Molemole Municipality

Molemole Municipality
(Registration number LIM353)
Financial statements
for the year ended 30 June 2022

## General Information

| | |
|---|---|
| **Nature of business and principal activities** | Performing the functions as set out in the Constitution (Act no 105 of 1996). Providing municipal services and maintaining the best interests of the local community mainly in the Mogwadi area. |
| Mayor | Cllr M E Paya |
| Speaker | Moreroa MS(July 2021-October 2021) |
| | Matlou D (November 2021-current) |
| Chief Whip | Rathaha EM |
| Councillors | Cllr P T Rathete |
| | Cllr Nakana SR |
| | Cllr MD Lehong (July 2021-October 2021) |
| | Cllr ML Moabelo |
| | Cllr NW Seakamela (July 2021-October 2021) |
| | Cllr NF Rampyapedi |
| | Cllr MD Meso(July 2021-October 2021) |
| | Cllr SW Mafona (November 2021-Current) |
| | Cllr MO Motolla (November 2021-Current) |
| | Cllr BM Hlapa (November 2021-Current) |
| | Cllr MC Matjee |
| | Cllr MP Makgato |
| | Cllr MA Makgoka (July 2021-October 2021) |
| | Cllr MQ Malema (July 2021-October 2021) |
| | Cllr PT Rakimane (July 2021-October 2021) |
| | Cllr MA Kobo(July 2021-October 2021) |
| | Cllr MI Mohafe(July 2021-October 2021 |
| | Cllr RL Mpati (July 2021-October 2021) |
| | Cllr M J Manthata(July 2021- October 2021) |
| | Cllr PS Masoga |
| | Cllr MJ Leferela (July 2021-October 2021) |
| | Cllr NS Ramukhubedi(July 2021-October 2021) |
| | Cllr SE Kobola (July 2021-October 2021) |
| | Cllr TE Raphaswana(July 2021-October 2021) |
| | Cllr GM Sepheso(July 2021-October 2021) |
| | Cllr MD Marutha (July 2021-October 2021) |
| | Cllr MP Tloubatla (July 2021-August 2021) |
| | Cllr NM Hopane(July 2021-October 2021) |
| | Cllr M Mufamadi (September 2021-October 2021) |
| | Cllr FM Mokwele (October 2021 & December 2021) |
| | Cllr ME Ramarutha(November 2021-Current) |
| | Cllr MS Machaka(November 2021-Current) |
| | Cllr MY Senamolela(November 2021-Current) |
| | Cllr NG Sekgota (November 2021-Current) |
| | Cllr TM Mapholletja (November 2021-Current) |
| | Cllr MJ Poopedi (November 2021-Current) |
| | Cllr Mm Selabe (November 2021-Current) |
| | Cllr RL Sepuru (November 2021-Current) |
| | Cllr MV Ramusi (November 2021-Current) |
| | Cllr MC Nong(November 2021-Current) |
| | Cllr MS Ngobene (November 2021-Current) |

## General Information

| | |
|---|---|
| | Cllr SP Chepape (November 2021-Current)<br>Cllr TG Malebana (November 2021-Current)<br>Cllr ME Rahlana (November 2021-Current)<br>Cllr RI Mabitsela(November 2021-Current)<br>Cllr TO Kgopane(November 2021-Current)<br>Cllr MS Letlalo(November 2021-Current)<br>Cllr ME Machethe (November 2021-Current)<br>Cllr GM Modiba(November 2021-Current)<br>Cllr MJ Kubyana(April 2021-Current) |
| **Business address** | 303 Church Street<br>Mogwadi<br>0715 |
| **Grading of local authority** | Level 3 Local Municipality |
| **Chief Finance Officer (CFO)** | Miss Khanyisile Zulu |
| **Accounting Officer** | Acting Miss Khanyisile Zulu |
| **Business address** | 303 Church Street<br>Mogwadi<br>0715 |
| **Postal address** | Private Bag X44<br>Mogwadi<br>0715 |
| **Bankers** | Nedbank |
| **Auditors** | Office of the Auditor General (South Africa) |
| **Website Address** | www.molemole.gov.za |
| **Email Address** | info@molemole.gov.za |
| **Audit Committee chairperson**<br>**Audit Committee members** | Mr SA Ngobeni<br>Ms TE Monobe<br>Mr T.G Nevhutalu<br>Mr TA Lekoloane |

# Index

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

| | |
|---|---|
| COID | Compensation for Occupational Injuries and Diseases |
| CRR | Capital Replacement Reserve |
| DBSA | Development Bank of South Africa |
| GRAP | Generally Recognised Accounting Practice |
| IAS | International Accounting Standards |
| CIGFARO | Charted Institute of Goverment Finance and Risk officers |
| IPSAS | International Public Sector Accounting Standards |
| ME's | Municipal Entities |
| MEC | Member of the Executive Council |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| VAT | Value Added Tax |
| PAYE | Pay as you Earn |
| FMG | Finance Management Grant |
| INEP | Intergrated National Electification Program |
| CDM | Capricorn District Municipality |
| UIF | Unauthorised , Irregular and Fruitless Expenditure |
| PPE | Property Plant and Equipment |

## 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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 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.

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

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

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

The financial statements set out on pages 6 to 78, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

**Accounting Officer**
**Miss Khanyisile Zulu**

## Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2022.

### 1. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the oridinary course of business.

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus/(deficits )of 407 400 641 and that the municipality's total assets exceed its liabilities by 455 120 361.

The ability of the municipality to continue as a going concern is dependent on a number of factors.

The Following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTREF period is support this
- The municipality has a healthy solvency and liquidity ration
- The municipality continue to achieve net surplus for 2022 and 2021 financial year.
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption.

### 2. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

### 3. Accounting policies

The financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

Molemole Municipality
(Registration number LIM353)
Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

| Figures in Rand | Note(s) | 2022 | 2021 Restated* |
|---|---|---|---|
| **Assets** | | | |
| Current Assets | | | |
| Inventories | 8 | 546 907 | 1 052 291 |
| Receivables from exchange transactions | 9 | 4 143 002 | 2 675 147 |
| Receivables from non-exchange transactions | 10 | 58 660 439 | 58 424 655 |
| VAT receivable | 11 | 10 082 009 | 12 523 910 |
| Cash and cash equivalents | 12 | 105 267 742 | 89 545 719 |
| | | **178 700 099** | **164 221 722** |
| Non-Current Assets | | | |
| Investment property | 3 | 1 546 001 | 1 614 335 |
| Property, plant and equipment | 4 | 334 024 909 | 311 014 463 |
| Intangible assets | 5 | 1 150 575 | 1 567 913 |
| Heritage assets | 6 | 392 850 | 380 300 |
| | | **337 114 335** | **314 577 011** |
| **Total Assets** | | **515 814 434** | **478 798 733** |
| **Liabilities** | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 18 | 19 346 174 | 19 398 292 |
| Consumer deposits | 19 | 509 126 | 505 376 |
| Unspent conditional grants and receipts | 14 | 2 915 046 | 737 365 |
| Other current liability | 16 | 235 693 | 282 504 |
| Current Employee Benefit | 17 | 10 545 798 | 9 746 531 |
| | | **33 551 837** | **30 670 068** |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 7 | 11 839 000 | 10 048 000 |
| Provisions | 15 | 15 303 236 | 15 462 262 |
| | | **27 142 236** | **25 510 262** |
| **Total Liabilities** | | **60 694 073** | **56 180 330** |
| **Net Assets** | | **455 120 361** | **422 618 396** |
| Reserves | | | |
| Revaluation reserve | 13 | 47 719 720 | 47 707 170 |
| Accumulated surplus | | 407 400 641 | 374 911 211 |
| **Total Net Assets** | | **455 120 361** | **422 618 381** |

* See Note 56 & 57

## Statement of Financial Performance

| Figures in Rand | Note(s) | 2022 | 2021 Restated* |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Service charges | 21 | 10 948 366 | 11 061 887 |
| Rental of facilities and equipment | 22 | 258 443 | 254 993 |
| Interest received - debtors | 25 | 583 334 | 628 249 |
| Commission Received | 27 | 742 790 | 718 633 |
| Licences and permits | 24 | 5 091 640 | 4 890 684 |
| Other income | 28 | 474 334 | 113 522 |
| Interest received - investment | 29 | 4 708 768 | 2 677 572 |
| **Total revenue from exchange transactions** | | **22 807 675** | **20 345 540** |
| **Revenue from non-exchange transactions** | | | |
| Property rates | 30 | 30 599 233 | 49 558 003 |
| Interest received -debtors | 26 | 909 511 | 714 069 |
| Government grants & subsidies | 31 | 204 435 319 | 230 316 073 |
| Public contributions and donations | 32 | - | 1 234 955 |
| Fines, Penalties and Forfeits | 23 | 628 430 | 493 491 |
| **Total revenue from non-exchange transactions** | | **236 572 493** | **282 316 591** |
| **Total revenue** | 20 | **259 380 168** | **302 662 131** |
| **Expenditure** | | | |
| Employee related costs | 33 | (96 269 842) | (91 626 639) |
| Remuneration of councillors | 34 | (12 952 123) | (12 959 102) |
| Depreciation, amortisation and Impairment of assets | 35 | (19 095 029) | (12 254 119) |
| Finance costs | 36 | (13 536) | (181 714) |
| Debt Impairment | 37 | (3 258 960) | (8 871 388) |
| Bad debts written off | 38 | (578 664) | - |
| Bulk purchases | 39 | (12 585 146) | (11 026 473) |
| Contracted services | 40 | (36 709 369) | (39 119 438) |
| Loss on disposal of assets and liabilities | 51 | (647 727) | (173 105) |
| Loss on Transfer of Assets | 52 | (6 419 695) | - |
| General Expenses | 41 | (38 360 647) | (38 125 499) |
| **Total expenditure** | | **(226 890 738)** | **(214 337 477)** |
| **Surplus for the year** | | **32 489 430** | **88 324 654** |

* See Note 56 & 57

## Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus | Total net assets |
|---|---|---|---|
| Opening balance as previously reported | 47 695 020 | 283 659 125 | 331 354 145 |
| Adjustments | | | |
| Correction of errors - see note 57 | - | 2 927 432 | 2 927 432 |
| **Restated Balance at 01 July 2020** | **47 695 020** | **286 586 557** | **334 281 577** |
| Revaluation of Heritage Assets | 12 150 | - | 12 150 |
| Surplus for the year | - | 88 324 654 | 88 324 654 |
| | - | - | - |
| **Restated Balance at 01 July 2021** | **47 707 170** | **374 911 211** | **422 618 390** |
| Changes in net assets | | | |
| Revaluation of Heritage Assets | 12 550 | - | 12 550 |
| Surplus for the year | - | 32 489 430 | 32 489 430 |
| **Balance at 30 June 2022** | **47 719 720** | **407 400 641** | **455 120 370** |
| Note(s) | 13 | | |

* See Note 56 & 57

## Cash Flow Statement

| Figures in Rand | Note(s) | 2022 | 2021 Restated* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Sale of goods and services | 46 | 44 698 568 | 74 335 701 |
| Grants | 47 | 206 613 000 | 229 816 501 |
| Interest Income | 29 | 4 708 768 | 2 677 572 |
| | | 256 020 336 | 306 829 774 |
| **Payments** | | | |
| Employee and councillors costs | 49 | (109 221 965) | (104 585 741) |
| Suppliers | 48 | (82 375 565) | (86 454 351) |
| Finance costs | | (13 536) | (181 714) |
| | | (191 611 066) | (191 221 806) |
| **Net cash flows from operating activities** | 45 | **64 409 270** | **115 607 968** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 4 | (48 687 236) | (48 821 553) |
| **Cash flows from financing activities** | | | |
| Finance lease payments | | - | (251 668) |
| **Net cash flows from financing activities** | | **-** | **(251 668)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **15 722 034** | **66 534 747** |
| Cash and cash equivalents at the beginning of the year | | 89 545 719 | 23 010 966 |
| **Cash and cash equivalents at the end of the year** | 12 | **105 267 753** | **89 545 713** |

* See Note 56 & 57

## Molemole Municipality

(Registration number LIM353)
Financial Statements for the year ended 30 June 2022

# Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Performance** | | | | | | |
| **Revenue** | | | | | | |
| **Revenue from exchange transactions** | | | | | | |
| Service Charges : Sale of electricity | 11 711 304 | - | **11 711 304** | 8 206 021 | **(3 505 283)** | (30)%- 44.1 |
| Service Charges : Refuse removal | 2 484 576 | - | **2 484 576** | 2 742 345 | **257 769** | 10 %44.2 |
| Rental of facilities and equipment | 253 998 | - | **253 998** | 218 131 | **(35 867)** | (14)% 44.9- |
| Interest received | 826 397 | - | **826 397** | 583 334 | **(243 063)** | (29)%-44.3 |
| Commission Received | 721 709 | - | **721 709** | 742 790 | **21 081** | 3 %- |
| Licences and permits | 7 686 174 | - | **7 686 174** | 5 091 640 | **(2 594 534)** | (34)%- 44.4. |
| Other income | 27 178 038 | (11 021 361) | **16 156 677** | 514 646 | **(15 642 031)** | (97)% - 44.5 |
| Interest received - investment | 2 708 206 | - | **2 708 206** | 4 708 768 | **2 000 562** | 74 %-44.7 |
| **Total revenue from exchange transactions** | **53 570 402** | **(11 021 361)** | **42 549 041** | **22 807 675** | **(19 741 366)** | |
| **Revenue from non-exchange transactions** | | | | | | |
| **Taxation revenue** | | | | | | |
| Property rates | 51 482 069 | (11 872 216) | **39 609 853** | 30 599 233 | **(9 010 620)** | (23)%-44.8 |
| Interest recieved debtors | 688 897 | - | **688 897** | 909 511 | **220 614** | -44.3 |
| Transfer revenue : Government grants & subsidies | 206 242 000 | 1 000 000 | **207 242 000** | 204 435 319 | **(2 806 681)** | (1)%- |
| Traffic Fines, penalties and forfeits | 1 338 690 | - | **1 338 690** | 628 430 | **(710 260)** | (53)% 44.6 |
| **Total revenue from non-exchange transactions** | **259 751 656** | **(10 872 216)** | **248 879 440** | **236 572 493** | **(12 306 947)** | |
| **Total revenue** | **313 322 058** | **(21 893 577)** | **291 428 481** | **259 380 168** | **(32 048 313)** | |
| **Expenditure** | | | | | | |
| Personnel | (105 732 276) | 7 502 323 | **(98 229 953)** | (96 269 842) | **1 960 111** | (2)%-44.10 |
| Remuneration of councillors | (15 010 262) | 663 249 | **(14 347 013)** | (12 952 123) | **1 394 890** | (10)% - 44.11 |
| Depreciation and amortisation | (18 994 790) | (110 000) | **(19 104 790)** | (19 095 029) | **9 761** | - %-44.12 |
| Finance costs | (1 055 833) | 905 833 | **(150 000)** | (13 536) | **136 464** | (91)%-44.13 |
| Debt Impairment | (6 337 664) | 2 428 000 | **(3 909 664)** | (3 258 960) | **650 704** | (17)% -44.17 |
| Bad debts written off | - | - | - | (578 664) | **(578 664)** | -44.17 |
| Bulk purchases | (11 468 179) | (1 300 000) | **(12 768 179)** | (12 585 146) | **183 033** | (1)%44.14 |
| Contracted Services | (43 843 741) | 4 475 598 | **(39 368 143)** | (36 709 369) | **2 658 774** | (7)%- 44.15 |
| General Expenditure | (45 485 880) | 6 616 501 | **(38 869 379)** | (38 360 647) | **508 732** | (1)%-44.16 |
| **Total expenditure** | **(247 928 625)** | **21 181 504** | **(226 747 121)** | **(219 823 316)** | **6 923 805** | |
| **Operating surplus** | **65 393 433** | **(712 073)** | **64 681 360** | **39 556 852** | **(25 124 508)** | |
| Loss on disposal of assets and liabilities | - | - | - | (647 727) | **(647 727)** | 44.18 |
| Loss on transfer of assets | - | - | - | (6 419 695) | **(6 419 695)** | 44.19 |
| | **-** | **-** | **-** | **(7 067 422)** | **(7 067 422)** | |
| **Surplus/Deficit** | **65 393 433** | **(712 073)** | **64 681 360** | **32 489 430** | **(32 191 930)** | |

# Molemole Municipality

(Registration number LIM353)
Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|---|---|---|---|---|---|
| **Statement of Financial Position** | | | | | | |
| Total Current Assets | 161 591 098 | 72 290 384 | **233 881 482** | 178 700 099 | **(55 181 383)** | (24)%-44.20 |
| Total Non-Current Assets | 375 938 641 | (704 986) | **375 233 655** | 337 114 331 | **(38 119 324)** | (10)%-44.21 |
| **Total Assets** | **537 529 739** | **71 585 398** | **609 115 137** | **515 814 430** | **(93 300 707)** | |
| Total Current Liability | 52 250 925 | (9 979 163) | **42 271 762** | 33 551 837 | **(8 719 925)** | (21)%-44.22 |
| Total Non-Current Liability | 29 939 246 | - | **29 939 246** | 27 142 236 | **(2 797 010)** | (9)%-44.23 |
| **Net Assets** | **455 339 568** | **81 564 561** | **536 904 129** | **455 120 357** | **(81 783 781)** | |
| **Reserves** | | | | | | |
| Revaluation reserve | 55 518 054 | (3 000 000) | **52 518 054** | 47 719 720 | **(4 798 334)** | (9)%-44.24 |
| Accumulated surplus | 399 821 514 | 84 564 561 | **484 386 075** | 407 400 648 | **(76 985 427)** | (16)%43.25 |
| **Community wealth/equity** | **455 339 568** | **81 564 561** | **536 904 129** | **455 120 369** | **(81 783 761)** | |
| **Cash Flow Statement** | | | | | | |
| **Net cash from (used) operating** | **85 563 249** | **3 574 248** | **81 989 001** | **64 409 270** | **(17 579 731)** | 21% -44.26 |
| **Net cash from (used) investing** | **(65 393 793)** | **704 986** | **(64 688 807)** | **(48 687 236)** | **16 001 571** | 24%-44.27 |
| Net increase/decrease in cash held | 19 807 477 | (2 689 262) | **17 480 194** | 15 722 034 | **(1 758 160)** | |
| Cash and cash equivalents at the beginning of the year | - | - | **89 549 144** | 89 545 719 | **(3 425)** | - % |
| **Cash and cash equivalents at the end of the year** | **19 807 477** | **(2 689 262)** | **106 939 338** | **105 267 753** | **(1 671 585)** | **1 %** |

Refer to Note 44 for explanations of any material variances.

Material Variances are considered to be any variance above 5%. Explanation on the changes in budget is noted on the Executive summary adjustment budget available on the municipal website that was approved in February 2022.

## Comparison of Budget and Actual Amounts for the year ended 30 June 2022

| Figures in Rand | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | | | |
| **Financial Performance** | | | | | | | | | | | |
| Property rates | 51 482 069 | (11 872 216) | 39 609 853 | - | | 39 609 853 | 30 599 233 | | (9 010 620) | 77 % | 59 % |
| Service charges | 14 195 880 | - | 14 195 880 | - | | 14 195 880 | 10 948 366 | | (3 247 514) | 77 % | 77 % |
| Investment revenue | 2 708 206 | - | 2 708 206 | - | | 2 708 206 | 4 708 768 | | 2 000 562 | 174 % | 174 % |
| Transfers recognised - operational | 161 092 000 | 1 000 000 | 162 092 000 | - | | 162 092 000 | 161 910 741 | | (181 259) | 100 % | 101 % |
| Other own revenue | 38 693 903 | (11 021 361) | 27 672 542 | - | | 27 672 542 | 8 688 482 | | (18 984 060) | 31 % | 22 % |
| **Total revenue (excl capital transfers** | **268 172 058** | **(21 893 577)** | **246 278 481** | **-** | | **246 278 481** | **216 855 590** | | **(29 422 891)** | **88 %** | **81 %** |
| Employee costs | (105 732 276) | 7 502 323 | (98 229 953) | - | - | (98 229 953) | (96 273 963) | - | 1 955 990 | 98 % | 91 % |
| Remuneration of councillors | (15 010 262) | 663 249 | (14 347 013) | - | - | (14 347 013) | (12 948 002) | - | 1 399 011 | 90 % | 86 % |
| Debt impairment | (6 337 664) | 2 428 000 | (3 909 664) | | | (3 909 664) | (3 258 960) | - | 650 704 | 83 % | 51 % |
| Depreciation and asset impairment | (18 994 790) | (110 000) | (19 104 790) | | | (19 104 790) | (19 095 029) | - | 9 761 | 100 % | 101 % |
| Finance charges | (1 055 833) | 905 833 | (150 000) | - | - | (150 000) | (13 536) | - | 136 464 | 9 % | 1 % |
| Materials and bulk purchases | (11 468 179) | (1 300 000) | (12 768 179) | - | - | (12 768 179) | (12 585 146) | - | 183 033 | 99 % | 110 % |
| Other expenditure | (89 329 621) | 11 092 099 | (78 237 522) | - | - | (78 237 522) | (76 296 407) | (6 419 695) | 4 478 580 | 98 % | 85 % |
| **Total expenditure** | **(247 928 625)** | **21 181 504** | **(226 747 121)** | **-** | **-** | **(226 747 121)** | **(220 471 043)** | **(6 419 695)** | **8 813 543** | **97 %** | **89 %** |
| **Surplus/(Deficit)** | **20 243 433** | **(712 073)** | **19 531 360** | **-** | | **19 531 360** | **(3 615 453)** | | **(20 609 348)** | **(19)%** | **(18)%** |

# Molemole Municipality
(Registration number LIM353)
Financial Statements for the year ended 30 June 2022

## Comparison of Budget and Actual Amounts for the year ended 30 June 2022

| Figures in Rand | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments budget | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transfers recognised - capital | 45 150 000 | - | 45 150 000 | - | | 45 150 000 | 42 524 578 | | (2 625 422) | 94 % | 94 % |
| Contributions recognised - capital and contributed assets | - | - | - | - | | - | - | | - | 100 % | 100 % |
| **Surplus (Deficit) after capital transfers** | **65 393 433** | **(712 073)** | **64 681 360** | **-** | | **64 681 360** | **38 909 125** | | **(25 772 235)** | **60 %** | **60 %** |

# Accounting Policies

## 1. Presentation of Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

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

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

These accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

### 1.1 Presentation currency

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

### 1.2 Going concern assumption

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

### 1.3 Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.4 Significant judgements and use of Estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.
The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

**Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

**Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based

## Accounting Policies

on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

**Impairment of statutory receivables**
The calculation in respect of the impairment of recievables is based on an assesment of the extent to which receivables have defaulted on payments , and an assesment of their ability to make payments based on their credit worhiness.
This is performed per identifiable catergories accross all classes of recievables.

**Impairment of non financial assets**
Management considers all property plant and equipment to be non-cash generating, except for investment property, which are cash generating.
Management further considers whether indicators of impairment exist. This requires management to exercise judgement as to the whether an individual or combination of factors exist which should be taken into consideration in determining whether the recoverable service amount of the asset is lower than it's carrying amount.
Accounting policy on impairment of assets, and accounting policy subsequent measurement, amortisation and impairment intangible assets, describe the conditions under which nonfinancial assets are tested for potential impairment losses by the management of the municipality.
Significant estimates and judgements are made relating to impairment testing of property, plant and equipment, and intangible assets

**Provisions**

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

**Inventories**

Unsold properties are taken at fair value on the date when the intention to dispose land has arisen to the inventory from investment property on initial recognition.

**Post-retirement benefits**

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.
The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.
Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7

**Effective interest rate**

The municipality used the prime interest rate to discount future cash flows.

**Allowance for doubtful debts**

On debtors an impairment loss is recognized in surplus and deficit when there is an objective evidence such as non-payment of long outstanding debt amount. The impairment is measured based on the analysis of the current financial year provision balance less the previous financial year balance.
The Provision for doubtful debt is being considered for all the debt which has been outstanding for 90 days and more excluding all accounts owned by government institutions.
Payments patterns are being considered for the analysis of the individual rate payer's behavior at least for a period of six (6) consecutive months in analyzing the probability of recovering the outstanding balance

**Useful lives of assets**

The municipality's management determines the estimated useful lives and related depreciation charges. This estimate is

## Accounting Policies

based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

**Residual value**

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceed.

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or 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. However, where an investment property was acquired through a non-exchange transaction (i.e. where municipality acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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.

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**Cost model**

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

| **Item** | **Useful life** |
| --- | --- |
| Property - land | indefinite |
| Property - buildings | 30 years |

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

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

## Accounting Policies

### 1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting 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 or fair value 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 assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

The following accounting procedures will be followed when the land and buildings properties are re-valued at an amount that exceeds the current value carried in the Financial Statements:

- The Accumulated Depreciation at the time of revaluation will be set-off against the gross carrying amount of the fixed property.
- The carrying value on the Balance Sheet will be adjusted to the revalued amount of the fixed property.
- The difference between the original amount and the re-valued amount will be credited against a future depreciation reserve.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

Property, plant and equipment are depreciated on the  over their expected useful lives to their estimated residual value.

## Accounting Policies

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

| Item | Average useful life |
|---|---|
| Infrastructure Assets | |
| • Electricity | |
| • Power Stations | 30-40 Years |
| • Cooling Towers | 30-40 Years |
| • Transformer Kiosks | 10-44 Years |
| • Meters | 15-30 Years |
| • Load Control Equipment | 20-25 Years |
| • Switchgear Equipment | 20-25 Years |
| • Supply/Reticulation | 20-25 Years |
| • Mains | 20-30 Years |
| • Street Lights | 10-40 Years |
| • High mast Lights | 10-40 Years |
| • Motorways | 09-100 Years |
| **Roads** | |
| • Other Roads | 10 Years |
| • Traffic Islands | 10 Years |
| • Traffic Lights | 20 Years |
| • Road furniture/Signs | 05-20 Years |
| • Street Lighting | 20-33 Years |
| • Overhead Bridges | 30 Years |
| • Storm Water Drains | 10-20 Years |
| • Bridges and Subway | 5-100 Years |
| • Car Parks | 30 Years |
| • Bus Terminals | 20 Years |
| • Pipes | 10-20 Years |
| • Catch Pit | 20-25 Years |
| • Sign Boards | 05-20 Years |
| • Concrete Drift | 10-15 Years |
| • Guardrails | 15-50 Years |
| • Kerbing | 10-30 Years |
| • Speed Hump | 05-100 Years |
| • Culverts/Low Level Bridge | 05-30 Years |
| • Stone Pitching | 05-15 Years |
| • Roads Studs | 05-15 Years |
| • Water | 0 |
| • **Meters** | 15 Years |
| • Mains | 30 Years |
| • Rights | 20 Years |
| • Supply/Reticulation | 20 Years |
| Community | |
| • Reservoirs and Tanks | 20 Years |
| • Rights (that is the right to draw water from particular source and source belong to another party) | 20 Years |
| • Boreholes | 05-10 Years |
| • **Sewarage** | 0 |
| • Sewers | 20 Years |
| • Outfall Sewer | 20 Years |
| • Purification work | 20 Years |
| • Sewerage Pumps | 10 Years |
| • Sludge Machine | 10 Years |
| **Other property, plant and equipment** | |
| • **Buildings** | 0 Years |
| • Ambulance Station | 30 Years |
| • Care Centres | 30 Years |
| • Cementries | 30 Years |
| • Clinic and Hospitals | 30 Years |
| • Community Centre | 10-30 Years |
| • Fire Stations | 30 Years |
| • Game Reserve and Rest Camps | 30 Years |

## Accounting Policies

| | |
|---|---|
| • Indoor Sport Studium | 30 Years |
| • Libraries | 30 Years |
| • Museum and Art Galleries | 30 Years |
| • Parks | 20-30 Years |
| • Public Convenience | 30 Years |
| Ancillary fleet equipment and security | |
| • Recreation Centres | 10-30 Years |
| • Stadiums (Ground field and grand stand) | 10-30 Years |
| • Old Age Homes | 30 Years |
| Artwork | |
| • Taxi Ranks | 10-30 Years |
| • **Covered Taxi bays** | 22-30 Years |
| • Passenger Shelter | 22-30 Years |
| • Bowling Greens | 20-30 Years |
| • Tennis Courts | 20-30 Years |
| • Swimming Pool | 20-30 Years |
| • Golf Course | 20-30 Years |
| • Stadiums (Ground Field and Grand Stand) | 10-30 Years |
| • Jukskei Pitches | 20-30 Years |
| • Outdoor Sport Facilities | 10-30 Years |
| • Lakes and Dams | 20-30 Years |
| • Fountains | 20-30 Years |
| • Floodlighting | 15-30 Years |
| • Cricket Field | 20-30 Years |
| • Fencing (Mesh and Palisade Fence) | 05-30 Years |
| • Security Systems | 05-10 Years |
| • **Access Control** | 05-30 Years |
| • Buildings | |
| • Caravan Parks | 30-40 Years |
| • Compacting Stations | 30-40 Years |
| • Housing Schemes | 30-40 Years |
| • Laboratories | 30-40 Years |
| • Nurseries | 30-40 Years |
| • Office Buildings | 30-40 Years |
| • Quarries | 30-40 Years |
| • Stores | 30-40 Years |
| • Tip Sites | 30-40 Years |
| • Training Centres | 30-40 Years |
| • Transport Facilities | 30-40 Years |
| • Workshops and Depots | 30-40 Years |
| • Guard Room Wooden | 02-20 Years |
| • Mobile Offices | 30-40 Years |
| • Pavements | 20-40 Years |
| • Gazebo Shades | 03-30 Years |
| • Market Stalls | 30-40 Years |
| • Computer Hardware | 03-20 Years |
| • Computer Software | 03-20 Years |
| • Office Machines | 03-15 Years |
| • Air Conditioners | 07-15 Years |
| • Banners | 03-05 Years |
| • Fire Extinguishers | 03-10 Years |
| • Photocopy Machines over R50 000 | 05-10 Years |
| • Other Photocopy Machines | 03-12 Years |
| • Fax Machines | 03-10 Years |
| • Plotters | 08-20 Years |
| • Chairs | 03-30 Years |
| • Tables | 03-30 Years |
| • Desks | 03-30 years |
| • Cabinets | 03-30 Years |
| • Cupboards | 03-30 Years |
| • Fire Cabinets | 03-30 Years |
| • Miscellaneous | 03-30 Years |
| • Shelve Racks | 03-30 Years |

| | |
|---|---|
| • Stove and Fridge | 03-30 Years |
| • Urn and Kettle | 03-20 Years |
| • Bulk Containers | 10-12 Years |
| • Street Litter Bins | 05-07 Years |
| • Fire | 15 Years |
| • Ambulances | 10 Years |
| • Fire Hoses | 05-10 Years |
| • Emergency Lights | 10-15 Years |
| • Fire Engines | 10-12 Years |
| • Motor Vehicles | 03-20 Years |
| • Motor Cycles | 05-07 Years |
| • Trucks / Bakkies | 03-20 Years |
| • Trailers | 03-20 Years |
| • Graders | 03-30 Years |
| • Tractors | 03-20 Years |
| • Mechanical Horses | 07 Years |
| • Farm Equipment and Pesticide Sprayers | 05 Years |
| • Lawnmowers | 02-10 Years |
| • Brush Cutters | 04-10 Years |
| • Compressors | 10-12 Years |
| • Laboratory Equipment | 05 Years |
| • Radio Equipment | 05 Years |
| • Fire Arms | 25-30 Years |
| • Telecommunication Equipment | 05 Years |
| • Irrigation Systems | 07 Years |
| • Conveyors | 07 Years |
| • Feeders | 08-12 Years |
| • Tippers | 05-20 Years |
| • Slashers | 05-10 Years |
| • Ladder | 05-15 Years |

The residual value, the useful life and depreciation method of each asset are reviewed at least at 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 or disposal 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.

**1.7 Intangible assets**

**Initial Recognition**

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

## Accounting Policies

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| **Item** | **Useful life** |
| --- | --- |
| Computer software, other | 3 years |

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality between knowledgeable willing parties in an arms lengthe transaction.

Heritage assest are assets that have cultural ,enviromental, istorical,natural,scientific,technological or artistic significance and are held indefinitly for the benefit of present and future generations.

## Accounting Policies

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An inalienable item is as asset that an municipality is required by law or otherwise to retain indefinitly an cannot be disposed of without consent.

Recoverable amount is the higher of a cash generating asset s net selling price and its value in use.

Recoverable service amount is the higher of a non cash generating assets fair value less.

**Recognition**

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

**Initial measurement**

Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

**Subsequent measurement**

. After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

**Derecognition**

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is

derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses. Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

### 1.9 Financial instruments

The municipality classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments

## Accounting Policies

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular way purchases of financial assets are accounted for at trade date

**Initial recognition and measurement**

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

**Subsequent measurement** - Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest. Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends or similar distributions received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

**Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**Investments**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**Trade and Other Receivables**

# Accounting Policies

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

**Impairment Loss**

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

The municipality determine impairment of trade receivables in accordance with the debt write off policy.

**Trade Payables and Borrowings**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

**1.10 Derecogniton**

**Financial assets**

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has
- transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 asset; and
- - recognise separately any rights and obligations created or retained in the transfer.

## Accounting Policies

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognized in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the

consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

### 1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

**Finance leases - lessor**

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

**Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

**Operating leases - lessor**

# Accounting Policies

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the Statement of Financial Performance.

**Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

**1.12 Inventories**

**Initial measurement**:

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then

their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all cost of purchase , cost of conversion and other cost incurred in the bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having similar nature and use to the municipality.

:

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

**Initial Recognition**

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold , distributed ,written off or consumed ,unless that cost qualifies for capitalisation to the cost of another asset.

**Subsequent Measurement**

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

Inventories comprise current assets held for sale or for consumption during the ordinary course of business and are measured at the lower of cost and current replacement cost where they are held for;

## Accounting Policies

a) distribution at no charge or for a nominal charge; or

b) consumption in the production process of goods to be distributed at no charge or for a nominal charge

The basis for allocating cost to inventory items is the first in first out (FIFO) method.

### 1.13 Employee benefits

**Short-term employee benefits**

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

**Post Retirement Medical Obligation**

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds.

Council pays 70% of the contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the relevant employee. Accumulated leave is carried forward and can be used in future periods if the current employee. period's entitlement is not used in full. An employee's accumulated leave cannot exceed 48 days. Any days in excess thereof is forfeited. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

**Staff Bonusses Accrued**

## Accounting Policies

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on the bonus accrued at year end for each employee.

**Provision for Performance Bonusses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, contract workers and other senior managers, is recognised as it accrues. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends. This bonus is not guaranteed.

### 1.14 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

## Accounting Policies

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 54.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods; the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

# Accounting Policies

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 a variety of methods. Depending on the nature of the transaction, the methods may include:

surveys of work performed;

Services performed to date as a percentage of total services to be performed;

the proportion that costs incurred to date bear to the estimated total costs of the transaction. Only costs that reflect services performed to date are included in costs incurred to date. Only costs that reflect services performed or to be performed are included in the estimated total costs of the transaction.

**Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions 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.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, 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 transfer or.

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. Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality 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.

# Accounting Policies

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. Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. 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 nonexchange 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. 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.

**Fines**

Fines are measured at the transaction amount and the related asset as statutory receivable if not recieved in cash.. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

**Bequests**

Bequests that satisfy the definition of an asset 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.

**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.

**Unauthorised, irregular, fruitless and wasteful expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is when it is probable that the future economic benefits will flow to the municipality and the amount can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

**Government grants**

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality

## Accounting Policies

- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municiplaity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### 1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- 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.

### 1.18 Investment income

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

### 1.19 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 year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Unauthorised expenditure is disclosed in a note to the Annual Financial Statements.

### 1.20 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred, unless if it is recoverable (i.e. receivable), it will be raised as an asset in the Statement of Financial Position. 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.

Fruitless and wastefull expenditure will be de-recognised as soon as the nature of the fruitless and wastefull expenditure has been submitted to Council and a formal Council decision has been taken to condone the expenditure. The Fruitless and Wastefull expenditure is disclosed in a note to the Annual Financial Statements.

## Accounting Policies

### 1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. The Irregular expenditure is disclosed in a note to the Annual Financial Statements.

### 1.22 Segmental Reporting

A segment is an activity of an entity:

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

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

• for which separate financial information is available

Based on the definition above, the municipalities functions are structured per department based on service delivery objectives. Each department performs its responsibilities per determined objective and individual indicators are set to measure performance of service delivery objectives. The reporting of performance is not done per geographic location of the communities serviced, consolidated budget vs actual is reported in the financial statement to evaluate performance of the municipality. Performance reporting is done per designed service delivery objectives.

# Accounting Policies

The Departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 16 on implementation of infrastructure requirements of the municipality. Based on how the budget of the Municipality is determined, annually the communities from all the Wards are consulted on their needs through the integrated development plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the Municipality holds

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all Wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes, as such reporting of segments is deemed not applicable

### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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

Explanations for material differences 5% between the final budget amounts and actual amounts are included in te notes to annual financial statements .

### 1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities

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

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

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

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

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

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

## Accounting Policies

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

### 1.25 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

### 1.26 Impairment of Assets

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

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with their recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.27 Impairment of non-cash-generating assets

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.

## Accounting Policies

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:
- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

**Identification**

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

**Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

**Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

**Recognition and measurement**

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

**Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

## Accounting Policies

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

### 1.28 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.29 Value Added Tax

Vat is claimable on payment basis.

### 1.30 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.

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers);

#### 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:

- impairment losses; and
- amounts derecognised.

### 1.31 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

**Identifying whether an entity is a principal or an agent**

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

**Recognition**

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

## Notes to the Financial Statements
Figures in Rand

### 2. New standards and interpretations

### 2.1 Standards and interpretations not yet effective or relevant

The municipality has not applied the follwoing standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods but are relevant to its operations:

| | Effective Date | Expected impact |
|---|---|---|
| • Guideline : Guideline on Accountng for landfill Sites | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 25(as revised : Employee Benefits | 1 April 2023 | Unlikely there will be a material impact |
| • GRAP 104(as revised ): Financial instruments | 1 April 2025 | Unlikely there will be a material impact |
| • GRAP 103 Heritage Assets | 1 April 2023 | Unlikely there will be a material impact |

### 3. Investment property

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 2 066 000 | (519 999) | 1 546 001 | 2 091 000 | (476 665) | 1 614 335 |

**Reconciliation of investment property - 2022**

| | Opening balance | Transfers | Depreciation | Total |
|---|---|---|---|---|
| Investment property | 1 614 335 R | (25 000) | (43 333) | 1 546 001 |

**Reconciliation of investment property - 2021**

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Investment property | 1 657 668 | (43 333) | 1 614 335 |

| Included in investment property are the following | Cost | Accumulated Depreciation | Transfers | Carrying Value |
|---|---|---|---|---|
| **2022** | | | | |
| Land | 791 000 | - | (25 000) | 766 000 |
| Buildings | 1 300 000 | (519 999) | - | 780 000 |
| | **2 091 000** | **(519 999)** | **(25 000)** | **1 546 000** |
| **2021** | | | | |
| Land | 791 000 | - | - | 791 000 |
| Buildings | 1 300 000 | (476 665) | - | 823 335 |
| | **2 091 000** | **(476 665)** | **-** | **1 614 335** |

### 4. Property, plant and equipment

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 25 726 828 | - | 25 726 828 | 25 701 828 | - | 25 701 828 |
| Buildings | 33 733 650 | (6 292 730) | 27 440 920 | 33 733 650 | (5 079 406) | 28 654 244 |
| Infrastructure | 220 415 599 | (42 088 090) | 178 327 509 | 185 638 916 | (32 236 099) | 153 402 817 |
| Community | 64 896 987 | (8 611 578) | 56 285 409 | 64 896 988 | (6 069 506) | 58 827 482 |
| Other property, plant and equipment | 54 508 979 | (25 236 922) | 29 272 057 | 55 564 307 | (24 597 677) | 30 966 630 |
| Financed leased Assets | - | - | - | 479 748 | (479 747) | 1 |
| Work in Progress | 16 972 186 | - | 16 972 186 | 13 461 461 | - | 13 461 461 |
| **Total** | **416 254 229** | **(82 229 320)** | **334 024 909** | **379 476 898** | **(68 462 435)** | **311 014 463** |

**Reconciliation of property, plant and equipment - 2022**

| | Opening balance | Additions | Additions work in progress | Disposals | Transfers | Other changes, movements | Depreciation | Impairment loss | Total |
|---|---|---|---|---|---|---|---|---|---|
| Land | 25 701 828 | - | - | - | - | 25 000 | - | - | 25 726 828 |
| Buildings | 28 654 244 | - | - | - | - | - | (1 213 313) | - | 27 440 920 |
| Infrastructure | 153 402 817 | 34 776 683 | - | - | - | - | (9 534 879) | (317 111) | 178 327 509 |
| Community | 58 827 482 | - | - | - | - | - | (2 542 072) | - | 56 285 409 |
| Other property, plant and equipment | 30 966 630 | 3 980 134 | - | (647 724) | - | - | (5 026 983) | - | 29 272 057 |
| Work in progress | 13 461 461 | - | 9 930 419 | - | (6 419 695) | - | - | - | 16 972 186 |
| | **311 014 462** | **38 756 817** | **9 930 419** | **(647 724)** | **(6 419 695)** | **25 000** | **(18 317 247)** | **(317 111)** | **334 024 909** |

## Notes to the Financial Statements

Figures in Rand

**Reconciliation of property, plant and equipment - 2021**

| | Opening balance | Additions | Additions through transfer of functions / mergers | Disposals | Transfers | Depreciation | Total |
|---|---|---|---|---|---|---|---|
| Land | 25 701 828 | - | - | - | - | - | 25 701 828 |
| Buildings | 29 866 317 | - | - | - | - | (1 212 072) | 28 654 244 |
| Infrastructure | 127 527 641 | 32 414 637 | - | - | - | (6 539 461) | 153 402 817 |
| Community | 26 423 386 | 3 417 960 | - | - | 30 103 686 | (1 117 550) | 58 827 482 |
| Other property, plant and equipment | 27 400 818 | 6 386 309 | - | - | - | (2 820 497) | 30 966 630 |
| Finance Leased Assets | 276 969 | - | - | (173 105) | - | (103 863) | 1 |
| Work in progress | 35 727 545 | - | 7 837 602 | - | (30 103 686) | - | 13 461 461 |
| | **272 924 504** | **42 218 906** | **7 837 602** | **(173 105)** | **-** | **(11 793 443)** | **311 014 463** |

**Reconciliation of Work-in-Progress 2022**

| | Included in Infrastructure | Total |
|---|---|---|
| Opening balance | 13 461 462 | 13 461 462 |
| Additions/capital expenditure | 44 415 049 | 44 415 049 |
| Other movements | (40 904 324) | (40 904 324) |
| Transferred to completed items | - | - |
| | **16 972 187** | **16 972 187** |

**Included in WIP transfers is the following**

| | 2 021 |
|---|---|
| Infrastructure (Cluster 3 Electrification Project) | 5 883 713 |

Included in WIP transfers is an infrastructure project Electrification of Moletjie Cluster 3 which has been handed over to ESKOM because economic benefits will not flow to the municipality and maintenance of the project will be the responsibility of ESKOM.

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Reconciliation of Work-in-Progress 2021**

| | Included in Infrastructure | Included in Community | Total |
|---|---|---|---|
| Opening balance | 5 883 713 | 29 843 834 | 35 727 547 |
| Additions/capital expenditure | 7 577 749 | 259 852 | 7 837 601 |
| Other movements [specify] | - | (30 103 686) | (30 103 686) |
| | **13 461 462** | **-** | **13 461 462** |

**Expenditure incurred to repair and maintain property, plant and equipment**

| | 2022 | 2021 |
|---|---|---|
| **Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance** | | |
| Contracted services | 15 789 995 | 18 193 948 |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 5. Intangible assets

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Cost / Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** | **Cost / Valuation** | **Accumulated amortisation and accumulated impairment** | **Carrying value** |
| Computer software, other | 3 646 149 | (2 495 578) | 1 150 575 | 3 646 149 | (2 078 239) | 1 567 913 |

**Reconciliation of intangible assets - 2022**

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software, other | 1 567 912 | (417 337) | 1 150 575 |

**Reconciliation of intangible assets - 2021**

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software, other | 1 985 251 | (417 342) | 1 567 910 |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

## 6. Heritage assets

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Mayoral Chain | 392 850 | - | 392 850 | 380 300 | - | 380 300 |

**Reconciliation of heritage assets 2022**

| | Opening balance | Revaluation | Total |
|---|---|---|---|
| Mayoral Chain | 380 300 | 12 550 | 392 850 |

**Reconciliation of heritage assets 2021**

| | Opening balance | Revaluation | Total |
|---|---|---|---|
| Mayoral Chain | 368 150 | 12 150 | 380 300 |

## 7. Non-Current Employee benefits

**Post-employment Health Care Benefits**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;

Discovery;

LA Health;

Hosmed;

Samwumed; and

Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2022 is estimated at R10 894 000. The Current-service Cost for the year ending 30 June 2022 is estimated at R899 000. It is estimated to be R1012 000 for the ensuing year.

**Key actuarial assumptions used**

| | 2022 | 2021 |
|---|---|---|
| Rate of Interest | | |
| Discount rate | 11.48% | 10.62% |
| Health Care Cost | 8.45% | 7.15% |
| Net effective Discount rate | 3.13% | 3.24% |

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

| | 2022 | 2021 |
|---|---|---|
| **Carrying value** | | |
| Present value at Fund obligation at the begining of the year | 10 100 000 | 7 683 000 |
| Current Service Cost | 899 000 | 735 000 |
| Interest Cost | 1 070 000 | 864 000 |
| Benefits Paid | (56 696) | (50 745) |
| Actuarial (gains ) / losses | (118 304) | 868 745 |
| | **11 894 000** | **10 100 000** |
| Non-current liabilities | (11 839 000) | (10 048 000) |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| Current liabilities | (55 000) | (52 000) |
| | **(11 894 000)** | **(10 100 000)** |

## 8. Inventories

| | 2022 | 2021 |
|---|---|---|
| **Stationary** | | |
| Opening balance | 329 316 | 261 304 |
| Purchased | 1 037 010 | 878 576 |
| Issued | (1 185 980) | (810 564) |
| Closing Balance | **180 346** | **329 316** |
| **Smart Meters** | - | - |
| Opening Balance | 722 975 | - |
| Purchased | 309 000 | 912 010 |
| Issued | (665 414) | (189 035) |
| Closing Balance | **366 561** | **722 975** |
| **Closing balance** | **546 907** | **1 052 291** |

## 9. Receivables from exchange transactions

| | 2022 | 2021 |
|---|---|---|
| Consumer debtors - Electricity | 523 685 | 403 456 |
| Consumer debtors - Refuse | 2 638 662 | 1 470 465 |
| Consumer debtors - Other Service Charges | 132 286 | 82 088 |
| **Sub Total - Receivables from Exchange Transactions** | **3 294 633** | **1 956 009** |
| Rental debtors | 257 263 | 257 263 |
| Other debtors - Insurance | 6 933 | - |
| Accrued Interest- Investments | 149 153 | 133 800 |
| CDM water debtor | 435 020 | 328 075 |
| **Grand Total - Receivables from Exchange Transactions** | **4 143 002** | **2 675 147** |

### 9.1 Consumer Debtors - Service Charges Reconcilliation

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Gross Debtors** | **Impairment** | **Nett Debtors** | **Gross Debtors** | **Impairment** | **Nett Debtors** |
| Electricity | 3 297 039 | (2 773 354) | 523 685 | 3 832 660 | (3 429 204) | 403 456 |
| Refuse | 16 612 601 | (13 973 939) | 2 638 662 | 13 968 813 | (12 498 348) | 1 470 465 |
| Other service Charges | 832 855 | (700 569) | 132 286 | 779 792 | (697 704) | 82 088 |
| **Total** | **20 742 495** | **(17 447 862)** | **3 294 633** | **18 581 265** | **(16 625 256)** | **1 956 009** |

**Consumer Debtors Ageing for 2022**

| | **Current (0 - 30 days)** | **31-60 days** | **61-90 days** | **+90 days** | **Total Gross Debtors** |
|---|---|---|---|---|---|
| Electricity | 14 594 | 14 647 | 15 144 | 3 252 654 | 3 297 039 |
| Refuse | 287 151 | 290 446 | 278 844 | 15 756 160 | 16 612 601 |
| Other Service Charges | 6 282 | 6 964 | 6 917 | 812 692 | 832 855 |
| **Total** | **308 027** | **312 057** | **300 905** | **19 821 506** | **20 742 495** |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Consumer Debtors Ageing for 2021**

| | Current (0 - 30 days) | 31-60 days | 61-90 days | +90 days | Total Gross Debtors |
|---|---|---|---|---|---|
| Electricity | 135 552 | 65 426 | 59 086 | 3 572 596 | 3 832 660 |
| Refuse | 544 460 | 267 274 | 264 706 | 12 892 373 | 13 968 813 |
| Other Service Charges | 13 194 | 6 516 | 11 114 | 748 968 | 779 792 |
| **Total** | **693 206** | **339 216** | **334 906** | **17 213 937** | **18 581 265** |

**Consumer Debtors - Service Charges Impairment Reconcilliation**

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Opening Balance Impairment** | **(Provisions)/ Reversal** | **Closing Balance Impairment** | **Opening Balance Impairment** | **(Provisions)/ Reversal** | **Closing Balance Impairment** |
| Electricity | (3 429 204) | 655 850 | (2 773 354) | (3 134 981) | (294 223) | (3 429 204) |
| Refuse | (12 498 348) | (1 475 591) | (13 973 939) | (9 556 832) | (2 941 516) | (12 498 348) |
| Other Service Charges | (697 704) | (2 865) | (700 569) | (612 885) | (84 819) | (697 704) |
| **Total** | **(16 625 256)** | **(822 606)** | **(17 447 862)** | **(13 304 698)** | **(3 320 558)** | **(16 625 256)** |

**CDM Water Debtor Reconcilliation**

| | 2022 | 2021 |
|---|---|---|
| CDM Water debtor | 10 341 695 | 8 682 801 |
| Less: 70 % Commission | (7 239 187) | (6 077 960) |
| Less: Impairment | (2 667 488) | (2 276 766) |
| | **435 020** | **328 075** |

**Refer to Principal Agent Disclosure in Note 41**

## 10. Receivables from non-exchange transactions

| | 2022 | 2021 |
|---|---|---|
| Traffic Fines | 1 257 259 | 1 571 520 |
| Other debtors-Third Party Refunds | 601 449 | 2 299 213 |
| Other debtors-Under Banking | 42 257 | 42 386 |
| Consumer debtors -Property Rates | 56 759 474 | 54 511 536 |
| | **58 660 439** | **58 424 655** |

| | | 2022 | 2021 |
|---|---|---|---|
| 10.1 | **Statutory Receivables included in receivables from Non - Exchange transactions are as follows:** | 56 759 474 | 54 511 536 |

Local Goverment : Municipal Property Rates Act no 6 of 2004 provides the municipality with power to levy rates. Section 2 subsection 1 of the Act states that a metropolitian or local municipality must exercise its power to levy a rate on property subject to -(a) section 229 and any other applicable provision of the Constitution : (b) the provision of this Act ; and (c) the rates policy it must adopt in terms of section 3. The amounts are being determined through the calculations of the rates amounts by using the councill approved tarrif rate multiply by the municpal approved general /supplementary valuation roll figures. Interest is being charged at 10 % of the outstanding previous billed amount. Statutory receivables impaired is being conducted based on the number of payments made by customer and the long outstanding amounts which are 90 days plus

.

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

### Property Rates reconcilliation

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Gross Debtors | Impairment | Nett Debtors | Gross Debtors | Impairment | Nett Debtors |
| Agricultural properties | 12 401 148 | (10 431 413) | 1 969 735 | 11 400 782 | (10 200 647) | 1 200 135 |
| Bussiness and commercial | 7 107 942 | (5 978 953) | 1 128 989 | 6 044 033 | (5 407 791) | 636 242 |
| Farm properties | 1 447 | (1 218) | 229 | 978 | (875) | 103 |
| Government | 51 555 917 | - | 51 555 917 | 51 381 241 | - | 51 381 241 |
| Public service infrastructure | 93 906 | - | 93 906 | 86 905 | - | 86 905 |
| Residential development | 12 332 059 | (10 373 298) | 1 958 761 | 11 207 071 | (10 027 327) | 1 179 744 |
| Residential Vacant land | 326 989 | (275 052) | 51 937 | 258 064 | (230 898) | 27 166 |
| **Total** | **83 819 408** | **(27 059 934)** | **56 759 474** | **80 379 074** | **(25 867 538)** | **54 511 536** |

### Property Rates Ageing for 2022

| | Current (0 - 30 days) | 31-60 days | 61-90 days | +90 days | Total Gross Debtors |
|---|---|---|---|---|---|
| Agricultural properties | 112 944 | 112 923 | 111 661 | 12 063 620 | 12 401 148 |
| Bussiness and commercial | 181 445 | 155 916 | 147 983 | 6 622 598 | 7 107 942 |
| Farm properties | 39 | 39 | 39 | 1 330 | 1 447 |
| Government | 1 760 636 | 1 758 459 | 1 744 951 | 46 291 871 | 51 555 917 |
| Public service infrastructure | 586 | 586 | 586 | 92 148 | 93 906 |
| Residential development | 245 709 | 238 103 | 240 226 | 11 608 021 | 12 332 059 |
| Residential Vacant land | 6 685 | 6 568 | 6 462 | 307 274 | 326 989 |
| **Total** | **2 308 044** | **2 272 594** | **2 251 908** | **76 986 862** | **83 819 408** |

### Property Rates Ageing for 2021

| | Current (0 - 30 days) | 31-60 days | 61-90 days | +90 days | Total Gross Debtors |
|---|---|---|---|---|---|
| Agricultural properties | 218 543 | 109 168 | 109 104 | 10 963 967 | 11 400 782 |
| Bussiness and commercial | 329 837 | 143 202 | 132 587 | 5 438 407 | 6 044 033 |
| Farm properties | 75 | 36 | 36 | 831 | 978 |
| Government | 4 566 613 | 2 245 240 | 2 236 981 | 42 332 407 | 51 381 241 |
| Public service infrastructure | 1 145 | 572 | 572 | 84 616 | 86 905 |
| Residential development | 471 155 | 225 706 | 225 439 | 10 284 771 | 11 207 071 |
| Residential Vacant land | 11 356 | 5 386 | 5 352 | 235 970 | 258 064 |
| **Total** | **5 598 724** | **2 729 310** | **2 710 071** | **69 340 969** | **80 379 074** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Property Rates impairment reconcilliation**

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Opening Balance Impairment** | **(Provisions)/ Reversal** | **Closing Balance Impairment** | **Opening Balance Impairment** | **(Provisions)/ Reversal** | **Closing Balance Impairment** |
| Agricultural properties | (10 200 647) | (230 766) | (10 431 413) | (8 896 195) | (1 304 452) | (10 200 647) |
| Bussiness and commercial | (5 407 791) | (571 162) | (5 978 953) | (4 409 777) | (998 014) | (5 407 791) |
| Farm properties | (875) | (343) | (1 218) | (469) | (406) | (875) |
| Residential development | (10 027 327) | (345 971) | (10 373 298) | (8 099 883) | (1 927 444) | (10 027 327) |
| Residential Vacant land | (230 898) | (44 154) | (275 052) | (179 650) | (51 248) | (230 898) |
| **Total** | **(25 867 538)** | **(1 192 396)** | **(27 059 934)** | **(21 585 974)** | **(4 281 564)** | **(25 867 538)** |

| 10.2 | | 2022 | 2021 |
|---|---|---|---|
| | **Statutory Receivables included in receivables from Non Exchange transactions are as follows** | | |
| | Traffic Fines | 1 257 259 | 1 571 520 |

Section 3 of National road traffic Act 93 of 1996 provide the municipality with an authority to appoint a traffic officer for inspection of licences , examining of vechiles ,examiner for driving licences. Criminal Procedure Act 51 1977 section 334 states that the Minister may declare by notice in the person's peace officers for specific purposes (1) (a) The Minister may by notice in the Gazette declare that any person who by virtue of his office ,falls within any category defined in the notice shall within an area specified in the notice ,be a peace officer for the purpose of exercising with reference to any provision of this Act or any offence or any class of offences likewise specified the powers defined in the notice. The municipality appoints traffic officers as per Section 3 of the National Road Traffic Act 93 of 1996 which in turn an inspection of licences and road laws and regulations will be conducted and any offender will be charged if not incompliant with the legislated laws and regulations and a fine will be determined and realised as revenue /debtor. The impairment is conducted based on historical collections of the outstanding amounts

| | 2022 | 2021 |
|---|---|---|
| **Traffic fines reconcilliation** | | |
| Gross balances - Fines | 5 029 035 | 4 490 060 |
| **Less: Allowance for impairment** | | |
| Traffic Fines Opening Balance | (2 918 540) | (2 741 624) |
| Traffic fines (Provision) / Reversal | (853 236) | (176 916) |
| | **1 257 259** | **1 571 520** |

### 11. VAT receivable

| | 2022 | 2021 |
|---|---|---|
| Vat Receivable | 10 082 009 | 12 523 910 |

Vat is claimable on the payment basis

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

## 12. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2022 | 2021 |
|---|---|---|
| Cash on hand - Petty Cash | 13 500 | 8 161 |
| Bank balances - Cash Book balance | 13 327 362 | 28 006 591 |
| Short-term deposits | 90 634 845 | 60 211 426 |
| Purchasing account | 66 383 | 88 363 |
| Grants bank account | 1 225 652 | 1 231 178 |
| | **105 267 742** | **89 545 719** |

**The municipality had the following bank accounts**

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|---|---|---|---|---|---|
| | 30 June 2022 | 30 June 2021 | 30 June 2020 | 30 June 2022 | 30 June 2021 | 30 June 2020 |
| Nedbank Primary Account 146 700 0442 | 13 338 163 | 28 040 783 | (95 825) | 13 327 362 | 28 006 591 | 165 798 |
| Nedbank Grants Account 1013994825 | 1 225 732 | 1 231 258 | 2 228 313 | 1 225 652 | 1 231 178 | 2 228 234 |
| Nedbank Call Investment Deposit | 90 634 845 | 60 211 426 | 20 603 433 | 90 634 845 | 60 211 426 | 20 603 434 |
| Nedbank Purchasing account | 66 383 | 86 145 | - | 66 383 | 88 363 | - |
| **Total** | **105 265 123** | **89 569 612** | **22 735 921** | **105 254 242** | **89 537 558** | **22 997 466** |

## 13. Revaluation reserve

| | 2022 | 2021 |
|---|---|---|
| Opening balance | 47 707 170 | 47 695 020 |
| Transfer in during the year | 12 550 | 12 150 |
| | **47 719 720** | **47 707 170** |

## 14. Unspent conditional grants and receipts

**Unspent conditional grants and receipts comprises of:**

| **Unspent conditional grants and receipts** | 2022 | 2021 |
|---|---|---|
| Municipal Infrastructure Grant | 8 981 | 96 479 |
| Finance management grant | 172 279 | 43 858 |
| EPWP | 8 730 | 41 553 |
| INEP | 2 616 442 | 285 588 |
| CDM - Integrated Transport Plan | 108 614 | 108 614 |
| EE& DEMAND GRANT | - | 161 273 |
| | **2 915 046** | **737 365** |

The Unspent grants are cash-backed by term deposits. The municipality complied with the conditions attach to all grants received to the extent of revenue recognised. Please refer to note 32 for more detail on Unspent grants.

## 15. Provisions

**Reconciliation of provisions - 2022**

| | Opening Balance | Additions | Utilised during the year | Reversed during the year | Change in discount factor | Total |
|---|---|---|---|---|---|---|
| Long service awards | 4 272 925 | 879 000 | (343 087) | (670 000) | 104 087 | 4 242 925 |
| Rehabilitation of Landfill Site | 11 189 337 | - | - | (129 025) | - | 11 060 312 |
| | **15 462 262** | **879 000** | **(343 087)** | **(799 025)** | **104 087** | **15 303 237** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Reconciliation of provisions - 2021**

| | Opening Balance | Additions | Utilised during the year | Reversed during the year | Change in discount factor | Total |
|---|---|---|---|---|---|---|
| Long service awards | 3 753 999 | 721 000 | (158 680) | (122 000) | 78 606 | 4 272 925 |
| Rehabilitation of Landfill Site | 11 583 831 | 145 677 | - | (540 171) | - | 11 189 337 |
| | **15 337 830** | **866 677** | **(158 680)** | **(662 171)** | **78 606** | **15 462 262** |

| | 2022 | 2021 |
|---|---|---|
| Non-current liabilities | 15 303 236 | 15 462 262 |
| Current liabilities | 998 000 | 325 000 |
| | **16 301 236** | **15 787 262** |

Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of

R 11 060 313 : 2022 (2021: R 11 060 313) to restore the site at the end of its useful life, estimated to be in the 2025 (soekmekaar landfil site) and 2032 (Dendron Landfill site) financial year. Provision has been made for the best estimate of costs at the reporting date with reference to the inflation rate.

**Long Service Awards**

The Long Service Awards is a liability in respect of Long service awards to emplyees. As at year end, 168 employees were eligible for Long Service Awards.

Key actuarial assumptions used:

| | 2022 | 2021 |
|---|---|---|
| **Rate of interest** | | |
| Discount Rate | 10.98% | 9,20% |
| General Inflation (Long term) | 7.33% | 5.78% |
| Net Effective discount Rate | 3.40% | 3,23% |

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

| | 2022 | 2021 |
|---|---|---|
| **Present Value of Liability** | | |
| Balance | 5 193 000 | 4 553 000 |
| **Net liability / (asset)** | **5 193 000** | **4 553 000** |

Reconciliation of present value of Liability:

| | 2022 | 2021 |
|---|---|---|
| **Reconciliation fo present Value of liability** | | |
| Present Value of liability at the beginning of the year | 4 553 000 | 3 905 000 |
| Total Expenses | 535 913 | 567 583 |
| Current service Cost | 472 000 | 430 000 |
| Interest Cost | 407 000 | 291 000 |
| Benefits Paid | (343 087) | (153 417) |
| Actuarial Losses/Gain | 104 087 | 80 417 |
| Present Value of Liability | 5 193 000 | 4 553 000 |
| Less: Transfer of current portion | (943 000) | (273 000) |
| **Balance at end of year** | **4 250 000** | **4 280 000** |

### 16. Other current liability

| | 2022 | 2021 |
|---|---|---|
| Unallocated receipts | 235 692 | 246 424 |
| Salary suspense account | - | 36 080 |
| | - | - |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
| --- | --- | --- |
| | **235 692** | **282 504** |

### 17. Current Employee Benefits

| | | |
| --- | --- | --- |
| The movement in current employee benefits are reconciled as follows: | | |
| Current Portion of Long Service Provision | 943 000 | 273 000 |
| Current Portion of Medical Aid Provisions | 54 999 | 52 000 |
| Leave Provision for the year | 9 547 799 | 9 421 531 |
| **Balance at end of year** | **10 545 798** | **9 746 531** |

| | | |
| --- | --- | --- |
| The movement in Leave Provision are reconciled as follows: | | |
| Balance at beginning of the year | 9 421 530 | 7 998 405 |
| contribution of to the current portion | 518 223 | 1 835 352 |
| Expenditure during the year | (391 954) | (412 226) |
| **Balance at end of year** | **9 547 799** | **9 421 531** |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

### 18. Payables from exchange transactions

| | | |
| --- | --- | --- |
| Trade payables | 5 584 247 | 8 261 722 |
| Payments received in advanced | 3 877 498 | 2 824 030 |
| Retention | 6 218 084 | 5 332 892 |
| Electricity not used | 307 059 | 372 142 |
| CDM Creditor | 806 794 | 360 280 |
| Department of Transport and Community Safety | 551 887 | 358 083 |
| Bonus | 2 000 605 | 1 889 143 |
| | **19 346 174** | **19 398 292** |

### 19. Consumer deposits

| | | |
| --- | --- | --- |
| Electricity | 509 126 | 505 376 |
| | **509 126** | **505 376** |

### 20. Revenue

| | | |
| --- | --- | --- |
| Service charges | 10 948 366 | 11 061 887 |
| Rental of facilities and equipment | 218 131 | 254 993 |
| Interest received - debtors | 583 334 | 628 249 |
| Agency services | 742 790 | 718 633 |
| Licences and permits | 5 091 640 | 4 890 684 |
| Other income | 474 334 | 113 522 |
| Interest received - investment | 4 708 768 | 2 677 572 |
| Property rates | 30 599 233 | 49 558 003 |
| Interest, Dividends and Rent on Land | 909 511 | 714 069 |
| Government grants & subsidies | 204 435 319 | 230 316 073 |
| Public contributions and donations | - | 1 234 955 |
| Fines, Penalties and Forfeits | 628 430 | 493 491 |
| | **259 339 856** | **302 662 131** |

| | | |
| --- | --- | --- |
| **The amount included in revenue arising from exchanges of goods or services are as follows:** | | |
| Service charges | 10 948 366 | 11 061 887 |
| Rental of facilities and equipment | 218 131 | 254 993 |
| Interest received - debtors | 583 334 | 628 249 |
| Agency services | 742 790 | 718 633 |
| Licences and permits | 5 091 640 | 4 890 684 |
| Other income | 474 334 | 113 522 |
| Interest received - investment | 4 708 768 | 2 677 572 |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| | **22 767 363** | **20 345 540** |

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

| | | |
|---|---|---|
| Taxation revenue - Property rates | 30 599 233 | 49 558 003 |
| Interest, Dividends and Rent on Land | 909 511 | 714 069 |
| Transfer revenue - Government grants & subsidies | 204 435 319 | 230 316 073 |
| Public contributions and donations | - | 1 234 955 |
| Traffic Fines, penalties and forfeits | 628 430 | 493 491 |
| | **236 572 493** | **282 316 591** |

### 21. Service charges

| | | |
|---|---|---|
| Sale of electricity | 8 206 021 | 8 433 035 |
| Refuse removal | 2 742 345 | 2 628 852 |
| | **10 948 366** | **11 061 887** |

### 22. Rental of facilities and equipment

| | | |
|---|---|---|
| **Premises** | | |
| Cattle Grazing | 40 312 | 40 312 |
| Community Assets | 218 131 | 214 681 |
| | **258 443** | **254 993** |

### 23. Fines, Penalties and Forfeits

| | | |
|---|---|---|
| Traffic Fines | 628 400 | 486 700 |
| Illegal Connections Fines | - | 6 791 |
| Other Fines, Penalties and Forfeits | 30 | - |
| | **628 430** | **493 491** |

### 24. Licences and permits (exchange)

| | | |
|---|---|---|
| Department of transport and community safety | 5 091 640 | 4 890 684 |

### 25. Interest received - debtors

| | | |
|---|---|---|
| Service Charges | 34 939 | 30 694 |
| Waste Management | 338 961 | 253 938 |
| Electricity | 209 434 | 214 766 |
| CDM Water and Sanitation | - | 128 851 |
| | **583 334** | **628 249** |

### 26. Interest from non-exchange receivables

| | | |
|---|---|---|
| Interest Received-Service Debtors | 909 511 | 714 069 |

### 27. Commission Received

| | | |
|---|---|---|
| Commission Received | 742 790 | 718 633 |

The municipality only recognise 30% of its revenue billed for the year as commision received. The other 70% is being paid against the CDM debtors as per the service level agreement between CDM and the municipality

### 28. Other income

| | | |
|---|---|---|
| Building Plan Approvals | 402 | 2 706 |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| Clearance certificates | 136 390 | 5 674 |
| Actuarial Gains | 118 304 | - |
| Skills development refund | 178 631 | 80 361 |
| Sundry income | - | 152 |
| Grave Fees | 5 500 | 18 284 |
| Town Planning Fees | 35 107 | 6 345 |
| | **474 334** | **113 522** |

## 29. Interest received - external investment

| | | |
|---|---|---|
| **Interest revenue** | | |
| Interest received - External investments | 4 708 768 | 2 677 572 |

## 30. Property rates

**Rates Billed**

| | | |
|---|---|---|
| Residential | 2 609 100 | 2 505 113 |
| Commercial | 1 877 616 | 1 795 412 |
| State | 24 703 052 | 43 829 530 |
| Small holdings and farms | 1 402 912 | 1 421 572 |
| Public service infrastructure | 6 553 | 6 376 |
| | **30 599 233** | **49 558 003** |

**Valuations**

| | | |
|---|---|---|
| Residential | 442 455 000 | 442 455 000 |
| Commercial | 121 101 000 | 121 101 000 |
| State | 682 924 000 | 682 724 000 |
| Municipal | 23 761 000 | 23 761 000 |
| Small holdings and farms | 1 723 685 000 | 1 721 685 000 |
| Public service infrastructure | 4 381 000 | 4 381 000 |
| | **2 998 307 000** | **2 996 107 000** |

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to

alterations and subdivisions.

## 31. Government grants and subsidies

| | | |
|---|---|---|
| **Operating grants** | | |
| Equitable share | 155 512 751 | 179 962 122 |
| Municipal Infrastructure Grant | 1 850 000 | 1 707 718 |
| FMG - Finance Management Grant | 2 127 720 | 2 356 147 |
| Expanded Public Works Program | 1 420 270 | 1 262 447 |
| Municipal Disater Relief Grant | 1 000 000 | - |
| | **161 910 741** | **185 288 434** |

| | | |
|---|---|---|
| **Capital grants** | | |
| EE & Demand side Grant | - | 2 538 227 |
| INEP | 7 383 558 | 8 714 412 |
| MIG - Municipal infrastructure grant | 35 141 020 | 33 775 000 |
| | **42 524 578** | **45 027 639** |
| | **204 435 319** | **230 316 073** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

| | | |
|---|---|---|
| Conditional grants received | 48 922 568 | 50 353 951 |
| Unconditional grants received | 155 512 751 | 179 962 122 |
| | **204 435 319** | **230 316 073** |

**Equitable Share**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section

214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**Municipal Infrastructure Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 96 479 | 1 106 249 |
| Current-year receipts | 37 000 000 | 34 504 000 |
| Conditions met - transferred to revenue Operational | (1 850 000) | (1 707 718) |
| Conditions met-transfer to revenue Capital | (35 141 020) | (33 775 000) |
| Adjustments/Returned to National revenue fund | (96 478) | (31 052) |
| | **8 981** | **96 479** |

Conditions still to be met - remain liabilities (see note 14).

**Finance Management Grant**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 43 858 | 2 150 |
| Current-year receipts | 2 300 000 | 2 400 000 |
| Conditions met - transferred to revenue | (2 127 720) | (2 356 147) |
| Adjustments/Returned to National revenue fund | (43 859) | (2 145) |
| | **172 279** | **43 858** |

Conditions still to be met - remain liabilities (see note 14).

Finance management grant received with conditions to be met. The money returned to the national revenue fund is

because the municipality did not appoint the intern timeously.

**INEP**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 285 588 | - |
| Current-year receipts | 10 000 000 | 9 000 000 |
| Conditions met - transferred to revenue | (7 383 558) | (8 714 412) |
| Adjustments /Returned ot National Revenue fund | (285 588) | - |
| | **2 616 442** | **285 588** |

**EE& DEMAND SIDE GRANT**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 161 273 | - |
| Current-year receipts | - | 2 699 500 |
| Conditions met - transferred to revenue | - | (2 538 227) |
| Adjustments/Returned to National revenue fund | (161 273) | - |
| | **-** | **161 273** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Integrated Transport Plan**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 108 614 | 108 614 |

Conditions still to be met - remain liabilities (see note 14).

Integrated transport plan grant received with conditions to be met.

**Expanded Public Works Program**

| | | |
|---|---|---|
| Balance unspent at beginning of year | 41 553 | - |
| Current-year receipts | 1 429 000 | 1 304 000 |
| Conditions met - transferred to revenue | (1 420 270) | (1 262 447) |
| Adjustments/Returned to National revenue fund | (41 553) | - |
| | **8 730** | **41 553** |

Conditions still to be met - remain liabilities (see note 14).

Expanded public works program grant received with conditions met.

**MDRG**

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

**COVID 19 Relief fund**

| | | |
|---|---|---|
| Balance unspent at beginning of year | - | 19 924 |
| Current-year receipts | - | - |
| Other | - | (19 924) |
| | - | - |

| | | |
|---|---|---|
| **Unspent conditional grants and receipts** | **2 915 046** | **737 365** |

**32. Public contributions and donations**

| | | |
|---|---|---|
| CDM Donation | - | 1 234 955 |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

### 33. Employee related costs

| | | |
|---|---|---|
| Basic Salary | 58 892 457 | 55 855 831 |
| PMU - MIG Salaries | 1 771 030 | 1 707 718 |
| Bonus | 5 602 654 | 4 455 561 |
| Medical aid - company contributions | 4 825 601 | 4 453 754 |
| UIF | 356 052 | 302 391 |
| Interns Salaries: FMG | 279 838 | 460 698 |
| Leave pay provision charge | 518 223 | 1 835 353 |
| Defined benefit plans | 2 073 088 | 2 546 354 |
| Travel, motor car, accommodation, subsistence and other allowances | 7 092 596 | 6 129 301 |
| Overtime payments | 668 794 | 576 703 |
| Long-service awards | 879 000 | 721 000 |
| Acting allowances | 189 970 | 166 465 |
| Housing benefits and allowances | 194 185 | 191 113 |
| Standby allowance | 383 847 | 378 887 |
| Laptop Allowance | 486 670 | 458 045 |
| Pension Funds - Company contribution | 10 817 997 | 10 214 844 |
| Telephone/Cellphone Allowance | 1 217 479 | 1 153 316 |
| Industrial/Bargaining Council | 20 366 | 19 305 |
| | **96 269 847** | **91 626 639** |

| **Included in Long Service Awards are** | | |
|---|---|---|
| Current Service Cost | 472 000 | 430 000 |
| Interest Cost | 407 000 | 291 000 |
| | **879 000** | **721 000** |

| **Included in the Defined Benefit Contribution plan are** | | |
|---|---|---|
| Actuarial Gain/Loss-Post retirement benefit | - | 868 745 |
| Actuarial Gain/Loss- Long Service Award | 104 087 | 78 606 |
| Interest Cost | 1 070 000 | 735 000 |
| Service Cost | 899 000 | 864 000 |
| | **2 073 087** | **2 546 351** |

**Remuneration of municipal manager**

| | | |
|---|---|---|
| Annual Remuneration | 601 190 | 856 125 |
| Motor car , housing and other allowances | 228 249 | 388 035 |
| Leave Pay | 163 071 | - |
| | **992 510** | **1 244 160** |

The Municipal Manager is appointed on a 4years fixed contract starting 1 March 2018 to 28 February 2022.

**Remuneration of Chief Fnance Officer**

| | | |
|---|---|---|
| Annual Remuneration | 658 320 | 658 320 |
| Motor car , housing and other allowances | 332 763 | 332 763 |
| Bonuses | 54 860 | 54 860 |
| | **1 045 943** | **1 045 943** |

The CFO is appointed on a 5 year contract starting on 01 September 2018.

**Remuneration of Manager - Technical Services**

| | | |
|---|---|---|
| Annual Remuneration | 713 180 | 713 180 |
| Motor car , housing and other allowances | 332 763 | 332 763 |
| | **1 045 943** | **1 045 943** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
| --- | --- | --- |

The Manager Techhnical Services is appointed on a 5 year contract 1 April 2018

**Remuneration of Manager Corporate Services**

| | | |
| --- | --- | --- |
| Annual Remuneration | 728 541 | 735 790 |
| Motor car , housing and other allowances | 256 690 | 256 690 |
| Bonuses | 60 712 | 59 432 |
| Acting Allowance :MM | 42 528 | - |
| | **1 088 471** | **1 051 912** |

The Manager Corporate Services was appointed on a 5 year contract starting 01 April 2018.

**Remuneration of Manager - Community Services**

| | | |
| --- | --- | --- |
| Annual Remuneration | 713 180 | 713 180 |
| Motor car , housing and other allowances | 332 763 | 332 763 |
| | **1 045 943** | **1 045 943** |

The Manager Community Services was appointed on a 5 year contract starting 01 September 2018.

**Remuneration of Manager - Local Economic Development**

| | | |
| --- | --- | --- |
| Annual Remuneration | 660 120 | 207 371 |
| Motor car , housing and other allowances | 332 763 | 105 865 |
| Bonus | 53 060 | - |
| | **1 045 943** | **313 236** |

The Manager Local Economic Development was appointed on a 5 year contract starting on 1 March 2021.

### 34. Remuneration of councillors

| | | |
| --- | --- | --- |
| Executive Mayor | 932 496 | 917 622 |
| Chief Whip | 520 760 | 702 410 |
| Mayoral Committee Members | 3 762 585 | 3 667 360 |
| Speaker | 763 901 | 745 451 |
| Councillors | 6 972 387 | 6 926 278 |
| | **12 952 129** | **12 959 121** |

### 35. Depreciation and amortisation and impairment

| | | |
| --- | --- | --- |
| Property, plant and equipment | 18 317 248 | 11 793 444 |
| Investment property | 43 333 | 43 333 |
| Intangible assets | 417 337 | 417 342 |
| Impairment of Assets | 317 111 | - |
| | **19 095 029** | **12 254 119** |

### 36. Finance costs

| | | |
| --- | --- | --- |
| Finance Lease - Interest Paid | - | 31 333 |
| Other - Interest Paid | 12 599 | 150 151 |
| Fruitless and wastefull expenditure - Interest Paid | 937 | 230 |
| | **13 536** | **181 714** |

### 37. Debt impairment

| | | |
| --- | --- | --- |
| Debt impairment - Traffic Fines | 853 236 | 176 916 |
| Debt impairment - Provision | 2 015 002 | 7 930 239 |
| Debt impairment - provision - CDM | 390 722 | 764 233 |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| | **3 258 960** | **8 871 388** |

### 38. Bad Debts written off

| | | |
|---|---|---|
| Bad debts written off | 578 664 | - |

### 39. Bulk purchases

| | | |
|---|---|---|
| Electricity - Eskom | 12 585 146 | 11 026 473 |

### 40. Contracted services

| | | |
|---|---|---|
| **Outsourced Services** | | |
| Administrative and Support Staff | 13 065 001 | 12 062 863 |
| Catering Services | 728 658 | 371 520 |
| **Consultants and Professional Services** | | |
| Business and Advisory | 6 094 211 | 7 226 954 |
| **Contractors** | | |
| Maintenance - property plant and equipment | 15 789 995 | 18 193 948 |
| Employee Wellness | 1 031 504 | 1 264 153 |
| | **36 709 369** | **39 119 438** |

### 41. General expenses

| | | |
|---|---|---|
| Accomodation and meals | 2 748 406 | 3 065 699 |
| Advertising | 948 395 | 866 745 |
| Advertising : Recruitment | 61 675 | 88 186 |
| Auditors remuneration | 3 446 880 | 3 925 776 |
| Bank charges | 159 073 | 306 786 |
| Commission paid | 2 820 280 | 5 731 405 |
| Cleaning Materials | 2 097 769 | 1 173 763 |
| Bursaries Employees | 494 405 | 392 982 |
| Servitude and land surveys | 397 000 | 567 000 |
| Transport - events | 274 495 | 400 170 |
| Entertainment | 14 237 | 9 175 |
| Insurance - General | 943 044 | 847 711 |
| Ward Committee Expenses | 1 627 255 | 2 303 400 |
| Environmental & Waste Management | 1 507 183 | 1 424 455 |
| Free Basic Electricity | 4 937 729 | 4 499 025 |
| Fuel and Oil: Municipal Fleet | 3 341 915 | 1 934 850 |
| Fuel and Oil: Other | 13 960 | 2 859 |
| Postage and Telephone | 7 660 | 294 649 |
| Printing, Publication & Marketing | 811 300 | 654 093 |
| Protective clothing | 1 048 675 | 1 003 839 |
| Licences - Vehicles | 196 234 | 116 376 |
| Internship programme | - | 16 000 |
| Membership Fees | - | 3 253 |
| Township establishment | 1 028 960 | 727 421 |
| Training SMME | - | 545 000 |
| Affiliation & Membership Fees : SALGA | 1 169 102 | 1 322 335 |
| Subscriptions and Systems Licencing | 1 172 346 | 1 783 603 |
| Training and Conferences | 2 192 352 | 2 317 441 |
| Public Participation | 405 785 | 90 000 |
| Operating lease expense | 2 397 517 | 159 000 |
| Tracking device system | 67 767 | 76 039 |
| Stationery | 1 185 980 | 811 737 |
| Skills development Levy | 843 268 | 664 726 |
| | **38 360 647** | **38 125 499** |

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Included in the Operating lease expense is the following:**

| **Operating Leases(as a lesee)** | **2021/2022** | **2020/2021** |
|---|---|---|
| Minimum lease payments | - | - |
| Within one year | 3 490 447 | 2 748 719 |
| In second to fifth year inclusive | 3 201 143 | 5 593 223 |
| After five years | - | - |
| **Total** | **6 691 590** | **8 341 942** |

Total future minimum sublease payments expected to be received at the reporting date.

Total contingent rents recognised as expense in the period

### 42. Principals and Agents

- The Municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services.

**42.1 Capricorn District Municipality**

| | **2 022** | **2 021** |
|---|---|---|
| No Resources (assets/liabilities recognise by the municipality that are held /incurred on behalf of the principal) | | |
| Revenue recognised as compensation for the transactions carried on behald of the principal | 742 790 | 718 633 |
| Revenue recieved or to be received on behalf of the principal | 2 811 456 | 2 708 517 |
| No expenditure paid or incurred on behalf of the principal | | |
| **Recievables held on behalf of the principal** | | |
| Opening Balance | 8 682 801 | 6 488 918 |
| Revenue receivable | 2 811 456 | 2 708 517 |
| Amount written of settlements or waivers of amounts due | | |
| Amounts received | 1 152 563 | 514 634 |
| Closing balance | 10 341 695 | 8 682 801 |
| **Payables held on behalf of the principal** | - | - |
| Opening Balance | 360 280 | 742 017 |
| Payables for current year | 806 794 | 360 280 |
| Cash paid | (360 280) | (742 017) |
| Closing Balance | 806 794 | 360 280 |

The municipality retaining 30% on the revenue Collected from water Services and Sanitation for the duration of the Contract. 70% of the revenue collected and to be collected from water services and sanitation shall be paid over to the district. (CDM) for the duration of the contract. The rghts ,dutires and obligation of the parties in terms of the agreement are limited to the provision of water and annually services. The scope of the agreement is limited to the water service areas , all the assets regarding the Provision of water are owned and mantained by the district CDM

- The Municipality is involved in an agency relationship with Department of Transport and community safety for the issuing of licences.

**42.2 Department of Transport and Community Safety**

| | | |
|---|---|---|
| No Resources (assets/liabilities )recognise by the municipality that are held /incurred on behalf of a principal | | |
| Revenue recognised as compensation for the transactions carried out on behalf of the principal | 5 091 640 | 4 890 684 |
| Revenue received or to be recieved on behalf of the principal | 7 537 286 | 7 576 897 |
| Expenditure paid or incurred on behalf of the principal | - | - |
| | | |
| **No receivables held on behalf of the principal** | | |
| **Payables held on behalf of the principal** | - | - |
| Opening Balance | 358 083 | 770 380 |
| Expenses incurred | 551 887 | 358 083 |
| Cash Paid | (358 083) | (770 380) |
| Closing balance | 551 887 | 358 083 |

The Municipality retain 20% Comission on licencing of motor vechiles and 80% is being transfered to the Department of Road and Transport and community safety on monthly basis.Traffic Fine revenue is control and 100% earned by the municipality .

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
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### 43. Related Parties

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents

**Compensation to accounting officer and other key management**

| | 2022 | 2021 |
|---|---|---|
| Remuneration | 19 216 882 | 18 706 258 |
| | **19 216 882** | **18 706 258** |

**Key management information**

| **Remuneration of Municipal Manager** | 2022 | 2021 |
|---|---|---|
| Annual Remuneration | 601 190 | 856 125 |
| Motor Car , Housing and other allowances | 228 249 | 388 035 |
| Leave Pay | 163 071 | - |
| | **992 510** | **1 244 160** |

| **Remuneration of Chief Financial Officer** | - | - |
|---|---|---|
| Annual remuneration | 658 320 | 658 320 |
| Motor Car , Housing and other allowances | 332 763 | 332 763 |
| Bonus | 54 860 | 54 860 |
| | **1 045 943** | **1 045 943** |

**2022**

| **Remuneration of individual Executive Directors** | Local Economic Development | Technical Services | Corporate Services | Community Services |
|---|---|---|---|---|
| Annual remuneration | 660 120 | 713 180 | 728 541 | 713 180 |
| Acting Allowance | - | - | 42 528 | - |
| Performance and other bonuses | 53 060 | - | 60 712 | - |
| Motor car, Housing , and other allowances | 332 763 | 332 763 | 256 690 | 332 763 |
| | **1 045 943** | **1 045 943** | **1 088 471** | **1 045 943** |

**2021**

| | Local Economic Development (March 2021-June 2021) | Technical Services | Corporate Services | Community Services |
|---|---|---|---|---|
| Annual Remuneration | 207 371 | 713 180 | 735 790 | 713 180 |
| Motor car, Housing , and other allowances | 105 865 | 332 763 | 256 690 | 332 763 |
| Bonus | - | - | 59 432 | - |
| | **313 236** | **1 045 943** | **1 051 912** | **1 045 943** |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**2022**
**Remuneration of Councillors**

| | |
|---|---|
| Mayor ME Paya Remuneration ,pension ,cellphone allowance and housing allowance | 932 496 |
| Chief Whip ( E M Rathaha) Remuneration ,pension ,cellphone allowance and housing alllowance | 520 760 |
| Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance (July 2021-October 2021) | 271 219 |
| Speaker ( D Matlou) Remuneration ,pension ,cellphone allowance and housing allowance (November 2021-June 2022) | 492 681 |
| Councillors Allowance and remuneration | 10 734 973 |
| | **12 952 129** |

| Related party per Councillor | Basic Salary | Allowances | Total 2022 |
|---|---|---|---|
| ME Paya (Mayor) | 665 014 | 267 482 | 932 496 |
| MS Moreroa (Speaker)July 2021-October 2021) | 189 428 | 81 791 | 271 219 |
| D Matlou (Speaker) | 348 997 | 143 684 | 492 681 |
| EM Rathaha (Chief Whip) | 356 765 | 163 995 | 520 760 |
| PT Rathete (MPAC) | 270 979 | 131 278 | 402 257 |
| SR Nakana (MPAC) | 180 575 | 87 564 | 268 139 |
| MD Lehong (Exco) | 177 589 | 73 723 | 251 312 |
| M Duba | 96 165 | 46 582 | 142 747 |
| ML Moabelo (Exco) | 325 816 | 135 957 | 461 773 |
| PM Tawana (Exco) | 99 074 | 47 553 | 146 627 |
| NW Seakamela (Exco) | 177 589 | 73 724 | 251 313 |
| NF Rampyapedi (Exco) | 498 761 | 207 206 | 705 967 |
| MD Meso (Exco) | 99 074 | 47 552 | 146 626 |
| SW Mafona (Exco) | 179 176 | 86 669 | 265 845 |
| MO Motolla (Exco) | 179 176 | 86 150 | 265 326 |
| BM Hlapa (Exco) | 321 172 | 133 482 | 454 654 |
| MC Matjee | 211 153 | 111 356 | 322 509 |
| MP Makgato | 211 153 | 111 356 | 322 509 |
| D Matlou | 70 290 | 37 030 | 107 320 |
| MA Makgoka | 74 934 | 39 505 | 114 439 |
| MQ Malema | 74 934 | 39 505 | 114 439 |
| ML Moabelo | 70 290 | 37 029 | 107 319 |
| PT Rakimane | 74 934 | 39 505 | 114 439 |
| MA Kobo | 74 934 | 39 505 | 114 439 |
| MI Mohafe | 74 934 | 39 505 | 114 439 |
| RL Mpati | 74 934 | 39 505 | 114 439 |
| MJ Manthata | 74 934 | 39 505 | 114 439 |
| PS Masoga | 211 153 | 111 356 | 322 509 |
| MJ Leferela | 74 934 | 39 505 | 114 439 |
| NS Ramukhubedi | 74 934 | 39 505 | 114 439 |
| SE Kobola | 74 934 | 39 505 | 114 439 |
| TE Raphaswana | 74 934 | 39 505 | 114 439 |
| GM Sepheso | 74 934 | 39 505 | 114 439 |
| MD Marutha | 74 934 | 39 505 | 114 439 |
| MP Tloubatla | 35 075 | 18 492 | 53 567 |
| SR Nakana | 70 290 | 37 030 | 107 320 |
| NM Hopane | 74 934 | 39 505 | 114 439 |
| M Mufamadi | 34 597 | 19 341 | 53 938 |
| FM Mokwele | 13 529 | 7 151 | 20 680 |
| ME Ramarutha | 136 219 | 71 811 | 208 030 |
| MS Machaka | 136 219 | 71 811 | 208 030 |
| MY Senamolela | 136 219 | 71 811 | 208 030 |
| NG Sekgota | 136 219 | 71 811 | 208 030 |
| TM Mapholletja | 136 219 | 71 811 | 208 030 |
| MJ Poopedi | 136 219 | 71 811 | 208 030 |
| MM Selabe | 136 219 | 71 811 | 208 030 |
| RL Sepuru | 83 605 | 44 074 | 127 679 |
| MV Ramusi | 136 219 | 71 811 | 208 030 |
| MC Nong | 136 219 | 71 811 | 208 030 |
| MS Ngobene | 136 219 | 71 811 | 208 030 |

## Notes to the Financial Statements

| Figures in Rand | | 2022 | 2021 |
| --- | --- | --- | --- |
| SP Chepape | 136 219 | 71 811 | 208 030 |
| TG Malebana | 136 219 | 71 811 | 208 030 |
| ME Rahlana | 136 219 | 71 811 | 208 030 |
| RI Mabitsela | 136 219 | 71 811 | 208 030 |
| TO Kgopane | 136 219 | 71 811 | 208 030 |
| MS Letlalo | 136 219 | 71 811 | 208 030 |
| ME Machethe | 136 219 | 71 811 | 208 030 |
| GM Modiba | 136 219 | 71 811 | 208 030 |
| MJ Kubyana | 52 613 | 27 738 | 80 351 |
| | **8 730 116** | **4 222 013** | **12 952 129** |

## Notes to the Financial Statements

| Figures in Rand | | | 2022 | 2021 |
|---|---|---|---|---|

**2021**
**Remuneration of Councillors**

| | | | |
|---|---|---|---|
| Mayor ME Paya Remuneration ,pension ,cellphone allowance and housing allowance | | | 917 622 |
| Chief Whip ( E M Rathaha) Remuneration ,pension ,cellphone allowance and housing alllowance | | | 745 452 |
| Speaker ( M S Moreroa) Remuneration ,pension ,cellphone allowance and housing allowance | | | 702 410 |
| Councillors Allowance and remuneration | | | 10 593 637 |
| | **1 646 395** | **719 089** | **12 959 121** |

| Related party per Councillor | Basic Salary | Allowances | Total 2021 |
|---|---|---|---|
| ME Paya (Mayor) | 645 644 | 271 978 | 917 622 |
| M S Moreroa (Speaker) | 516 516 | 228 936 | 745 452 |
| E M Rathaha (Chief Whip) | 484 235 | 218 175 | 702 410 |
| P T Rathete (MPAC) | 262 214 | 131 805 | 394 019 |
| M Tawana ( Exco) | 270 145 | 134 448 | 404 593 |
| N F Rampyapedi ( Exco) | 484 235 | 205 812 | 690 047 |
| M D Meso ( Exco ) | 270 145 | 134 448 | 404 593 |
| N W Seakamela ( Exco) | 484 235 | 205 812 | 690 047 |
| D Lehong ( Exco ) | 484 235 | 205 812 | 690 047 |
| D Matlou | 204 323 | 112 507 | 316 830 |
| N G Makgalo | 175 944 | 96 881 | 272 825 |
| Mp Makgato | 204 323 | 112 507 | 316 830 |
| C Matjee | 204 323 | 112 507 | 316 830 |
| A Makgoka | 204 323 | 112 507 | 316 830 |
| M Malema | 204 323 | 112 508 | 316 831 |
| M Duba | 262 214 | 131 805 | 394 019 |
| Kobo | 204 323 | 112 508 | 316 831 |
| P T Rakimane | 204 323 | 112 508 | 316 831 |
| M I Mohafe | 204 323 | 112 508 | 316 831 |
| R L Mpati | 204 323 | 112 508 | 316 831 |
| M J Manthata | 204 323 | 112 508 | 316 831 |
| P S Masoga | 204 323 | 112 508 | 316 831 |
| M J Leferela | 204 323 | 112 508 | 316 831 |
| N S Ramukhubedi | 204 323 | 112 508 | 316 831 |
| S E Kobola | 204 323 | 112 508 | 316 831 |
| T Raphaswana | 204 323 | 112 508 | 316 831 |
| L Moabelo | 204 323 | 112 508 | 316 831 |
| G M Sepheso | 204 323 | 112 508 | 316 831 |
| M D Marutha | 204 323 | 112 508 | 316 831 |
| M P Tloubatatla | 204 323 | 112 508 | 316 831 |
| S R Nakana (Mpac) | 204 323 | 112 508 | 316 831 |
| N MHopane | 204 323 | 112 508 | 316 831 |
| | **8 630 545** | **4 328 576** | **12 959 121** |

### 44. Budget vs Actual comparrison variances explanations above 5% and budget adjustment reasons

**44.1 Service Charges - Sale of Electricity**
**Budget Variances above 5%**
The municipality has implemented credit control and debt collections measures which specifically focusses on disconnections of electricity. Most rate payers were disconnected during the financial year which led to the reduction in electricity usage.

**44.2 Service Charges -Refuse Removal**
**Budget Variances above 5%.**
Additional rate payers requested for refuse during the financial year which was inclusive of business and residential rate payers.

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**44.3 Interest received - debtors**

**Budget Variances above 5%.**

Interest recieved debtors-Non exchange transactions - more budget was allocated to the exchange transactions
Interest Recieved debtors- Exchange transactions- -Incorrect estimate during budget %.

**44.4 Licences & Permits**

**Budget Variances above 5%**

Continous interuption of system challenges lead to the municipality not achieving what was anticipated

**44.5 Other Income**

**Budget Variances above 5%**

The municipality has budgeted for the sale of vacant stands and the processes has not yet been finalised for the amount to be realised.

**44.6 Traffic fines, penalties and forfeits**

**Budget Variances above 5%**

The traffic department had shortage of staff in the 21-22 financial year which led to the department not being able to achieve it's annual target of traffic fines issued. The budget was allocated based on previous financial year analysis.

**44.7 Interest received - external investment**

**Budget Variances above 5%**

The municipality had acces funds to invest during the period when procurement processes were halted.

**44.8 Property Rates**

**Budget Variances above 5%**

The tariff for goverment properties changed from the previous financial year to the current year.

**44.9 Rental of Facilities and Equipment**

**Budget Variances above 5%**

The budget took into account the rental of community halls and stadiums and which it was never achieved due to current economic challenges.

**44.10 Employee Related Cost**

**Budget Variances less 5%**

Immaterial variance less than 5%

**44.11 Remuneration of councillors**

**Budget Variances above 5%**

The innitial budget for councillors based on CPI of 7% however when a new gazette came it only reflected a cost of living adjustment of 3%. The structure of the new council has changed some of the position that were full time became part time which reduced the salary paid out.

**44.12 Depreciation and amortisation**

**Budget Variances less 5%**

Immaterial variance less than 5 %

**44.13 Finance cost**

**Budget Variances above 5%**

The municipality during the budget process they took into account the interest on landfill site based on the previous year spending. During the audit process it was noted that the interest of landfill was overstated in the current year under review which led to the underspending with regard to vote.

**44.14 Bulk Purchases**

**Budget Variances less 5%**

Immaterial variance.

**44.15 Contracted Services**

**Budget Variances above 5%**

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

Some of the projects were halted due to a moratorium implemented by treasury on procurement, thus resulted into lower spending .

**44.16 General Expenses**
**Budget Variances less 5%**
Immaterial variance less than 5 % .

**44.17 Debt Impairment and Bad debts written of**
**Actual Variances above 5%**
The budget for debt impairment and bad debts written of is R3909664 and the expense for the two combined together is R3837624 which is 98% towards the budget amount. The varience of 17% on debt impairment is as a result of that the budget in inclusive of the thow but the expenditure there is exclusive of bad debts. .

**44.18 Loss on Disposal of Assets**
**Actual Variances above 5%**
No budget allocated during budget period.

**44.19 Loss on transfer of Assets**
**Actual Variances above 5%**
Previously budgeted under Capex

.
**STATEMENT OF FINANCIAL POSITION**

**44.20 Total Current Assets**
**Actual Variances above 5%**
The municipality allocated more budget for the debtors during the budgeting period .

**44.21 Total Non Current Assets**
**Actual Variances above 5**
Projects were halted due to National Treasury procurement process.

**44.22 Total Current Liability**
Projects were halted due to National Treasury procurement proces

**44.23 Total Non Current Liability**
Municipality budgeted for the provision of landfill site

**44.24 Revaluation Reserve**
The municipality budgeted more during budget period

**44.25 Accumulated Surplus**
The municipality budgeted more during budget period

**Cash Flow Statement**

**44.26 Net Cash used from operating**
The municipality had more funds available due to the projects being halted by National Treasury procurement processes

**44.27 Net Cash used from Investing**
The municipality could not complete or procure new capital projects because of the Nationa Treasury processes being halted

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### 45. Cash generated from operations

| | | |
|---|---|---|
| Surplus for the year | 32 489 430 | 88 324 654 |
| **Adjustments for:** | | |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| Depreciation, amortisation and impairment | 19 095 029 | 12 254 119 |
| (Gain) / loss on sale of assets and liabilities | 647 727 | 173 105 |
| Public Contributions and donations | - | (1 234 955) |
| Asset transfer to Eskom | 6 419 695 | - |
| Movements in non current provisions and retirement benefit liabilities | 1 631 974 | 2 938 925 |
| Movements in current provisions and retirement benefits | 799 267 | 1 001 955 |
| **Changes in working capital:** | | |
| Inventories | 505 384 | (790 987) |
| Receivables from exchange transactions | (1 467 855) | 21 869 |
| Other receivables from non-exchange transactions | (235 784) | 14 750 789 |
| Payables from exchange transactions | (52 118) | (4 627 436) |
| VAT | 2 441 901 | 2 446 021 |
| Unspent conditional grants and receipts | 2 177 681 | (499 572) |
| Consumer deposits | 3 750 | 900 |
| Other current liability | (46 811) | 162 733 |
| | **64 409 270** | **114 922 120** |

## 46. Cashflow Statement Receipts - Sale of goods and services

| | | |
|---|---|---|
| Service Charges - Electricity | 8 206 021 | 8 433 035 |
| Service Charges - Refuse removal | 2 742 345 | 2 628 852 |
| Interest earned -Outstanding debtors non exchange | 909 511 | 714 069 |
| Interest earned - Outstanding debtors | 583 334 | 628 249 |
| Commission Received | 742 790 | 718 633 |
| Property Rates | 30 599 233 | 49 558 003 |
| Traffic Fines, penalties and forfeits | 628 430 | 493 491 |
| Rental of facilities and equipment | 258 443 | 254 993 |
| Licenses and permits | 5 091 640 | 4 890 684 |
| Other Income | 474 334 | 113 522 |
| Movement in receivables from exchange transactions | (1 467 855) | 21 869 |
| Movement in receivables from non exchange transactions | (235 784) | 14 750 789 |
| Provision for Bad Debts | (3 837 624) | (8 871 388) |
| Movements in Consumer deposits | 3 750 | 900 |
| | **44 698 568** | **74 335 701** |

## 47. Cashflow Statement Receipts - Grants

| | | |
|---|---|---|
| Goverment Grant and subsidies | 204 435 319 | 230 316 073 |
| Movement in Unspent and Conditional Grants | 2 177 681 | (499 572) |
| | **206 613 000** | **229 816 501** |

## 48. Cashflow Statement Payment -Suppliers

| | | |
|---|---|---|
| Bulk Purchases | (12 585 146) | (11 026 473) |
| Contracted services | (36 709 369) | (39 119 438) |
| General Expenses | (38 360 647) | (38 125 499) |
| Movements in Payables from exchange transactions | (52 118) | (4 627 437) |
| Movements in VAT receivable | 2 441 901 | 2 446 021 |
| Movements in Other current liability | (46 811) | 162 733 |
| Movements in Employee Benefit - Current | 799 267 | 1 542 126 |
| Movement in Employee Benefit - Non Current | 1 791 000 | 2 420 000 |
| Movement in Provisions - Non current | (159 026) | 664 603 |
| Movement in Inventories | 505 384 | (790 987) |
| | **(82 375 565)** | **(86 454 351)** |

## 49. Employee Related Cost

| | | |
|---|---|---|
| Employee related costs | (96 269 842) | (91 626 639) |
| Remuneration of councillors | (12 952 123) | (12 959 102) |
| | **(109 221 965)** | **(104 585 741)** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

Some of the projects were halted due to a moratorium implemented by treasury on procurement, thus resulted into lower spending .

**44.16 General Expenses**
**Budget Variances less 5%**
Immaterial variance less than 5 % .

**44.17 Debt Impairment and Bad debts written of**
**Actual Variances above 5%**
The budget for debt impairment and bad debts written of is R3909664 and the expense for the two combined together is R3837624 which is 98% towards the budget amount. The varience of 17% on debt impairment is as a result of that the budget in inclusive of the thow but the expenditure there is exclusive of bad debts. .

**44.18 Loss on Disposal of Assets**
**Actual Variances above 5%**
No budget allocated during budget period.

**44.19 Loss on transfer of Assets**
**Actual Variances above 5%**
Previously budgeted under Capex

**STATEMENT OF FINANCIAL POSITION**

**44.20 Total Current Assets**
**Actual Variances above 5%**
The municipality allocated more budget for the debtors during the budgeting period .

**44.21 Total Non Current Assets**
**Actual Variances above 5**
Projects were halted due to National Treasury procurement process.

**44.22 Total Current Liability**
Projects were halted due to National Treasury procurement proces

**44.23 Total Non Current Liability**
Municipality budgeted for the provision of landfill site

**44.24 Revaluation Reserve**
The municipality budgeted more during budget period

**44.25 Accumulated Surplus**
The municipality budgeted more during budget period

**Cash Flow Statement**

**44.26 Net Cash used from operating**
The municipality had more funds available due to the projects being halted by National Treasury procurement processes

**44.27 Net Cash used from Investing**
The municipality could not complete or procure new capital projects because of the Nationa Treasury processes being halted

**45. Cash generated from operations**

| | | |
|---|---|---|
| Surplus for the year | 32 489 430 | 88 324 654 |
| **Adjustments for:** | | |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| Depreciation, amortisation and impairment | 19 095 029 | 12 254 119 |
| (Gain) / loss on sale of assets and liabilities | 647 727 | 173 105 |
| Public Contributions and donations | - | (1 234 955) |
| Asset transfer to Eskom | 6 419 695 | - |
| Movements in non current provisions and retirement benefit liabilities | 1 631 974 | 2 938 925 |
| Movements in current provisions and retirement benefits | 799 267 | 1 001 955 |
| **Changes in working capital:** | | |
| Inventories | 505 384 | (790 987) |
| Receivables from exchange transactions | (1 467 855) | 21 869 |
| Other receivables from non-exchange transactions | (235 784) | 14 750 789 |
| Payables from exchange transactions | (52 118) | (4 627 436) |
| VAT | 2 441 901 | 2 446 021 |
| Unspent conditional grants and receipts | 2 177 681 | (499 572) |
| Consumer deposits | 3 750 | 900 |
| Other current liability | (46 811) | 162 733 |
| | **64 409 270** | **114 922 120** |

## 46. Cashflow Statement Receipts - Sale of goods and services

| | | |
|---|---|---|
| Service Charges - Electricity | 8 206 021 | 8 433 035 |
| Service Charges - Refuse removal | 2 742 345 | 2 628 852 |
| Interest earned -Outstanding debtors non exchange | 909 511 | 714 069 |
| Interest earned - Outstanding debtors | 583 334 | 628 249 |
| Commission Received | 742 790 | 718 633 |
| Property Rates | 30 599 233 | 49 558 003 |
| Traffic Fines, penalties and forfeits | 628 430 | 493 491 |
| Rental of facilities and equipment | 258 443 | 254 993 |
| Licenses and permits | 5 091 640 | 4 890 684 |
| Other Income | 474 334 | 113 522 |
| Movement in receivables from exchange transactions | (1 467 855) | 21 869 |
| Movement in receivables from non exchange transactions | (235 784) | 14 750 789 |
| Provision for Bad Debts | (3 837 624) | (8 871 388) |
| Movements in Consumer deposits | 3 750 | 900 |
| | **44 698 568** | **74 335 701** |

## 47. Cashflow Statement Receipts - Grants

| | | |
|---|---|---|
| Goverment Grant and subsidies | 204 435 319 | 230 316 073 |
| Movement in Unspent and Conditional Grants | 2 177 681 | (499 572) |
| | **206 613 000** | **229 816 501** |

## 48. Cashflow Statement Payment -Suppliers

| | | |
|---|---|---|
| Bulk Purchases | (12 585 146) | (11 026 473) |
| Contracted services | (36 709 369) | (39 119 438) |
| General Expenses | (38 360 647) | (38 125 499) |
| Movements in Payables from exchange transactions | (52 118) | (4 627 437) |
| Movements in VAT receivable | 2 441 901 | 2 446 021 |
| Movements in Other current liability | (46 811) | 162 733 |
| Movements in Employee Benefit - Current | 799 267 | 1 542 126 |
| Movement in Employee Benefit - Non Current | 1 791 000 | 2 420 000 |
| Movement in Provisions - Non current | (159 026) | 664 603 |
| Movement in Inventories | 505 384 | (790 987) |
| | **(82 375 565)** | **(86 454 351)** |

## 49. Employee Related Cost

| | | |
|---|---|---|
| Employee related costs | (96 269 842) | (91 626 639) |
| Remuneration of councillors | (12 952 123) | (12 959 102) |
| | **(109 221 965)** | **(104 585 741)** |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

### 50. Financial instruments disclosure

**Categories of financial instruments**

| **Financial Assets** | Classification | 2022 | 2021 |
|---|---|---|---|
| **Consumer Debtors** | | | |
| Trade receivables from exchange transactions | Financial instruments at amortised cost | 4 143 002 | 2 675 147 |
| Trade receivables from non-exchange transactions | Financial instruments at amortised cost | 58 660 439 | 58 424 655 |
| Cash and cash equivalents | Financial instruments at amortised cost | 105 254 242 | 89 537 558 |
| **Bank Balances and Cash** | | | |
| Cash Floats and Advances | Financial instruments at amortised cost | 13 500 | 8 161 |
| **Summary of Financial Assets** | - | **168 071 183** | **150 645 521** |

| **Financial Liability** | Classification | 2022 | 2021 |
|---|---|---|---|
| **Long-term Liabilities** | | | |
| **Trade Payables** | | | |
| Trade Creditors | Financial instruments at amortised cost | 19 346 174 | 19 398 292 |
| **Current Portion of Long-term Liabilities** | | | |

### 51. Profit/(Loss) on disposal of Assets

| | 2022 | 2021 |
|---|---|---|
| (Profit) / Loss on write-off of council assets as per council resolution | 647 727 | 173 105 |

### 52. Loss on Transfer of Assets

| | 2022 | 2021 |
|---|---|---|
| Loss on Transfer of Electrification Project to Eskom | 6 419 695 | - |

### 53. Commitments

**Capital Commitments**

| | 2022 | 2021 |
|---|---|---|
| **Already contracted for but not provided for** | | |
| • Infrastructure Assets | 5 538 028 | 1 715 696 |
| | **5 538 028** | **1 715 696** |

| | 2022 | 2021 |
|---|---|---|
| **This expenditure will be financed from:** | | |
| • Goverment grants | 2 604 110 | - |
| • Contributions from operating revenue | 2 933 918 | 1 715 696 |
| | **5 538 028** | **1 715 696** |

**Operating Commitments**

| | 2022 | 2021 |
|---|---|---|
| **Already contracted for but not provided for** | | |
| • Operating Expenditure | 31 664 423 | 16 700 641 |
| | **31 664 423** | **16 700 641** |

| | 2022 | 2021 |
|---|---|---|
| **This expenditure will be financed from** | | |
| • Contributions from Operating Revenue | 31 664 423 | 16 700 641 |
| | **31 664 423** | **16 700 641** |

**Total commitments**

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| Capital Commitments | 5 538 028 | 1 715 696 |
| Operating Commitments | 31 664 423 | 16 700 641 |
| | **37 202 451** | **18 416 337** |

**Included in Operating Commitments is the following:**

| | | |
|---|---|---|
| Operating Lease-Graders | 8 014 086 | 9 877 876 |
| Operating Lease-Printers | 1 098 367 | - |
| | **9 112 453** | **9 877 876** |

**Operating leases - as lessee (expense)**

| **Minimum lease payments due** | | |
|---|---|---|
| - within one year | 3 490 447 | 2 984 253 |
| - in second to fifth year inclusive | 3 201 143 | 6 893 623 |
| | **6 691 590** | **9 877 876** |

Operating lease payments represent rentals payable by the municipality for service delivery plant and equipment assets a. Lease period is for a term of three years and rentals are excalates at 10% annualy over the lease term. No contingent rent is payable.Operating lease payments also include rentals payable by the municipality for printing machines . Lease period is for a term of three years there is no excalation annually over the lease term. No Contingent rent is payable.

### 54. Contingencies

| | | |
|---|---|---|
| Contingent Liability | 2 625 211 | 5 198 631 |
| Contingent Asset | 1 044 400 | 706 021 |

For more information see supplementry schedule 2 attached

### 55. Change in estimate

**Property, plant and equipment**

The useful life of infrastucture & other asset classes were adjusted during 2021/2022 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 4 . The effect of changing the remaining useful life of assets for the Municipality during 2021/2022 has been treated retrospectively as an error. Prior period error change amounts to R2 247 690.75 and increase the future periods by R1 847 436.41

### 56. Changes in accounting policy

There are no changes in Accounting Policy

### 57. Prior period errors

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

:An amount of R1914.74 was double accounted for in Fleet Charges for 2021 now corrected.
An amount of R3127 for XLP invoices was understated now corrected
An amount of R396 563 was overstated under the Genral expenses for Free Basic Electricity
An Adjustment was made to Property Plant and equipment as a result of Change in Estimate from 2021 Financial Year Respectively
An amount for 133799 was not accounted for Interest recieved in Investment now accounted for

**Statement of Financial Position 2020**

| **Description** | **Balance as previously presented** | **Prior period error** | **Reclassified** | **Restated balance** |
|---|---|---|---|---|

## Notes to the Financial Statements

| Figures in Rand | | | 2022 | 2021 |
|---|---|---|---|---|
| Accumulated surplus | 283 659 125 | 2 927 432 | - | 286 586 557 |

**Statement of Financial Position 2020**

| | |
|---|---|
| **Accumulated Surplus 2020** | |
| Balance previously reported | 283 659 125 |
| Depreciation adjustment made in respect of Change in Estimate | 2 387 262 |
| | 286 046 387 |

**Statement of Financial Position 2021**

| Description | Balance as previously presented | Prior period error | Reclassified | Restated balance |
|---|---|---|---|---|
| Receivables From Non-Exchange Transactions | 58 824 345 | (399 690) | - | 58 424 655 |
| Receivables from exchange transactions | 2 541 347 | 133 799 | - | 2 675 146 |
| VAT receivable | 12 523 502 | 408 | - | 12 523 910 |
| Cash and cash equivalents | 89 543 805 | 1 915 | - | 89 545 720 |
| Property, plant and equipment | 310 334 685 | 679 778 | - | 311 014 463 |
| Intangible assets | - | 1 567 913 | - | 1 567 913 |
| Payables from Exchange Transactions -Trade Payables | 8 611 905 | - | (358 083) | 8 253 822 |
| Payables from Exchange Transactions -Department of Transport Community and Safety | - | | 358 083 | |
| Payables from exchange transactions | 19 758 537 | (360 244) | - | 19 398 293 |
| Provisions | 16 002 433 | (540 171) | - | 15 462 262 |
| Accumulated surplus | 372 026 672 | 2 884 539 | - | 374 911 211 |

**Statement of Financial Position 2021**

| | |
|---|---|
| **Cash and cash equivalents 2021** | |
| Balance previously reported | 89 543 805 |
| Fleet interest double accounted for in Primary Bank account now corrected | 1 915 |
| | 89 545 720 |
| **Accumulated Surplus - 2021** | |
| Balance previously reported | 372 026 672 |
| Fleet interest double accounted for in Primary Bank | (1 915) |
| Xlp invoices was understated now corrected | 2 720 |
| Depreciation for 2020/201 now correct in respect of Change in Estimate | 139 572 |
| Free Basic Electricty Account overstated now corrected | (396 563) |
| Property Plant and Equipment Accumulated Depreciation restated in respect of Change in Estimate | 661 385 |
| Intangible Asset Accumulated Amortisation restated in respect of Change in Estimate | 1 567 913 |
| Reclassification of water transactions now corrected | 360 244 |
| Finance cost for landfill site now corrected | 540 171 |
| Accrued Interest Recieved from Interest on Investment 2020/2021 now corrected | 133 799 |
| **Recievables from non- exchange transactions -2021 -** | |
| Balance previously reported | 58 824 345 |
| Xlp invoice understated now corrected | (3 127) |
| Free Basic Invoice incorrectly accounted for as expense now corrected | (396 563) |
| Restated Balance | 58 558 455 |
| | - |
| **Intangible Assets - 2021** | |
| Intangible Asset Accumulated Amortisation restated in respect of Change in Estimate | 1 567 913 |
| **Property Plant and Equipment -2021** | |
| Accumulated Depreciation restated in respect of Change of Estimates | 661 385 |
| Restated Balance | 310 996 070 |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|
| **Payables from Exchange Transactions Note 18** | | |
| Balance previously reported | | 8 619 805 |
| Reclassification to Department of Road and Transport Community and safety | | (358 083) |
| Restated Balance | | 8 261 722 |
| **Department of Road and Transport Community an Safety** | | - |
| Balance Previously Reported | | - |
| Reclassification from Department of Road and Transport Community and safety | | 358 083 |
| Restated Balance | | 358 083 |
| **Provisions- 2021** | | |
| Balance previously reported | | 16 002 433 |
| Overstatement on provision for landfill site | | (540 171) |
| Restated Balance | | 15 462 262 |
| **Receivables from Exchange -** | | |
| Balance previously reported | | 2 541 347 |
| Interest received on Investment accrued now corrected | | 133 799 |
| Restated Balance | | 2 675 146 |
| | | - |
| **Payables from exchange transactions -** | | |
| Balance previously reported | | 19 758 537 |
| Reclassification of water transactions now corrected | | (360 244) |
| Restated Balance | | 19 398 293 |

**Statement of Financial Performance 2021**

| Description | | Balance as previously presented | Prior period error | Reclassified | Restated balance |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Interest recieved -Investment | | 2 543 773 | 133 799 | | 2 677 572 |
| General Expenses | - | (38 086 461) | (39 039) | - | (38 125 500) |
| Depreciation | - | (12 114 550) | (139 569) | - | (12 254 119) |

| | |
|---|---|
| **Finance Cost-** | |
| Balance previously reported | (183 629) |
| Fleet Interest double account for n 2021 now corrected | 1 915 |
| Restated Balance - | (181 715) |
| **General Expenses** | |
| Balance previously reported | (38 086 461) |
| Xlp invoice understated now corrected | (2 720) |
| Free Basic Electricity Accounted understated now corrected | (396 563) |
| CDM commision expenses incorrecly expensed now corrected | 360 244 |
| Restated Balance | (38 125 499) |
| **Depreciation-** | |
| Balance previously reported | (12 114 550) |
| Depreciation on assets restated in respect of Change in Estimate | (139 569) |
| | - |
| | - |
| Restated Balance | (12 254 119) |
| | - |
| **Interest received-Investment** | |
| Balance previously reported | 2 543 773 |
| Interest Accrued on Investment now corrected | 133 799 |
| Restated Balance - | 2 677 571 |

**Cash flow statement 2021**

| Description | | Balance as previously presented | Prior period error | Reclassified | Restated balance |
|---|---|---|---|---|---|
| **Receipts** | | | | | |
| Interest Income | - | 2 543 773 | 133 799 | - | 2 677 572 |
| **Payments** | | | | | |

**Finance Cost-**

| | |
|---|---|
| Balance previously reported | (183 629) |
| Fleet Interest double account for in 2021 now corrected | 1 915 |
| Restated Balance - | (181 715) |

**Movements in Receivable from exchange transactions**

| | |
|---|---|
| Balance previously reported | 155 668 |
| Accrued Interest now corrected | (133 799) |
| | - |
| | - |
| Restated Balance - Receivables from exchange Transactions | 21 868 |

**Operating commitments -**

| | |
|---|---|
| Balance previously reported | 16 373 713 |
| Contract amount of CCG Sytem was understated | 326 929 |
| Restated Balance | 16 700 642 |

**Fruitless and Wastefull Expenditure)**

| | |
|---|---|
| Balance previously reported | 28 247 |
| Retention amount was incorrectly raised as a Fruitless now corrected | (9 854) |
| Accumulated changes i.r.o 2015 | - |
| Restated Balance | 18 393 |

| **Distribution Losses** | **Restated Balance** | **Previously Reported** |
|---|---|---|
| Units Purchased | 6 562 884 | 6 838 437 |
| Units Sold | 6 174 031 | 6 174 031 |
| Units Loss | 388 853 | 664 406 |
| Percentage distribution Loss | 6 % | 10% |
| **Electricity Distribuion Losses (Rand)** | | |
| Electricity Purchased | 10 582 165 | 11 026 473 |
| Electricity Sold | 8 433 035 | 8 433 035 |
| Electricity Loss | 2 149 130 | 293 438 |
| Percentage distribution loss | 20% | 24% |

### 58. Risk management

**Liquidity risk**

The risk that the Municipality may encounter difficultied in rasing sufficient funds in meetings its obligations and commitments that are due and payable within 12 months. Availability of adequate resources to meet the Municipalitys obligations in the needs of its capital and operating expenditure ,creditors at large including employees is critical for the Municipality to continue as a going conceeern of which cannot be compromised. The Municipality manages liquidity risk through proper management of working capital , capital expenditure and monitoring of actual versus forecast cash flows. .

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

## Notes to the Financial Statements

| Figures in Rand | | | 2022 | 2021 |
|---|---|---|---|---|
| **At 30 June 2022** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** |
| Trade and other payables | 19 346 174 | - | - | - |
| Other financial liabilities | 235 693 | - | - | - |
| **At 30 June 2021** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** |
| Trade and other payables | 19 398 292 | - | - | - |
| Other financial liabilities | 282 504 | - | - | - |

**Credit risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies. Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors.

Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

| **Non-Exchange Receivables** | 2022 Percentage | 2022 Amount | 2021Percentag e | 2021 Amount |
|---|---|---|---|---|
| Rates | 100% | 83 819 408 | 100% | 80 379 074 |
| | **100%** | **83 819 408** | **100%** | **80 379 074** |

| **Exchange Receivables** | 2022 Percentage | 2022 Amount | 2021 Percentage | 2021 Amount |
|---|---|---|---|---|
| Electricity | 16 | 3 297 039 | 21 | 3 832 660 |
| Refuse | 80 | 16 612 601 | 75 | 13 968 813 |
| Other | 4 | 832 855 | 4 | 779 792 |
| | **100%** | **20 742 495** | **100%** | **18 581 265** |

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 9 & 10 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

| **Non-Exchange Receivables** | 2022 Percentage | 2022 Amount | 2021 Percentage | 2021 Amount |
|---|---|---|---|---|
| Rates | 100% | 27 059 934 | 100% | 25 867 538 |
| | **100%** | **27 059 934** | **100%** | **25 867 538** |

| **Exchange Receivables** | 2022 Percentage | 2022 Amount | 2021 Percentage | 2021 Amount |
|---|---|---|---|---|
| Electricity | 16 | 2 773 354 | 21 | 3 429 204 |
| Refuse | 80 | 13 973 939 | 75 | 12 498 348 |
| Other | 4 | 700 569 | 4 | 697 704 |

## Notes to the Financial Statements

| Figures in Rand | | | 2022 | 2021 |
| --- | --- | --- | --- | --- |
| | 100% | 17 447 862 | 100% | 16 625 256 |

The municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (NEDBANK). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

**Interest rate risk**

The Municipality is not exposed to Interest rate risk as it does not have interest bearing liabilities.

**Foreign exchange risk**

The municipality does not engage in foreign currency transactions.

**Price risk**

The municipality is not exposed to price risk

### 59. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus / (deficits) of 407 400 641 and that the municipality's total assets exceed its liabilities by 455 120 361

The ability of the municipality to continue as a going concern is dependent on a number of factors.

The following factors support going concern assumption:

- There is no intention to cease operation and municipal budget for MTERF period is support this
- The municipality has a healthy solvency and liquidity ratio
- The municipality continue to achieve net surplus for 2022 and 2021 financial year
- There are no material commitments or litigation at balance sheet that threatens the going concern assumption

### 60. Events after reporting date

There are no material event after the reportig date which requires disclosures.

### 61. Unauthorised expenditure

| | 2022 | 2021 |
| --- | --- | --- |
| Add: Expenditure identified - current | 6 419 694 | - |
| Less: Approved/condoned/authorised by council | (6 419 694) | - |
| **Closing balance** | - | - |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Analysis of unauthorised expenditure written off by council per category**

| | | |
|---|---|---|
| Loss on Transfer of Asset | 6 419 694 | - |
| | **6 419 694** | **-** |

### 62. Fruitless and wasteful expenditure

| | | |
|---|---|---|
| Opening balance as previously reported | 18 393 | - |
| Add: Expenditure identified - current | 937 | 28 477 |
| Less: Amounts recoverable - prior period | (18 393) | - |
| Less: Amount written off - current | (937) | (230) |
| Correction of Prior Period Error | - | (9 854) |
| **Closing balance** | **-** | **18 393** |

The fruitless and wastefull expenditure for the current year relates to interest paid on late payments and overpayment of 2 Service Providers .

**Analysis of fruitless and wastefull expenditure written off by council per category**

| | | |
|---|---|---|
| Interest on late payments | (937) | (230) |
| | **(937)** | **(230)** |

### 63. Irregular expenditure

| | | |
|---|---|---|
| Opening balance as previously reported | 2 303 412 | 219 100 |
| Add: Irregular Expenditure - current | 2 477 091 | 2 303 412 |
| Less: Amount written off - current | (2 303 412) | (219 100) |
| **Closing balance** | **2 477 091** | **2 303 412** |

**Analysis of balance of iregular**

| | | |
|---|---|---|
| Bidder did not submit a certified copy of supervisor's 3 phase wiremans licence as per the requirements | 1 726 091 | - |
| Inviation to bid /quotation did not stipulate the minimum thereshold for local content | - | 197 500 |
| The declaration of interest is not fully completed | - | 2 067 979 |
| Split of Goods in two different parts to avoid competitive bidding | - | 26 680 |
| Deviation was Approved after appointment date | - | 11 253 |
| Bidder did not fully complete the returnable documents as required on additional Conditions applicable to the bid | 425 000 | - |
| The Bidder did not indicate the connection with an employee of the municipality on the declaration of Interest | 51 000 | - |
| Bidder did not fully complete the returnable documents as required on additional Conditions applicable to the bid | 275 000 | - |
| | **2 477 091** | **2 303 412** |

**Amounts written-off**

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 2 303 412- from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

| | | |
|---|---|---|
| Inviation to bid /quotation did not stipulate the minimum thereshold for local content | - | 197 500 |
| The declaration of interest is not fully completed | - | 2 067 979 |
| Split of Goods intotow different parts to avoid competitive bidding | - | 26 680 |
| Deviation was Approved after appointment date | - | 11 253 |
| | **-** | **2 303 412** |

# Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

## 64. Additional disclosure in terms of Municipal Finance Management Act

### Contributions to organised local government

| | | |
|---|---|---|
| Current year subscription / fee | 1 169 102 | 1 156 070 |
| Amount paid - current year | (1 169 102) | (1 156 070) |
| | - | - |

### Audit fees

| | | |
|---|---|---|
| Current year subscription / fee | 3 963 912 | 3 925 776 |
| Amount paid - current year | (3 963 912) | (3 925 776) |
| | - | - |

### PAYE and UIF

| | | |
|---|---|---|
| Current year subscription / fee | 18 434 654 | 16 348 142 |
| Amount paid - current year | (18 434 654) | (16 348 142) |
| | - | - |

### Pension and Medical Aid Deductions

| | | |
|---|---|---|
| Current year subscription / fee | 15 629 420 | 14 670 496 |
| Amount paid - current year | (15 629 420) | (14 670 496) |
| | - | - |

### VAT

| | | |
|---|---|---|
| VAT receivable | 10 082 009 | 12 523 910 |

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

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

**Councillors' arrear consumer accounts**

During the year from July 2021 to June 2022 the municipality had one councillor account in arrear as follows:

| 30 June 2022 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---|---|---|---|
| Councillor MJ Kubyana | - | 28 615 | 28 615 |

**Supply chain management regulations**

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

| Incident | 2022 | 2021 |
|---|---|---|
| Sole Provider | 332 777 | 1 406 964 |
| | **332 777** | **1 406 964** |

### 65. Distribution Losses

| **Electricity Distribution Losses (Units)** | 2022 | 2021 |
|---|---|---|
| Units purchased | 6 423 326 | 6 562 884 |
| Units Sold | 4 774 744 | 6 174 031 |
| Units Loss | 1 648 582 | 388 853 |
| Percentage distribution Loss | 26% | 6 % |

| **Electricity Distribution Losses (Rand)** | 2022 | 2021 |
|---|---|---|
| Electricity Purchased | 11 958 005 | 10582165 |
| Electricity Sold | 8 197 532 | 8433035 |
| Elecity Loss | 3 760 473 | 2149130 |
| Percentage distribution loss | 32% | 20% |

## Notes to the Financial Statements

| Figures in Rand | 2022 | 2021 |
|---|---|---|

### 1. Contingent Liability

| Name of the Legal Representative | Litigation | Status | Nature of Dispute | Progress | Projected Estimates June 2022 | Projeted Estimates June 2021 |
|---|---|---|---|---|---|---|
| SC Mdhluli Attorneys Tel : 015 291 5440 | NFM Consulting | Closed | NFM Claiming for an amount of R447 000 for work done and interdicting the Municipality against the appointment of Consultant for Ramokgopa to Eisleben project | A roundtable discussion was held with the legal representatives from both parties. The plaintiff has indicated that he is no longer interested in pursuing the case against the Municipality | - | 447 000 |
| S c Mduhluli Attorneys 015 291 5440 | H. Hlako | Closed | Counter Claim on recovery of performance bonus | Settlement talks held between parties . The matter has been closed because the plaintiff has passed away. | 0 | 300 000 |
| Mohale incorporated Tel 015 291 3645 | Sedima Business enterprise | Closed | Serve the Municipality with simple summons based on failure to pay for work done after the Plaintiff alleged that it entered into SLA with the Municipality in January 2017 | The plaintiff claim was dismissed by the Court | 0 | 305 000 |
| None | Nkotheleni Business Enterprise | Closed | Served Combined Summons based on failure to pay for services rendered by the Plaintiff after she has catered food to the Municipality | The plaintiff has indicated that she has no interest to pursue the matter in a formal meeting held with the municipality | 0 | 21 420 |
| None | D.G Department of Labour | Closed | Mandatory Declaratory order due to failure by the Municipality to compile with the Provision of the Employment Equity Act | The Municipality has complied with the Provision of the Employment Equity Act | 0 | 1 500 000 |

## Supplementary Information

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|---|---|---|---|---|---|---|
| None | Akani Retirement Administration fund | Active | Alleged failureon the part of Municipality to pay an employee pension benefits. | The Municipality filed a notice to oppose the matter in September 2021. Awaiting response from Applicants's representative. | 125 211 | 125 211 |
| Mohale incorporated | Lephalate Investment [ PTY] LTD | Active | Action for Recovery of Land that was sold by the Municipality to the Defendant for the purpose of constructing a Mall | The Municipality is awaiting for the Court to determine a trial date for the sitting of the matter | 2 500 000 | 2 500 000 |
| | | | | | **2 625 211** | **5 198 631** |

**2. Schedule of Contingent Asset**

| Name of the Legal Representatives | Litigant | Status | Status | Progress | Projected estimates 2022 | Projected Estimates 2021 |
|---|---|---|---|---|---|---|
| S C Mdhuki Attorneys 015 291 5440 | H Hlako | Action - Recovery of undue performance bonus | Closed | The Municipality will no longer proceed with the case as the defendant has passed away. | - | 106 021 |
| S C Mdhuki Attorneys 015 291 5440 | H Hlako | Action Recovery of rental and eviction over a house that belongs to the Municipality | Closed | The Municipality will no longer proceed with the case as the defendant has passed away. | 0 | 100 000 |
| Mohale Attorneys | Lephalale | Recovery of land that was sold to the Defendant for his company to construct a Mall at a site that belong to the Municipality | Active | The Municipality is awaiting for the Court to determine a trial date for the sitting of the matter. | 1 044 400 | 500 000 |
| | | | | | **1 044 400** | **706 021** |