic salary	752,906	723,607
	Travel, housing and other allowances	46,353	43,500
	Contribution to medical aid, pension fund and UIF	-	-
		799,259	**767,107**
	Speaker		
	Basic salary	517,212	553,118
	Travel, housing and other allowances	214,353	127,500
	Contribution to medical aid, pension fund and UIF	71,669	81,219
		803,234	**761,837**
	Councillors		
	Basic salary	7,368,141	6,681,919
	Travel, housing and other allowances	1,552,667	1,449,986
	Contribution to medical aid, pension fund and UIF	983,761	975,446
		9,904,569	**9,107,351**
	Total remuneration of councillors	**12,497,840**	**11,578,369**

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 49142 dated 18 August 2023. They are also provided with municipal vehicles at the cost of the municipality.

		2024 R	Restated 2023 R
26	**Depreciation, Impairment and amortisation**		
	Property, plant and equipment - Depreciation	47,257,131	42,480,372
	Property, plant and equipment - Impairment	475,734	2,251,257
	Intangible assets - Amortisation	822,610	488,550
		48,554,513	**45,220,178**
27	**Finance costs**		
	Interest paid on finance leases	65,467	51,214
	Interest paid on expenses	4,705	26,837
	Interest on provisions	2,342,064	2,201,859
		2,412,236	**2,279,910**

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

		2024 R	Restated 2023 R
28	**Debt impairment**		
	Bad debt - Contribution to the impairment	23,009,607	767,128
	Bad debt - Written off	1,329,300	489,662
		24,338,908	**1,256,790**

		2024	Restated 2023
		R	R
29	**Operational costs**		
	Accounting and Auditing	2,375,443	2,538,755
	Achievements and Awards	864,636	496,080
	Administrative and Support Staff	588,455	484,286
	Advertising, Publicity and Marketing	943,987	769,558
	Animal Care	143,377	59,980
	Artists and Performers	261,800	178,500
	Audit Committee	299,935	350,917
	Bank Charges	140,172	177,729
	Bargaining Council	1,057,046	1,027,799
	Bursaries	1,503,872	296,788
	Business and Advisory	849,576	1,449,727
	Catering Services	1,750,066	904,849
	Cleaning Services	307,876	188,665
	Commissions and Committees	63,944	81,827
	Communication	3,941	8,103
	Consultants and Professional Services	623,847	1,956,986
	Consumables	2,473,896	1,302,710
	Contractors/Repairs and maintenance	17,872,350	16,483,829
	Courier and Delivery Services	162,937	262,954
	Deeds	3,844	4,717
	Drivers Licences and Permits	-	600
	Electrification Projects	11,385,655	9,839,441
	External Audit Fees	3,433,731	3,273,093
	Gardening Services	109,249	75,620
	Geoinformatics Services	513,439	1,587,061
	Hire Charges	2,900,374	2,835,623
	Indigent Relief	745,343	628,034
	Insurance Underwriting	2,473,421	2,713,748
	Land - Rental	70,563	95,825
	Legal Advice and Litigation	197,159	749,898
	Materials and Supplies	2,001,093	2,394,499
	Motor Vehicle Licence and Registration	484,783	346,651
	Municipal Services	4,528,094	2,539,793
	Occupational Health and Safety	475,698	388,071
	Parking Fees	18,540	11,442
	Printing and Publications	882,565	834,663
	Professional Bodies and Membership	126,955	151,759
	Refuse Removal	1,997,953	2,037,161
	Registration & Training Fees	904,274	547,973
	Remuneration to Ward Committees	1,618,000	1,275,700
	Security Services	14,431,290	14,549,418
	Signage	125,845	156,660
	Specialised Computer Service	1,503,358	1,167,572
	Telephone, Fax, Telegraph	1,722,975	1,390,241
	Transportation	701,065	800,810
	Travel and Subsistence	3,772,071	3,291,241
	Uniform and Protective Clothing	1,333,311	399,684
	Property valuation fees	159,816	114,324
	Wet Fuel	7,078,980	6,665,244
		97,986,600	**89,886,610**

		2024 R	Restated 2023 R
30	**Cash generated from operations before interest**		
	Surplus for the period / year	19,898,955	47,266,013
	Adjustment for:		
	Interest received	(15,970,079)	(14,179,386)
	Penalties on property rates	(7,674,329)	(6,469,455)
	Gain on disposal of assets	-	(1,654,175)
	Donated assets	-	(31,442)
	Depreciation, impairment and amortisation	48,554,513	45,220,178
	Finance costs	1,053,236	1,002,910
	Movement in provisions	1,412,000	416,000
	Debt impairment	24,338,908	1,256,790
	Fair value adjustment	(10,570,000)	(782,000)
	Operating surplus before working capital changes	**61,043,204**	**72,045,433**
	Working capital changes		
	Increase in Value Added Tax	-	593,598
	Increase in receivables from non-exchange transactions	(2,225,593)	(15,333,018)
	Increase in receivables from exchange transactions	(1,673,422)	(118,931)
	Increase in payables from exchange transactions	3,666,293	(15,376,334)
	Decrease in payables from non-exchange transactions	(6,354,962)	(4,669,095)
	Adjustment (items seperately disclosed)		
	Receivables from exchange transactions	(17,798,701)	(1,355,407)
	Payables from exchange transactions	539,151	2,911,081
	Cash generated from operations before interest	**37,195,970**	**38,697,327**

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

32 Accounting by principals and agents

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

Details of the arrangement is 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 Local 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 10% 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 and any receivables outstanding at reporting date are included in other receivebles in note 3

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 10.2

		2024 R	Restated 2023 R
33	**Commitments**		
	Authorised capital expenditure		
	Approved and contracted		
	- Infrastructure assets	17,803,540	15,393,754
	- Community assets	4,754,386	7,711,922
	-Other assets	2,736,918	3,791,104
	-Furniture and office equipment	434,159	100,994
	-Computer equipment	27,999	-
	-Machinery and Equipment	-	-
	Transport Assets	830,736	-
	Intangable Assets	3,565,570	
		30,153,308	**26,997,774**
	Operating commitments		
	Operating expenditure	54,575,759	24,742,384
		54,575,759	**24,742,384**
	Total commitments	**84,729,067**	**51,740,158**
	This expenditure will be financed from:		
	Government grants	31,318,000	17,707,331
	Internal funds	53,411,067	34,032,827
		84,729,067	**51,740,158**

	2024 R	Restated 2023 R

34 Unauthorised expenditure

	2024 R	Restated 2023 R
Opening balance	-	-
Unauthorised expenditure - current period	26,619,260	-
Unauthorised expenditure - written off by council	-	-
Closing balance	**26,619,260**	**-**

Refer to detailed analysis of current year unauthorised expenditure below:

	2024 R	Restated 2023 R
Remuneration of councillors	13,954	-
Depreciation, impairment and amortisation	4,306,288	-
Debt Impairment	22,299,018	-
	26,619,260	**-**

The closing balance of R26 619 260 will be investigated in 2024/2025 financial year.

35 Fruitless and wasteful expenditure

	2024 R	Restated 2023 R
Opening balance	2,939	5,131
Fruitless and wasteful expenditure - current period	4,705	180,363
Fruitless and wasteful expenditure - transferred to debtors (to be recovered)	-	-
Fruitless and wasteful expenditure - written off by council	(2,939)	(182,555)
Closing balance	**4,705**	**2,939**

Current year fruitless and wasteful expenditure is for interest charged on outstanding accounts for Eskom. The municipality has requested the supplier to email all statements in order to avoid penalties, some of the accounts are emailed while others are posted. The closing balance of R4 705 will be investigated in 2024/2025 financial year.

36 Irregular expenditure

	2024 R	Restated 2023 R
Opening balance	1,140,000	136,348
Irregular expenditure - current period (emanating from prior year(s))	60,000	474,852
Irregular expenditure - current period	103,380	1,140,000
Irregular expenditure - written off by council	(1,200,000)	(611,200)
Closing balance	**103,380**	**1,140,000**

Refer to detailed analysis of current year irregular expenditure below:

	2024 R	Restated 2023 R
Non-compliance with SCM Policy-tender advertised for 13 days instead of 14 days	60,000	1,140,000
SCM Regulation 12(3) - Spliting of tender bids	103,380	-
Non-Declaration/Completion of MBD Form	-	474,852
The closing balance of R 103 380 would be investigated in 2024/2025 financial year.	**163,380**	**1,614,852**

		2024 R	Restated 2023 R
37	**SCM Deviations**		
	Details of Section 36 deviations		
	Reported to council	1,466,079	2,574,515
	Awaiting for next council meeting	-	-
		1,466,079	**2,574,515**
	Refer to detailed analysis of current year deviations below:		
	Emergency	65,550	694,719
	Single supplier	16,086	1,059,378
	Impractical to follow official procurement processes	1,384,443	820,418
	TOTAL	**1,466,079**	**2,574,515**

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

		2024	2023
	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. Dr. Nkosazana Dlamini Zuma Municipality made an award to Patricia Daya employeed at the department of education to the value to state.	212,175	-

39 Additional disclosure in terms of the Municipal Finance Management Act

		2024	2023
39.1	**Contributions to organised local government**		
	Current period / year subscription	1,057,046	1,027,799
	Amount paid in the current period	(1,057,046)	(1,027,799)
	Balance unpaid included in payables	-	-
39.2	**Audit fees**		
	Opening balance	-	80,783
	Current period	3,433,731	3,273,093
	Amount paid in the current period	(3,433,731)	(3,353,876)
	Balance unpaid included in payables	-	-

The comparative amount for the prior year was incorrectly stated in the MFMA disclosure and has been restated in the current year. The error does not affect the amounts incurred. Amount previously reported R9 839 441(2022/2023)

		2024	2023
39.3	**Bargaining Council, UIF and SDL**		
	Opening balance	-	-
	Current period amount	1,369,696	1,255,158
	Amount paid in the current period	(1,369,696)	(1,255,158)
	Balance unpaid included in creditors	-	-

The comparative amount for the prior year was incorrectly stated in the MFMA disclosure and has been restated in the current year. The error does not affect the amounts incurred. Amount previously reported R12 068 455(2022/2023)

		2024	2023
39.4	**Pension and medical aid deductions**		
	Opening balance	-	-
	Payroll deductions	14,054,115	12,588,098
	Amount paid in the current period	(14,054,115)	(12,588,098)
	Balance unpaid included in creditors	-	-

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 annually 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 2024	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Finance lease obligations	264,243	120,408	-	384,651
Trade payables	49,345,366	-	-	49,345,366
Total	**49,609,609**	**120,408**	**-**	**49,730,017**

Maturity profile - 30 June 2023	Less than 1 Year	Over 1 Year and not more than 5 Years	Over 5 Years	Total
Finance lease obligations	232,835	384,651	-	617,485
Trade payables	45,679,073	-	-	45,679,073
Total	**45,911,908**	**384,651**	**-**	**46,296,558**

	2024 R	2023 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:

	2024 R	2023 R
Financial instruments		
Receivables from non-exchange transactions	1,876,149	1,307,837
Receivables from exchange transactions	5,333,690	3,660,268
Bank, and cash equivalents	139,435,415	159,255,744
	146,645,254	**164,223,849**

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:

	2024 R	2023 R
Accounting Officer and other key management	7,707,142	5,624,990
Councillors	12,497,840	11,578,369
	20,204,981	**17,203,359**

41.2 Personal Details for 30 June 2024

	Basic Salary, Back Pay, and Gratuity	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	1,197,669	180,000	174,143	-
MP Mtungwa - Chief Financial Officer	1,324,179	42,781	9,194	-
SV Mngadi - Public Works and Basic Services Manager	1,080,639	130,818	2,125	-
Z Mlata - Community Servicer Manager (Former)	779,695	0	886	-
GK Mchunu - Community Servicer Manager (Current)	142,435	-	354	-
SJ Sondezi - Corporate Services Manager	1,197,110	126,000	2,125	-
TI Dawe - Planning and development manager	1,295,911	-	21,078	
Councillors				
PS MSOMI - Mayor	639,604	262,353	88,820	-
KA HADEBE - Deputy Mayor	752,906	46,353		-
SS PHOSWA - Speaker	517,212	214,353	71,669	-
VAT MTHEMBU - Chief wip	266,199	130,311	36,790	-
D ADAMS - Councillor	229,612	118,477		-
DR NGCAMU - Councillor	243,627	70,625	33,935	-
NG DLAMINI - Councillor	265,480	141,712	36,790	-
SJ PHAKATHI - Councillor	202,280	118,478	27,646	-
BB NTSHIZA - Councillor	266,480	46,353	36,837	-
BR MEMELA - Councillor	340,064	46,353	47,274	-
RS MLOTSHWA - Councillor	350,146	46,353	49,751	-
PK MEMELA - Councillor	266,480	46,353	36,837	-
P MAYEZA - Councillor	174,534	26,768	21,009	-
Z NDLOVU - Councillor	174,534	26,768	21,009	-
MP MBANJWA - Councillor	174,534	26,768	21,009	-
TE MDLADLA - Councillor	266,480	46,353	36,837	-
HS MLIBENI - Councillor	626,154	46,353	87,306	-
N DLAMINI - Councillor	266,480	46,353	36,837	-
RC ALDOUS-TROLLOPE - Councillor	266,480	46,353	36,837	-
MW MTOLO - Councillor	340,064	46,353	47,274	-
SG MKHIZE -Councillor	266,480	46,353	36,837	-
NC DLAMNI - Councillor	266,480	46,353	36,837	-
PN MDLANGATHI - Councillor	266,480	46,353	36,837	-
BB KHATHI - Councillor	266,480	46,353	36,837	-
MTC BHENGU - Councillor	266,480	46,353	36,837	-

			2024 R	2023 R
IT SHOBA - Councillor	264,680	46,353	36,837	-
NP ZULU - Councillor	266,180	46,353	36,837	-
X ZAMISA - Councillor	265,761	46,353	36,837	-
SA ZONDI - Councillor	84,425	15,668	12,663	-
N ZIKODE - Councillor	84,425	15,668	12,663	-
TF DUMAKUDE - Councillor	84,425	15,668	12,663	-
MM DLAMINI - Councillor	266,216	46,353	37,101	-
Personal Details for 30 June 2023				
Key Management				
NC Vezi - Municipal Manager	1,074,408	180,000	171,730	-
KMB Mzimela - Former Chief Financial Officer(former)	436,815	25,877	6,030	-
MP Mtungwa - Chief Financial Officer(current)	681,574	15,904	1,594	-
SV Mngadi - Public Works and Basic Services Manager	799,152	130,818	2,125	-
Z Mlata - Community Servicer Manager	873,754		58,341	-
SJ Sondezi - Corporate Services Manager	1,038,742	126,000	2,125	-
TI Dawe - Planning and development manager	591,602		1,417	
Councillors				
PS MSOMI - Mayor	672,051	171,500	98,524	-
KA HADEBE - Deputy Mayor	723,607	43,500	0	-
SS PHOSWA - Speaker	553,118	127,500	81,219	-
VAT MTHEMBU - Chief wip	230,976	130,311	33,970	-
D ADAMS - Councillor	215,063	43,500	69,887	-
DR NGCAMU - Councillor	247,597	43,500	36,463	-
NG DLAMINI - Councillor	247,376	135,901	36,157	-
SJ PHAKATHI - Councillor	186,825	113,387	27,347	-
BB NTSHIZA - Councillor	246,114	43,500	36,463	-
BR MEMELA - Councillor	316,587	43,500	46,794	-
RS MLOTSHWA - Councillor	326,242	43,500	48,209	-
PK MEMELA - Councillor	246,114	43,500	36,463	-
P MAYEZA - Councillor	246,114	43,500	36,463	-
Z NDLOVU - Councillor	246,114	43,500	36,463	-
MP MBANJWA - Councillor	246,114	43,500	36,463	-
TE MDLADLA - Councillor	246,114	43,500	36,463	-
HS MLIBENI - Councillor	516,164	43,500	76,930	-
N DLAMINI - Councillor	246,114	43,500	36,463	-
RC ALDOUS-TROLLOPE - Councillor	246,114	43,500	36,463	-
MW MTOLO - Councillor	316,587	43,500	46,794	-
SG MKHIZE -Councillor	246,114	43,500	36,463	-
NC DLAMNI - Councillor	246,114	43,500	36,463	-
PN MDLANGATHI - Councillor	246,114	43,500	36,463	-
BB KHATHI - Councillor	246,114	43,500	36,463	-
MTC BHENGU - Councillor	246,114	43,500	36,463	-
IT SHOBA - Councillor	246,114	43,500	36,463	-
NP ZULU - Councillor	246,114	43,500	36,463	-
X ZAMISA - Councillor	267,374	43,500	39,379	-
MM DLAMINI - Councillor	246,114	43,500	36,463	-

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 financial year to be reported under this item.

43 Contract revenue

	2024	2023
As at reporting date 30 June 2024:		
Amount of contract revenue recognised	6,575,466	7,349,565
Amount of contract costs incurred	(6,575,466)	(7,349,565)
Balance of revenue received in advanced	-	-
Amount of retentions	(1,967,097)	-

44 Correction of error

Valaution roll disclosure

During the year, management identified a misalignment between Section 8 of the Municipal Property Rates Act (MPRA), the classification on the valuation roll, the municipal rates, and the tariff policy. Consequently, the values presented in the prior year's financial statements in Note 20 have been restated to ensure consistency and alignment with these standards. This restatement will have no impact on the statement of financial position, statement of financial performance, or cash flows; it will affect only the related note disclosures.

	2023
Valuations previously reported	
Business and Commercial	231,265,000
Farms - Agriculture	3,900,174,000
Farms - Commercial	56,017,000
Farms - Other	2,200,000
Farms - Residential	24,904,000
Industrial	20,400,000
Municipal Properties	79,194,000
Protected Areas	60,827,000
Public Service Infrastructure (PSI)	8,472,000
Public Benefit Organisation	76,884,000
Residential	782,757,000
Smallholdings - Agriculture	93,552,000
Smallholdings - Other	5,304,017
Smallholdings - Residential	54,470,000
State Public Service Purpose	404,733,000
State Trust Land	89,880,000
Tourism & Hospitality Rural	363,780,000
Vacant Land	97,066,000
Worship	12,070,000
	6,363,949,017

	2023
Valuations restated	
Agriculture	4,124,279,000
Business & Commercial	528,662,000
Impermissable	28,884,000
Industrial	20,400,000
Municipal	79,194,000
Protected Areas	60,827,000
Public Benefit Organisations	68,170,000
Public Service Infrastructure	1,782,000
Public service purpose	450,292,000
Residential	917,309,017
Vacant Land	84,150,000
	6,363,949,017

	2023
Value added tax receivables	
During the current year it was noted, that Value added tax receivable from the south Africa revenue service, was offset against the accruals both input and output that have been raised relating to value added tax. Below is an analysis of amount previously reported:	
Input Value added tax - Accrual	(2,525,554)
Output Value added tax - Accrual	1,521,389
Value added tax - SARS	(370,915)
Value added tax receivable	**(1,375,080)**

Unspent conditional grants

During the current year it was noted, that the funds from the department of Human Settlement were not accounted for in terms of GRAP 109 - Accounting By Principals And Agents. Unspent conditional grants, presented in the prior year, has been consolidated with unspent agent funds, under payables from non-exchange transaction.

Unspent Conditional grants	**(5,624,057)**

Statement of Financial Position for period ended 30 June 2023

Current Assets	
Value added tax receivables	(1,375,080)
Receivables from non-exchange transactions	2,896,469
	1,521,389
Current Liabilities	
Payables from exchange transactions	1,521,389
Unspent conditional grants	(6,354,962)
Payables from non-exchange transactions	6,354,962
	1,521,389