

City of Mbombela
Unaudited annual financial statements
for the year ended 30 June 2022

**Audited
By**

2022 -11- 30

**Auditor General South Africa
Mpumalanga Business Unit**

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

General Information

Nature of business and principal activities

The City of Mbombela was established as a Category B municipality determined by the Demarcation Board in terms of Section 4 of the Municipal Demarcation Act and the Provincial Gazette No 2721. The principal activities of the City are to provide services to communities in a sustainable manner, promoting social and economic development and encouraging the involvement of communities and community organizations in the matters of local government in accordance with Section 152 of the Constitution.

Members of Council

Cllr SE Makhushu
Cllr MW Nkhata
Cllr ME Nsimbini

Executive Mayor
Speaker
Chief Whip



Members of the Mayoral Committee (MMC) and their portfolios

Councillor

Cllr MI Maseko
Cllr DB Mkhathswa
Cllr JJ Mhlanga
Cllr PV Mashego
Cllr SR Tshabalala
Cllr IN Lusenga
Cllr NE Gecelo - Mkhabela
Cllr LE Nyalungu
Cllr KA Mhlanga
Cllr PP Mbowane

Portfolio

MMC City Planning and Development and Leader of Governance Business
MMC Corporate Services
MMC Public Safety
MMC Energy
MMC Public Works, Roads and Transport
MMC Strategic Management Services
MMC Financial Management
MMC Regional Centre Co-ordination
MMC Water and Sanitation
MMC Community Services

Councillors and their respective wards

Councillor

Cllr MM Ngomane
Cllr JJ Mhlanga
Cllr DJ Nkosi
Cllr ME Mkhonto
Cllr WD Lubisi
Cllr TB Mogale
Cllr SF Soko
Cllr JA Mkhonto
Cllr TS Mgwenya
Cllr SG Chiloane
Cllr SL Mziyako
Cllr ZA Mdhluli
Cllr E Manyathi
Cllr KM Mkhonto
Cllr DF Rix
Cllr KA Oliver

Ward

Councillor

Ward

1	Cllr SS Makhubela	25
2	Cllr BW Mkhathswa	26
3	Cllr TM Makhubela	27
4	Cllr LF Nkosi	28
5	Cllr DC Masilela	29
6	Cllr R Torr	30
7	Cllr J Shabangu	31
8	Cllr QE Nkosi	32
9	Cllr SE Makhushu	33
10	Cllr SJ Manana	34
11	Cllr MV Mazibuko	35
12	Cllr WD Ndlovu	36
13	Cllr MI Maseko	37
14	Cllr CP Mazibuko	38
15	Cllr RB Mhlaba	39
16	Cllr DE Nkosi	40

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General Information

Cllr S Van Der Merwe	17	Cllr C Sebamba	41
Cllr TE Mahlalela	18	Cllr DH Mogiba	42
Cllr DB Mkhathswa	19	Cllr ZB Zimba	43
Cllr PW Mazibuko	20	Cllr NP Magagula	44
Cllr EN Mnisi	21	Cllr NJ Mkhonto	45
Cllr NW Myeni	22		
Cllr IN Lusenga	23		
Cllr MV Siboza	24		

Proportional Representative Councillors (PR) and their respective wards

Councillor	Ward	Councillor	Ward
Cllr P Siwela, Cllr KP Robertson & Cllr NB Matume	1	Cllr R Sambo	25
Cllr SM Gumede & Cllr CS Mgwenya	2	Cllr KA Mhlanga	26
Cllr P Phoku, Cllr KP Robertson & Cllr MW Nkhata	3	Cllr ME Nsimbini	27
Cllr SR Tshabalala	4	Cllr NE Gecelo-Mkhabela	28
Cllr SC Mouton	5	Cllr SR Tshabalala	29
Cllr HK Malomane & Cllr SS Nkonyane	6	Cllr D Schofield & SC Mouton, Cllr FJ Robertson & Cllr PV Mashego	30
Cllr NB Matume	7	Cllr ME Nsimbini	31
Cllr LE Nyalunga	8	Cllr ST Nobela & Cllr SC Mouton	32
Cllr NB Matume	9	Cllr MW Nkhata	33
Cllr PV Mashego	10	Cllr HX Sifunda	34
Cllr TI Ndlovu	11	Cllr ME Nsimbini	35
Cllr CK Chuene	12	Cllr PV Mashego	36
Cllr GM Nkambule, Cllr BP Mhlanga & Cllr MW Nkhata	13	Cllr PC Danster	37
Cllr NT Mnisi & Cllr GCB Anthony	14	Cllr KP Robertson & Cllr PV Mashego	38
Cllr FJ Robertson	15	Cllr HK Malomane	39
Cllr RK Dlamini & Cllr LR May	16	Cllr SM Banda, Cllr EN Sibambo & Cllr SR Tshabalala	40
Cllr T Marshall & Cllr LR May	17	Cllr SM Silubane & Cllr NE Gecelo-Mkhabela	41
Cllr EF Masuku & Cllr PS Tholo	18	Cllr TE Ngomane	42
Cllr MW Nkhata	19	Cllr VS Gwebu & Cllr PCW Minnaar	43
Cllr HY Lusenga & Cllr KA Mhlanga	20	Cllr LA Mthombeni	44
Cllr PS Tholo	21	Cllr ME Nsimbini	45
Cllr CS Mgwenya	22		
Cllr SR Tshabalala	23		
Cllr KA Mhlanga	24		

Audit and Performance Committee

Mrs TH Mbatha	Chairperson
Ms LWS Ngwenya	Member
Mr SM Ndukuya	Member
Ms SL Lubisi	Member

Municipal Manager
Chief Financial Officer

WJ Khumalo
ZP Malaza

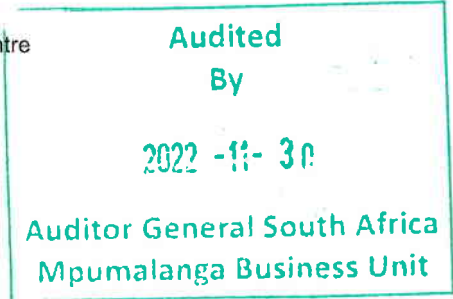
City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

General Information

Registered office	Mbombela Civic Centre
Physical address	Civic Centre 1 Nel Street Mbombela 1200
Postal address	P.O. Box 45 Mbombela 1200
Bankers	ABSA Bank Mbombela 2nd Floor, ABSA Square 20 Paul Kruger Street Mbombela 1201
Auditors	Auditor General South Africa - Mpumalanga 10 Nel Street Mbombela 1200
Telephone number	(013) 759 9111
Fax number	(013) 759 2002
Website address	www.mbombela.gov.za
Enquiries:	
Building plans	(013) 759 2184
Electricity	(013) 759 2231
Water and sewerage	(013) 759 2580
Customer care	(013) 759 2025 / 2064
Pay points:	
White River	(013) 751 1176
KaNyamazane	(013) 794 1254
Matsulu	(013) 778 9061
Kabokweni	(013) 796 0227
Hazyview	(013) 737 7346
Mbombela Civic Centre	(013) 759 2025 / 2064
Mbombela - The Groove	(013) 759 9912 / 9913
Barberton	(013) 712 8800 / 2121
Libraries:	
Kabokweni	(013) 796 1082 / 0590
Matsulu	(013) 778 9864 / 9000
Mbombela	(013) 759 2077
Nelsville	(013) 755 4788



City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

General Information

White River	(013) 750 9125 / 6039
Victory Park	(013) 759 2089
Hazyview	(013) 737 7220 / 7346
Barberton - Town Library	(013) 712 8800 / 2121
Barberton - Emjindini Library	(013) 712 8800 / 2121

Municipal entity

City of Mbombela Development Agency

The City holds 100% shares of the City of Mbombela Development Agency which is a wholly owned municipal entity. The municipal entity was entrusted with the responsibility to lead and drive local economic development initiatives to realise job creation and poverty alleviation as per the National Development Plan. The entity was also responsible for promoting investment appetite as well as Small, Medium and Micro Enterprise (SMME) development. The municipal entity was disestablished by council at its meeting held 29 April 2022 under item E (1)(ff). The function was transferred back to the municipality under the Local Economic Development Department.

The details of the entity are as follows:

Registered Name:

City of Mbombela Development Agency
1 Nel Street
Civic Centre
Mbombela
1200

Telephone number:

013 759 9111



City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

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Acronyms

COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of Southern Africa
DORA	Division of Revenue Act
EEDSM	Energy Efficiency Demand Side Management Grant
EPWP	Expanded Public Works Programme
FIFO	First In - First Out
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
INEP	Integrated National Electrification Programme
MFMA	Municipal Finance Management Act No 56 of 2003
MIG	Municipal Infrastructure Grant
MSIG	Municipal System Improvement Grant
NLG	National Lottery Grant
PAYE	Pay as You Earn
PR Councillor	Proportional Representative Councillor
PPE	Property, Plant and Equipment
PTNG	Public Transport Network Grant
R	Rand
RBIG	Regional Bulk Infrastructure Grant

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RUL	Remaining Useful Life
SARS	South African Revenue Services
SDL	Skills Development Levy
SMME	Small, Medium and Micro Enterprise
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WSIG	Water Services Infrastructure Grant

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Approval and certification of Annual Financial Statements

I am responsible for the preparation of these unaudited annual financial statements, which are set out on pages 8 - 131 in terms of Section 126(1) of the Municipal Finance Management Act No 56 of 2003 and which I have signed on behalf of the Municipality. The unaudited annual financial statements have been prepared in accordance with the approved and effective Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. These unaudited annual financial statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2022.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 39 to these unaudited annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act:

WJ Khumalo
Municipal Manager

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position

Figures in Rand

**Audited
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	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	2	55,210,330	49,741,030
Operating lease asset	3	644,803	72,683
Other receivables from exchange transactions	4	119,132,940	102,067,152
Statutory receivables	5	339,461,777	254,595,796
Trade receivables from exchange transactions	6	225,998,204	193,220,706
Deposits	7	5,903,135	6,608,455
Current portion of receivables from non-exchange transactions	8	1,687,921	1,923,058
Cash and cash equivalents	9	144,510,599	62,333,726
		892,549,709	670,562,606
Non-Current Assets			
Investment property	10	324,072,976	326,515,631
Property, plant and equipment	11	7,275,954,299	7,230,940,816
Intangible assets	12	17,892,217	13,304,714
Heritage assets	13	2,328,920	2,301,970
Investments	14	-	100
Non-current receivables from non-exchange transactions	8	1,787,198	1,741,581
		7,622,035,610	7,574,804,812
Total Assets		8,514,585,319	8,245,367,418
Liabilities			
Current Liabilities			
Current portion of borrowings	15	20,722,925	-
Trade and other payables from exchange transactions	16	2,283,611,010	2,268,672,181
Other payables from non-exchange transactions	17	17,961,655	15,787,405
Consumer deposits	18	49,452,094	44,991,295
Current portion of post employment benefit liability	19	4,742,000	4,258,000
Unspent conditional grants and receipts	20	150,052,221	-
Current portion of provisions	21	10,819,422	14,567,982
Other financial liabilities	22	9,014,800	5,695,283
		2,546,376,127	2,353,972,146
Non-Current Liabilities			
Non-current portion of borrowings	15	254,788,003	283,035,945
Operating lease liability	3	114,290	145,920
Non-current portion of post employment benefit liability	19	192,542,999	178,470,999
Non-current portion of provisions	21	253,693,278	270,704,064
Non-current portion of trade and other payables from exchange transactions	23	501,374,790	-
		1,202,513,360	732,356,928
Total Liabilities		3,748,889,487	3,086,329,074
Net Assets		4,765,695,832	5,159,038,344
Accumulated surplus		4,765,695,832	5,159,038,344
Net Assets		4,765,695,832	5,159,038,344

* See Note 51

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand

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	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods and rendering of services	24	18,662,935	13,137,549
Service charges	25	1,533,446,036	1,424,494,350
Rental of facilities and equipment	26	45,284,217	8,316,056
Agency services	27	-	37,770,715
Licences and permits	28	2,783	46,261
Other income	29	47,076,859	32,816,406
Finance income	30	33,087,795	55,305,712
Fair value adjustments	32	16,445,717	-
Gain on impairment reversal	33	28,229,970	61,788,415
Total revenue from exchange transactions		1,722,236,312	1,633,675,464
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	34	744,046,038	708,139,708
Transfer revenue			
Government grants and subsidies	35	1,349,587,780	1,414,459,353
Public contributions and donations	36	5,662,501	2,416,625
Fines, Penalties and Forfeits	37	5,054,284	5,633,489
Total revenue from non-exchange transactions		2,104,350,603	2,130,649,175
Total revenue		3,826,586,915	3,764,324,639
Expenditure			
Employee related costs	38	(1,190,891,223)	(1,147,640,891)
Remuneration of councillors	39	(59,935,639)	(59,255,918)
Inventory consumed	40	(54,284,579)	(54,678,487)
Depreciation and amortisation	41	(553,635,848)	(540,369,056)
Finance costs	42	(115,406,494)	(67,940,556)
Lease rentals on operating lease	43	(6,453,863)	(6,621,126)
Bad debts written off	44	(187,409,746)	(298,900,044)
Bulk purchases	45	(1,082,860,496)	(960,536,857)
Contracted services	46	(642,528,857)	(717,314,376)
Transfers and subsidies	47	(5,789,670)	(4,849,971)
Loss on disposal of property, plant and equipment		(3,465,066)	(2,347,359)
Inventories losses/write-off		-	(299,659)
Loss from transfer of functions between entities under common control	66&67	(129,447)	-
Operational costs	48	(317,138,509)	(284,889,095)
Total expenditure		(4,219,929,437)	(4,145,643,395)
Deficit for the year		(393,342,522)	(381,318,756)

* See Note 51

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance as at 01 July 2020	5,581,051,096	5,581,051,096
Prior year adjustments	(40,693,996)	(40,693,996)
Balance at 01 July 2020 as restated*	5,540,357,100	5,540,357,100
Deficit for the year	(381,318,756)	(381,318,756)
Total changes	(381,318,756)	(381,318,756)
Opening balance (Restated)	5,159,038,354	5,159,038,354
Balance at 01 July 2021 as restated	5,159,038,354	5,159,038,354
Deficit for the year	(393,342,522)	(393,342,522)
Total changes	(393,342,522)	(393,342,522)
Balance at 30 June 2022	4,765,695,832	4,765,695,832

See Note 51 for accounting error adjustments disclosure.

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* See Note 51

City of Mbombela

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Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Property rates		701,084,379	715,741,568
Sale of goods and services		1,423,066,203	1,347,435,945
Government grants and subsidies		1,499,640,000	1,342,404,836
Finance income		2,583,290	2,053,205
Other income		100,648,878	51,853,677
		<u>3,727,022,750</u>	<u>3,459,489,231</u>
Payments			
Employee costs		(1,263,143,458)	(1,213,331,366)
Bulk purchases		(698,799,130)	(721,726,933)
Finance costs		(111,215,080)	(35,438,024)
Other payments		(954,294,780)	(1,026,942,403)
Transfers and subsidies		(5,789,671)	(4,849,970)
		<u>(3,033,242,119)</u>	<u>(3,002,288,696)</u>
Net cash flows from operating activities	50	693,780,631	457,200,535
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(610,450,200)	(467,297,653)
Proceeds from sale of property, plant and equipment	11	4,274,924	108,471
Purchase of other intangible assets	12	(5,591,154)	(49,323)
Purchase of heritage assets	13	(26,950)	-
Proceeds from sale of financial assets		100	-
Decrease/(increase) in non-current portion of receivables		189,522	(647,968)
Net cash flows utilised in investing activities		(611,603,758)	(467,886,473)
Net increase/(decrease) in cash and cash equivalents		82,176,873	(10,685,938)
Cash and cash equivalents at the beginning of the year		62,333,726	73,019,665
Cash and cash equivalents at the end of the year	9	144,510,599	62,333,727

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* See Note 51

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods and rendering of services	11,926,574	-	11,926,574	18,662,935	6,736,361	64.1
Service charges	1,661,488,941	-	1,661,488,941	1,533,446,036	(128,042,905)	
Rental of facilities and equipment	51,315,106	524,000	51,839,106	45,284,217	(6,554,889)	64.2
Licences and permits	6,962,928	-	6,962,928	2,783	(6,960,145)	64.3
Other income	102,989,023	-	102,989,023	47,076,859	(55,912,164)	64.4
Finance income	43,484,963	(7,056,353)	36,428,610	33,087,795	(3,340,815)	64.5
Total revenue from exchange transactions	1,878,167,535	(6,532,353)	1,871,635,182	1,677,560,625	(194,074,557)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	742,955,695	5,000,000	747,955,695	744,046,038	(3,909,657)	
Transfer revenue						
Government grants & subsidies	1,343,231,000	156,408,668	1,499,639,668	1,349,587,780	(150,051,888)	64.6
Public contributions and donations	-	-	-	5,662,501	5,662,501	64.7
Fines, Penalties and Forfeits	9,014,433	-	9,014,433	5,054,284	(3,960,149)	64.8
Total revenue from non-exchange transactions	2,095,201,128	161,408,668	2,256,609,796	2,104,350,603	(152,259,193)	
Total revenue	3,973,368,663	154,876,315	4,128,244,978	3,781,911,228	(346,333,750)	
Expenditure						
Employee related costs	(1,127,748,191)	(10,503,618)	(1,138,251,809)	(1,190,891,223)	(52,639,414)	
Remuneration of councillors	(63,592,878)	2,500,000	(61,092,878)	(59,935,639)	1,157,239	
Inventory consumed	(95,995,482)	1,878,195	(94,117,287)	(54,284,579)	39,832,708	64.9
Depreciation and amortisation	(474,339,944)	-	(474,339,944)	(553,635,848)	(79,295,904)	64.10
Finance costs	(29,377,272)	(8,564,146)	(37,941,418)	(115,406,494)	(77,465,076)	64.11
Lease rentals on operating lease	(3,500,000)	-	(3,500,000)	(6,453,863)	(2,953,863)	64.12
Bad debts written off	(120,222,241)	-	(120,222,241)	(187,409,746)	(67,187,505)	64.13
Bulk purchases	(870,000,000)	(212,526,091)	(1,082,526,091)	(1,082,860,496)	(334,405)	
Contracted services	(446,403,780)	(160,733,471)	(607,137,251)	(642,528,857)	(35,391,606)	
Transfers and subsidies	(1,034,294)	(718,000)	(1,752,294)	(5,789,670)	(4,037,376)	64.14
Operational costs	(121,664,187)	(37,481,852)	(159,146,039)	(317,138,509)	(157,992,470)	64.15
Total expenditure	(3,353,878,269)	(426,148,983)	(3,780,027,252)	(4,216,334,924)	(436,307,672)	
Operating deficit	619,490,394	(271,272,668)	348,217,726	(434,423,696)	(782,641,422)	
Loss on disposal of assets	-	-	-	(3,465,066)	(3,465,066)	64.16
Fair value adjustments	-	-	-	16,445,717	16,445,717	64.17
Gain on impairment reversal	-	-	-	28,229,970	28,229,970	64.18
Surrender of surpluses	-	-	-	(129,447)	(129,447)	
	-	-	-	41,081,174	41,081,174	
(Deficit) /surplus for the year	619,490,394	(271,272,668)	348,217,726	(393,342,522)	(741,560,248)	

City of Mbombela

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	619,490,394	(271,272,668)	348,217,726	(393,342,522)	(741,560,248)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Auditor General South Africa
Mpumalanga Business Unit

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	20,425,495	-	20,425,495	55,210,330	34,784,835	64.19
Operating lease asset	-	-	-	644,803	644,803	
Other receivables from exchange transactions	116,410,158	-	116,410,158	119,132,940	2,722,782	
Statutory receivables	236,410,158	-	236,410,158	339,461,777	103,051,619	
Trade receivables from exchange transactions	223,648,796	-	223,648,796	225,998,204	2,349,408	
Deposits	-	-	-	5,903,135	5,903,135	
Current portion of long-term receivables from non-exchange transactions	4,839,660	-	4,839,660	1,687,921	(3,151,739)	
Cash and cash equivalents	114,450,794	(24,636,445)	89,814,349	144,510,599	54,696,250	
	716,185,061	(24,636,445)	691,548,616	892,549,709	201,001,093	
Non-Current Assets						
Investment property	337,055,296	-	337,055,296	324,072,976	(12,982,320)	64.20
Property, plant and equipment	8,163,538,548	110,996,503	8,274,535,051	7,275,954,299	(998,580,752)	
Intangible assets	25,947,962	6,746,427	32,694,389	17,892,217	(14,802,172)	
Heritage assets	2,301,970	100,000	2,401,970	2,328,920	(73,050)	
Long-term receivables from non-exchange transactions	-	-	-	1,787,198	1,787,198	
	8,528,843,776	117,842,930	8,646,686,706	7,622,035,610	(1,024,651,096)	
Total Assets	9,245,028,837	93,206,485	9,338,235,322	8,514,585,319	(823,650,003)	
Liabilities						
Current Liabilities						
Current portion of borrowings	19,551,158	-	19,551,158	20,722,925	1,171,767	64.21
Trade and other payables from exchange transactions	650,000,000	-	650,000,000	2,283,611,012	1,633,611,012	
Trade and other payables from non-exchange transactions	-	-	-	17,961,655	17,961,655	
Consumer deposits	39,793,743	-	39,793,743	49,452,094	9,658,351	
Current portion of post employment benefit liability	8,945,548	-	8,945,548	4,742,000	(4,203,548)	
Unspent conditional grants	-	-	-	150,052,221	150,052,221	
Current portion of provisions	20,872,944	8,500,000	29,372,944	10,819,422	(18,553,522)	
Other financial liabilities	-	-	-	9,014,800	9,014,800	
	739,163,393	8,500,000	747,663,393	2,546,376,129	1,798,712,736	
Non-Current Liabilities						
Non - current portion of borrowings	327,374,974	-	327,374,974	254,788,003	(72,586,971)	
Operating lease liability	133,517	-	133,517	114,290	(19,227)	
Non - current portion of post employment benefit liability	76,079,177	-	76,079,177	192,542,999	116,463,822	

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Non - current portion of provisions	231,650,952	-	231,650,952	253,693,278	22,042,326	
Non - current portion of trade and other payables from exchange transactions	-	-	-	501,374,790	501,374,790	
	635,238,620	-	635,238,620	1,202,513,360	567,274,740	
Total Liabilities	1,374,402,013	8,500,000	1,382,902,013	3,748,889,489	2,365,987,476	
Net Assets	7,870,626,824	84,706,485	7,955,333,309	4,765,695,830	(3,189,637,479)	
Accumulated surplus	7,870,626,824	84,706,485	7,955,333,309	4,765,695,830	(3,189,637,479)	

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By**
2022 -11- 30
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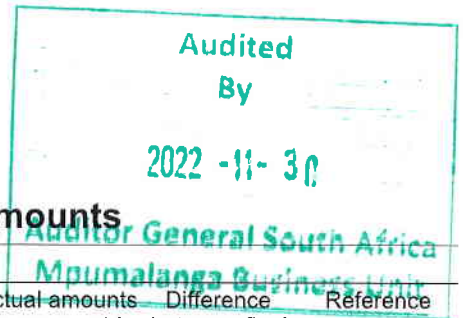
City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis



	Original budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	705,807,910	-	705,807,910	701,084,379	(4,723,531)	64.22
Sale of goods and services	1,630,326,624	-	1,630,326,624	1,423,066,203	(207,260,421)	
Government grants and subsidies	1,343,231,000	(26,847,000)	1,316,384,000	1,499,640,000	183,256,000	
Finance income	-	-	-	2,583,290	2,583,290	
Other income	160,672,100	2,210,555	162,882,655	100,648,878	(62,233,777)	
	3,840,037,634	(24,636,445)	3,815,401,189	3,727,022,750	(88,378,439)	
Payments						
Employee related costs, remuneration of councillors and suppliers	(3,137,510,000)	-	(3,137,510,000)	(2,916,237,368)	221,272,632	
Finance costs	(29,377,272)	-	(29,377,272)	(111,215,080)	(81,837,808)	
Transfers and subsidies paid	-	-	-	(5,789,671)	(5,789,671)	
	(3,166,887,272)	-	(3,166,887,272)	(3,033,242,119)	133,645,153	
Net cash flows from operating activities	673,150,362	(24,636,445)	648,513,917	693,780,631	45,266,714	
Cash flows from investing activities						
Purchase of property, plant and equipment	(615,000,000)	-	(615,000,000)	(610,450,200)	4,549,800	
Proceeds from sale of property, plant and equipment	-	-	-	4,274,924	4,274,924	
Purchase of intangible assets	-	-	-	(5,591,154)	(5,591,154)	
Purchases of heritage assets	-	-	-	(26,950)	(26,950)	
Proceeds from sale of financial assets	-	-	-	100	100	
Decrease or (increase) in non-current receivables	-	-	-	189,522	189,522	
Net cash flows from investing activities	(615,000,000)	-	(615,000,000)	(611,603,758)	3,396,242	
Cash flows from financing activities						
Repayment of borrowings	(17,500,000)	-	(17,500,000)	-	17,500,000	
Increase (decrease) in consumer deposits	780,000	(779,502)	498	-	(498)	
Net cash flows from financing activities	(16,720,000)	(779,502)	(17,499,502)	-	17,499,502	
Net increase/(decrease) in cash and cash equivalents	41,430,362	(25,415,947)	16,014,415	82,176,873	66,162,458	
Cash and cash equivalents at the beginning of the year	73,019,665	-	73,019,665	62,333,726	(10,685,939)	
Cash and cash equivalents at the end of the year	114,450,027	(25,415,947)	89,034,080	144,510,599	55,476,519	

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Appropriation Statement

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
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2022

Financial Performance											
Property rates	742,955,695	5,000,000	747,955,695	-	-	747,955,695	744,046,038		(3,909,657)	99 %	100 %
Service charges	1,661,488,941	-	1,661,488,941	-	-	1,661,488,941	1,533,446,036		(128,042,905)	92 %	92 %
Investment revenue	43,484,963	-	43,484,963	-	-	43,484,963	33,087,795		(10,397,168)	76 %	76 %
Transfers recognised - operational	844,096,000	6,000,000	850,096,000	-	-	850,096,000	850,611,569		515,569	100 %	101 %
Other own revenue	182,208,064	(6,532,353)	175,675,711	-	-	175,675,711	160,756,765		(14,918,946)	92 %	88 %
Total revenue (excluding capital transfers and contributions)	3,474,233,663	4,467,647	3,478,701,310	-	-	3,478,701,310	3,321,948,203		(156,753,107)	95 %	96 %
Employee costs	(1,127,748,191)	(10,503,618)	(1,138,251,809)	-	-	(1,138,251,809)	(1,190,891,223)	(52,639,414)	(52,639,414)	105 %	106 %
Remuneration of councillors	(63,592,878)	2,500,000	(61,092,878)	-	-	(61,092,878)	(59,935,639)	1,157,239	1,157,239	98 %	94 %
Debt impairment	(120,222,241)	-	(120,222,241)	-	-	(120,222,241)	(187,409,746)	(67,187,505)	(67,187,505)	156 %	156 %
Depreciation and asset impairment	(474,339,944)	-	(474,339,944)	-	-	(474,339,944)	(553,635,848)	(79,295,904)	(79,295,904)	117 %	117 %
Finance charges	(29,377,272)	(8,500,000)	(37,877,272)	-	-	(37,877,272)	(115,406,494)	(77,529,222)	(77,529,222)	305 %	393 %
Materials and bulk purchases	(870,000,000)	(175,222,382)	(1,045,222,382)	-	-	(1,045,222,382)	(1,082,860,496)	(37,638,114)	(37,638,114)	104 %	124 %
Transfers and grants	(1,034,294)	(718,000)	(1,752,294)	-	-	(1,752,294)	(5,789,670)	(4,037,376)	(4,037,376)	330 %	560 %
Other expenditure	(667,563,449)	(233,704,983)	(901,268,432)	-	-	(901,268,432)	(1,023,870,874)	(122,602,442)	(122,602,442)	114 %	153 %
Total expenditure	(3,353,878,269)	(426,148,983)	(3,780,027,252)	-	-	(3,780,027,252)	(4,219,799,990)	(439,772,738)	(439,772,738)	112 %	126 %
Surplus/(Deficit)	120,355,394	(421,681,336)	(301,325,942)	-	-	(301,325,942)	(897,851,787)		(596,525,845)	298 %	(746)%

Audited By 2022-11-30
Mpumalanga Business Unit
Auditor General South Africa

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Appropriation Statement

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	499,135,000	(32,847,000)	466,288,000	-	-	466,288,000	498,976,211	-	32,688,211	107 %	100 %
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	5,662,501	-	5,662,501	- %	- %
Surplus (Deficit) after capital transfers and contributions	619,490,394	(454,528,336)	164,962,058	-	-	164,962,058	(393,213,075)	-	(558,175,133)	(238) %	(63) %
Surplus/(Deficit) for the year	619,490,394	(454,528,336)	164,962,058	-	-	164,962,058	(393,213,075)	-	(558,175,133)	(238) %	(63) %
Capital expenditure and funds sources											
Total capital expenditure	617,205,000	57,819,965	675,024,965	-	-	675,024,965	616,068,305	-	(58,956,660)	91 %	100 %
Sources of capital funds											
Transfers recognised - capital	499,135,000	(32,847,000)	466,288,000	-	-	466,288,000	504,638,712	-	38,350,712	108 %	101 %
Internally generated funds	118,070,000	90,666,965	208,736,965	-	-	208,736,965	112,060,776	-	(96,676,189)	54 %	95 %
Total sources of capital funds	617,205,000	57,819,965	675,024,965	-	-	675,024,965	616,699,488	-	(58,325,477)	91 %	100 %

Auditor General South Africa
 Mpumalanga Business Unit
 Audited By
 2022-11-30

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Appropriation Statement

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	
Cash flows												
Net cash from (used) operating	730,875,525	(24,636,445)	706,239,080	-	-	706,239,080	693,780,631	-	(12,458,449)	98 %	95 %	
Net cash from (used) investing	(619,380,099)	-	(619,380,099)	-	-	(619,380,099)	(611,603,758)	-	7,776,341	99 %	99 %	
Net cash from (used) financing	5,197,553	-	5,197,553	-	-	5,197,553	-	-	(5,197,553)	- %	- %	
Net increase/(decrease) in cash and cash equivalents	116,692,979	(24,636,445)	92,056,534	-	-	92,056,534	82,176,873	-	(9,879,661)	89 %	70 %	
Cash and cash equivalents at the beginning of the year	-	215,046,736	215,046,736	-	-	215,046,736	62,333,726	-	(152,713,010)	29 %	- %	
Cash and cash equivalents at year end	116,692,979	190,410,291	307,103,270	-	-	307,103,270	144,510,599	-	162,592,671	47 %	124 %	

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City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Appropriation Statement

Figures in Rand

Reported unauthorised expenditure Expenditure authorised in terms of section 32 of MFMA Balance to be Restated audited outcome

2021

Financial Performance

Property rates		708,139,708
Service charges		1,424,494,350
Investment revenue		55,305,712
Transfers recognised - operational		946,317,711
Other own revenue		159,508,891
Total revenue (excluding capital transfers and contributions)		3,293,766,372
Employee costs	-	(1,147,640,891)
Remuneration of councillors	-	(59,255,918)
Debt impairment	-	(298,900,044)
Depreciation and asset impairment	-	(540,369,056)
Finance charges	-	(67,940,556)
Materials and bulk purchases	-	(960,536,857)
Transfers and grants	-	(4,849,971)
Other expenditure	-	(1,066,150,102)
Total expenditure	-	(4,145,643,395)
Surplus/(Deficit)		(851,877,023)
Transfers recognised - capital		468,141,642
Contributions recognised - capital and contributed assets		2,416,625
Surplus (Deficit) after capital transfers and contributions		(381,318,756)
Surplus/(Deficit) for the year		(381,318,756)

Audited
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Mpumalanga Business Unit

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be Restated recovered	audited outcome
Capital expenditure and funds sources				
Total capital expenditure				545,634,319
Sources of capital funds				
Transfers recognised - capital				470,558,267
Internally generated funds				75,076,052
Total sources of capital funds				545,634,319
Cash flows				
Net cash from (used) operating				457,200,535
Net cash from (used) investing				(467,886,473)
Net increase/(decrease) in cash and cash equivalents				(10,685,938)
Cash and cash equivalents at the beginning of the year				73,019,665
Cash and cash equivalents at year end				62,333,727

Audited
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Auditor General South Africa
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City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand

Note(s)

2022

2021

1. Presentation of Unaudited Annual Financial Statements

Summary of significant accounting policies

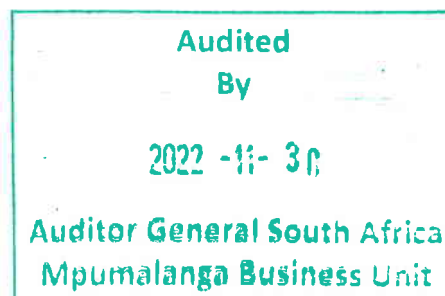
The unaudited annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal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

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

A summary of the significant accounting policies, which have been applied in the preparation of these annual financial statements, are disclosed below. Details of any changes in accounting policies are explained in the relevant policy. Assets, liabilities, revenues and expenses have not been offset, except when offsetting is either required or permitted by a Standard of GRAP.

List of effective Standards of GRAP

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of non-cash generating Assets
GRAP 23	Revenue from non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash generating Assets
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control



City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

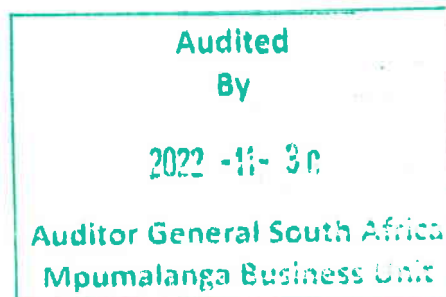
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

List of effective Interpretations of the Standards of GRAP

IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue

List of new, amended standards and guidelines issued but not yet effective:

IGRAP 21	The effect of Past Decision on Materiality
GRAP 1	Presentation of Financial Statements (amended)
GRAP 104	Financial Instruments (as revised)
GRAP 25	Employee Benefits
IGRAP 7	Limit on a Defined Benefit Asset Min Fund Requirement and Interact (as revised)
Guideline	Guideline on Accounting for Landfill Sites
Guideline	Guideline on the Application of Materiality to Financial Statements



1.1 Presentation currency

These unaudited annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The figures are rounded off to the nearest Rand.

1.2 Going concern assumption

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

City of Mbombela

(Registration number MP326)

Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

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. If a change in accounting policy results from initial application of a standard of GRAP that has specific transitional provisions, the municipality account for the change in accordance with the specific transitional provisions of that accounting standard.

Reclassifications of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (mSCOA). The reclassifications have no impact on the net assets value of the municipality.

1.4 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

- (a) they are parts of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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



City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Property, plant and equipment (continued)

Items such as spare parts, standby equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment.

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. Costs incurred in using or redeploying an item are not included in the carrying amount of that item.

The cost of an item of property, plant and equipment is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is recognised in the carrying amount of the item in accordance with the Standard of GRAP on Borrowing Costs.

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 Municipality 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.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses in accordance with the cost model. Land is not depreciated as it is deemed to have an indefinite useful life.

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an item of Property, Plant and Equipment is capitalised when it meets the definition and recognition criteria of an asset.

Where the Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment and the initial estimate was initially included in the cost of an item of property, plant and equipment, any changes in the liability are added to or deducted from, the cost of the related asset in the current period. If there is a decrease in the liability and it exceeds the carrying amount of the asset, the excess is recognised immediately in the statement of financial performance.

If there is a change in a provision for which the asset relates, and the change results in addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is an indication, the related asset is tested for impairment by estimating its recoverable amount or recoverable service amount and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets or non-cash generating assets. If the related asset has reached the end of its useful life, any subsequent changes in the liability will be recognised in the statement of financial performance.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation charge for each period shall be recognised in the statement of financial performance unless it is included in the carrying amount of another asset. The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Land and buildings	
• Land	Indefinite
• Buildings	30-100
• Landfill sites	10-100

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1.4 Property, plant and equipment (continued)

Infrastructure assets

• Roads, pavement, bridges, and storm water	3-100
• Electricity	3-80
• Water	5-100
• Waste water	5-100
• Information and communications	3-20
• Waste management	10-50

Community assets

• Sport and Recreational facilities	10-100
• Parks	Indefinite
• Halls	10-100
• Libraries	10-100

Movable assets

• Specialised vehicles	5-25
• Transport assets	5-25
• Office equipment	5-25
• Furniture and equipment	5-25
• Bins and containers	5-30
• Specialised plant and equipment	5-20
• Other items of plant and equipment	5-25
• Emergency equipment	5-10
• Computer equipment	3-20

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Further details on the useful lives of the categories of assets are outlined in the assets management policy, available for inspection at our offices.

The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption for the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate in accordance with Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revise the expected useful life and/or residual value accordingly.

The change(s) are accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In assessing whether there is any indication that the expected useful life of an asset has changed, the municipality considers the following indications:

- (a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.
- (b) The use of the asset has changed, because of the following:
 - The municipality has changed the manner in which the asset is used.
 - The municipality has changed the utilisation rate of the asset.
 - The municipality has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
 - Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
 - Legal or similar limits placed on the use of the asset have changed.
 - The asset was idle or retired from use during the reporting period.
- (c) The asset is approaching the end of its previously expected useful life.
- (d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.
- (e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.
- (f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period.
- (g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and Impairment of Non-cash-generating Assets.

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1.4 Property, plant and equipment (continued)

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Derecognition

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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.

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

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.

Intangible assets are initially recognised at cost. 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.



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1.5 Intangible assets (continued)

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

Amortisation

The municipality assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for, or provide service potential to the municipality.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the municipality without significant cost.

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

Item

Servitudes
Licenses and franchises
Computer software

Useful life

Not depreciated
1 - 5 years
5 - 20 years

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1.5 Intangible assets (continued)

Further details on the useful lives of the categories of assets can be obtained from the assets management policy, available for inspection at our offices.

Each item of intangible asset is amortised separately. Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation shall cease at the date that the asset is derecognised. The amortisation charge for each period shall be recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless:

- (a) there is a commitment by a third party to acquire the asset at the end of its useful life; or
- (b) there is an active market for the asset and:
 - (i) residual value can be determined by reference to that market; and
 - (ii) it is probable that such a market will exist at the end of the asset's useful life

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

An intangible asset with an indefinite useful life shall not be amortised. The useful life of an intangible asset that is not being amortised shall be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition

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

1.6 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.

Initial recognition and measurement

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.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it 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 the cost at date of completion.

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1.6 Investment property (continued)

Subsequent measurement

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.

Investment property is subsequently measured using the cost model. Under the cost model, investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Transfers to, or from, investment property is made when, and only when, there is a change in use, evidenced by:

- (i) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (ii) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (iii) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (iv) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property

Depreciation

Depreciation is calculated on the depreciable amount, using the straight line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

Item	Useful life
Property - land	indefinite
Property - buildings	15 - 100 years

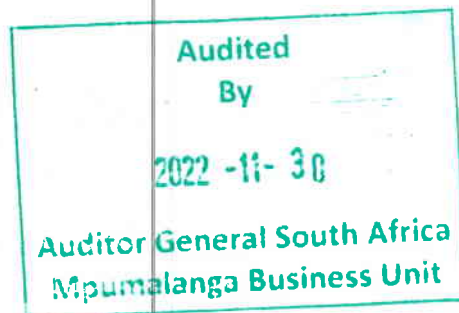
Further details on the useful lives of the categories of assets is detailed on the assets management policy, available for inspection at our offices.

Derecognition

An investment property is derecognised on disposal including disposal through non-exchange transactions or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its 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.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

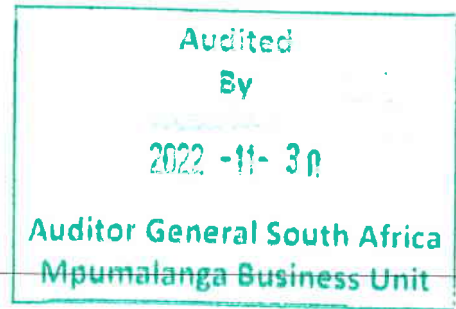


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1.7 Heritage assets

Initial recognition and measurement

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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.

The Municipality holds an asset that might be regarded as a heritage asset but on initial recognition, it does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about the asset should be disclosed in the notes to the financial statements.

The municipality uses judgment to assess the degree of certainty attached to the flow of future economic benefits or service potential that are attributable to the heritage asset on the basis of the evidence available at the time of initial recognition.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The cost of the heritage asset is the cash price equivalent at the recognition date. If the payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit, unless such interest is recognised in the carrying amount of the heritage asset in accordance with the standard of GRAP on borrowing costs.

Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life is capitalised as part of its cost. Such costs is recognised in the carrying amount of the heritage asset as incurred, when the recognition criteria is met.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. Heritage assets are not depreciated due to its nature however the municipality assess at each reporting date whether there are indications of impairment and, if any, impairment exists, the municipality estimates the recoverable amount or recoverable service amount of the heritage asset.

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a 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).

Compensation from third parties for heritage assets that have been impaired, lost or given up, shall be included in surplus or deficit when the compensation becomes receivable.

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1.8 Inventories

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process.
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services.
- (c) held for sale or distribution in the ordinary course of operations.
- (d) in the process of production for sale or distribution

Initial recognition and measurement

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality and the cost of the inventories can be measured reliably.

Inventories that qualify for recognition as assets are initially recognised at cost. The cost of inventories comprises of all costs purchase cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

When inventories are acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge or to be consumed in the production process of goods to be distributed at no charge or for a nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

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

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

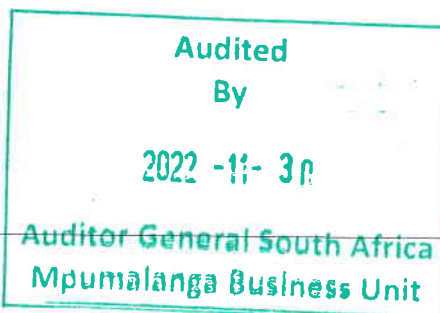
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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1.9 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A residual interest is any contract that manifests an interest in the assets of the municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

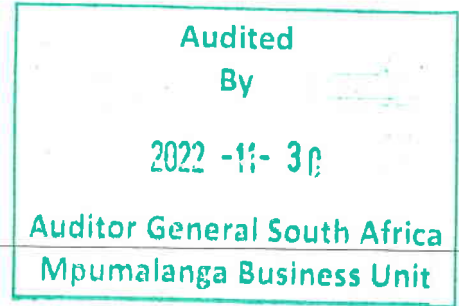
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of the municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of the municipality.

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1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument. Financial assets are recognised through the application of trade date accounting.

Upon initial recognition the municipality classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

The municipality measures financial instruments that are designated at fair value on recognition at its fair value at the date of recognition. Financial Instruments designated at amortised cost and those designated at cost are initially measured, at the date of recognition, at its fair value plus transaction costs directly attributable to the acquisition or issue of the instrument.

The classification of financial assets depends on their nature and purpose, and is determined at the date of initial recognition.

Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

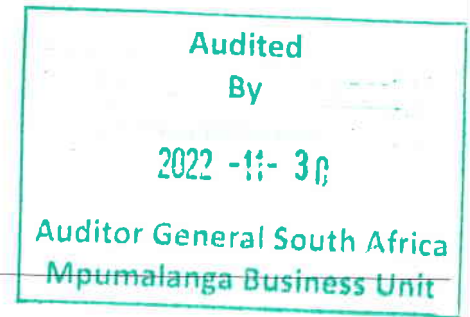
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Financial assets

Financial assets at fair value

These comprise of non-derivative financial assets with fixed or determinable payments. Subsequent to initial recognition such assets are measured at amortised cost using the effective interest method less any impairment and/or plus reversal of impairment.

Financial assets at amortised cost

These comprise of financial assets held for trading, derivative financial assets, non-derivative financial assets designated at fair value and investments in residual interest for which fair value can be measured reliably. Subsequent to initial recognition all changes to fair value are recognised through the statement of financial performance.

Financial assets at cost

These comprise of investments in residual interest that does not have a quoted market price in an active market and the fair value cannot be measured reliably. Subsequent to initial recognition such investments are measured at its carrying amount less any impairment.

Impairment of financial assets

Financial assets other than those held at fair value are assessed for impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of events occurred after initial recognition of the asset, the expected value to be derived from the asset have been materially reduced. The Municipality recognise impairment losses or impairment reversals in the statement of financial performance during the financial year in which the loss or reversal occurred.

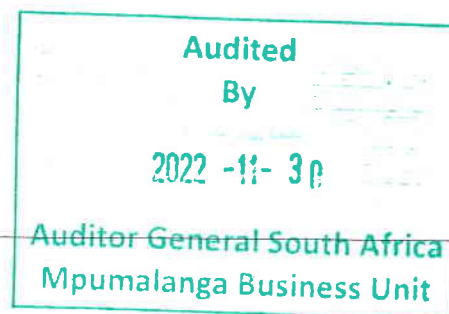
Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

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1.9 Financial instruments (continued)

Accounts receivables

Receivables are initially recognised at its fair value. Bad debts are written off in the year in which they are identified as irrecoverable, subject to approval by appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current. A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the initial terms receivables. The amount of the provision is that difference between the asset's carrying amount and its present value of estimated future cash flows, discounted at the initial effective interest rate. An estimate of doubtful debts is made at the end of each reporting period taking into consideration past default experiences. Interest is charged on overdue amounts.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Financial liabilities

After initial recognition, the Municipality measures all financial liabilities, including payables at amortised cost using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities and payables and exclude provisions. Finance charges, including premiums payable, are accounted for on an accrual basis.

Gains and losses

The municipality recognise gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

Financial assets are derecognised when rights to receive cash flows from an asset have expired or have been transferred to another party or the Municipality loses control of contractual rights such that the Municipality no longer retain significant risks and rewards associated with ownership.

Financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Offsetting

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.10 Provisions and contingencies

Provisions are recognised when:

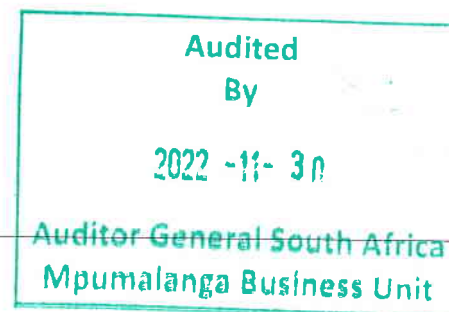
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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1.10 Provisions and contingencies (continued)

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.

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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

Since the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.22 and 1.23.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

A contingent liability is a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality

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.

Lease classification is made at the inception of the lease.

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1.11 Leases (continued)

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

The Municipality recognise assets acquired under finance leases as assets and the associated lease obligations as liabilities in the statement of financial position. The assets and liabilities are recognised at amounts equal to the fair value of the leased property or if lower the present value of the minimum lease payments as determined at inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if it is practicable to determine however if not, the incremental borrowing rate shall be used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

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

Operating leases - lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term.

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

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 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.

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Measurement

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

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1.12 Revenue from exchange transactions (continued)

Sale of goods

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

- (i) the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- (ii) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably

Revenue from the sale of even is recognised when all conditions associated with the deed of sale have been met.

Service charges

Service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- 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.

Meters are read on a monthly basis and the revenue is recognised when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on average consumption history.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwellings on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Interest

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 the statement of financial performance using the effective interest rate method.

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised by the Municipality is in terms of the agency agreement and is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

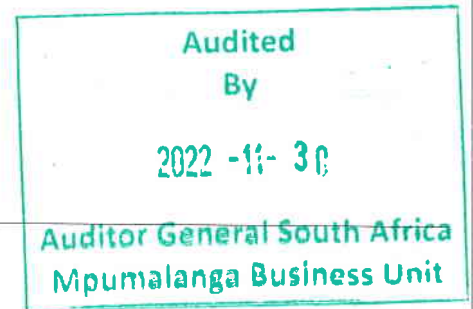
Collection charges are recognised when such amounts are incurred.

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1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions between one or more parties where the Municipality received revenue from another Municipality without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and satisfy the recognition criteria..

An inflow of resources from non-exchange transaction that meets the definition of an asset is recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality and the fair value of the asset can be measured reliably.

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised.

An asset acquired through a non-exchange transaction is initially measured at fair value as at the date of acquisition.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

Taxes

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

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income. The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties..

Transfers

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

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.

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1.13 Revenue from non-exchange transactions (continued)

Fines

Fines are economic benefits or service potential received or receivable to the Municipality from an individual or another Municipality, as determined by a court or other law enforcement body, as a consequence of the individual or another Municipality breaching the requirements of laws and regulations. Control of the traffic fine is demonstrated through the existence of an enforceable claim.

Fines constitute notices of intended prosecution- section 341 spot fines and written notices (summonses- section 56 of the Criminal Procedures Act, 51 of 1977).

Initial recognition and measurement

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition of an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Municipality.

Subsequent measurement

Subsequently assets arising from the receivables from traffic fines are impaired based on the collection trends of the previous financial years.

Government grants and donations

Government Grants can be in the form of subsidy to acquire or construct fixed assets (capital), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

The municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.15 Employee benefits

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

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1.15 Employee benefits (continued)

Termination benefits are employee benefits payable as a result of either:

- the Municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Short-term employee benefits

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

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality is expected to pay in exchange for that service that had accumulated at the reporting date.

Post-employment benefits

The Municipality provides post employment benefits for its employees. These benefits are provided as defined benefit plans.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a Municipality provides post-employment benefits for one or more employees.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Municipality provide post employment medical care benefits to retired employees and their legitimate spouses. The entitlement to post employment medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Pursuant to the Municipality's obligation to fund the post-employment benefits provided through a defined benefit plan, the Municipality recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the Municipality recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the Municipality recognises as defined benefit asset.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration.

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

Actuarial gains and losses comprise experience adjustments (the effect of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in the actuarial assumptions. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability, the Municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Where the Municipality reduces benefits payable under an existing defined benefit plan, the resulting reduction in the defined benefit liability is recognised as (negative) past service cost in the reporting period in which the plan is amended.

Where the Municipality reduces certain benefits payable under an existing defined benefit plan and, at the same time, increases other benefits payable under the plan for the same employees, the Municipality treats the change as a single net change.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The Municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

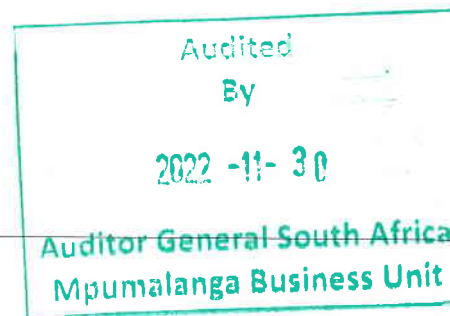
The Municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

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1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

1.16 Construction contracts and receivables

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

Contractor is a Municipality that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any. Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

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

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

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

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

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

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

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:

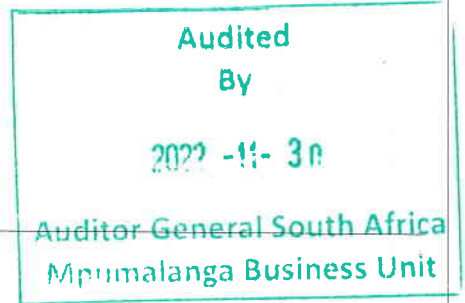
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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1.17 Unauthorised expenditure (continued)

Unauthorised expenditure means overspending of a vote, expenditure that has not been budgeted for and expenditure not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Unauthorised expenditure has been incurred during the reporting period

1.18 Irregular expenditure

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

Irregular expenditure has been incurred during the reporting period.

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure has been incurred during the period.

1.20 Value Added Tax (VAT)

The municipality accounts for value added tax on the payment basis.

1.21 Budget information

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

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same Municipality and period as for the approved budget. The budget of the Municipality is taken for a stakeholder consultative process and upon approval, the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

The approved budget relates to the fiscal period of 01 July 2021 to 30 June 2022.

1.22 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

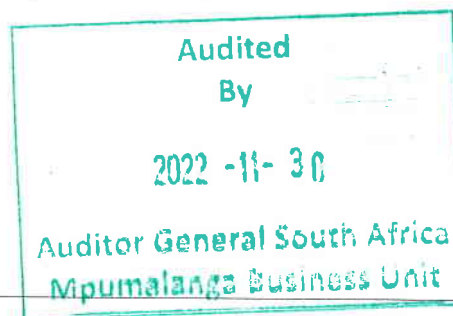
A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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1.22 Impairment of cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

- The current profitability of the asset, as well as management's assessment of the profitability of the asset becoming profitable.

Reversal of impairment loss

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.23 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation and 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.

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

- The current profitability of the asset, as well as management's assessment of the profitability of the asset becoming profitable.

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

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 current 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 oversized or overcapacity asset. Oversized 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

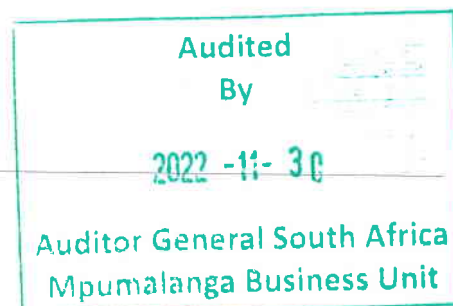
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1.23 Impairment of non-cash-generating assets (continued)

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 to the statement of financial performance.

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

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

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.

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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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.

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1.24 Related parties (continued)

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

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

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

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

1.25 Grant in aid

The Municipality transfers funds to individuals, organisations, societies and other sectors of government from time to time in accordance with the local government prescripts.

When the transfers are made, the Municipality does not:

- receive any goods or services directly in return, as would be expected in an acquisition or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

The transfers are recognised in the Statement of Financial Performance as expenses in the period that the event giving rise to the transfer occurred.

1.26 Changes in accounting policy, accounting estimates and correction of error

Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the change in accounting policy. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3). The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements

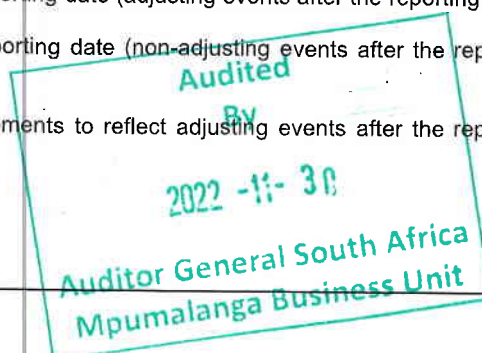
Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practice (GRAP 3), except to the extent that it is impractical to determine the period specific effects or the cumulative effect of the error. In such instances the Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

1.27 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date.



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The Municipality does not adjust the amounts recognised in the unaudited annual financial statements to reflect non-adjusting events after the reporting date. If the Municipality receives information after the reporting date but before the financial statements are authorised for issue, about conditions that existed at the reporting date, the disclosure that relate to those conditions shall be updated in light of the new information.

1.28 Capital commitments

Capital commitments disclosed in the notes to the unaudited annual financial statements represents the balance committed to capital projects as at the reporting date which will be incurred in the period subsequent to the reporting period.

The municipality discloses commitments inclusive of VAT per the commitments register.

1.29 Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts and/ recoverable service amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used)
- Present value of defined benefit obligation
- Impairment allowance/ Debt impairment
- Impairment of cash-generating and non cash-generating assets
- Provision for long service awards

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of cash-generating and non cash-generating assets
- Provisions

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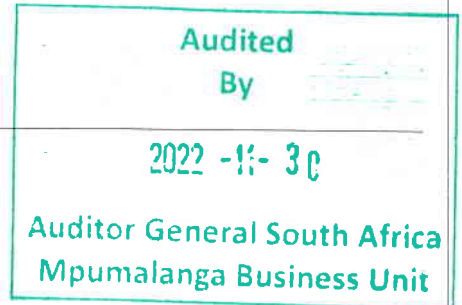
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1.30 Transfer of functions between entities under common control

Definitions

An acquirer is the municipality that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Control is the power to govern the financial and operating policies of another municipality so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another municipality.

A transferor is the municipality that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole municipality. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor. The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which municipality to the transaction or event is the transferor(s) and which municipality is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which municipality is the acquirer and which municipality is the transferor. Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function. All relevant facts and circumstances are considered in identifying the transfer date.

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1.30 Transfer of functions between entities under common control (continued)

Assets acquired and liabilities assumed

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Determining what is part of the transfer of functions transaction

Where the municipality and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the municipality (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
 - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality (as acquirer) when compared with terms for current market transactions for the same or similar items.
 - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the municipality expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, is not accounted for as part of the liabilities at the transfer date. The municipality does not recognise those costs as part of a transfer of functions. Instead, the municipality recognises these costs in its unaudited annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

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1.30 Transfer of functions between entities under common control (continued)

Accounting by the Municipality as acquirer

Initial recognition and measurement

As of the transfer date, the municipality recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts. If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer. The consideration paid by the municipality can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the municipality de-recognises such assets on the transfer date at their carrying amounts. The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality reports in its unaudited annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The municipality considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the municipality revises comparative information for prior periods presented in unaudited annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

Acquisition-related costs are costs that the municipality incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The municipality subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.

At the transfer date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

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1.30 Transfer of functions between entities under common control (continued)

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

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1.31 Statutory receivables

Statutory receivables are receivables that:

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

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
- if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
- the definition of an asset is met; and
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.

The municipality measures all statutory receivables after initial recognition using the cost method.

Under the cost method the amount recognised initially is only changed subsequently to reflect any:

- interest or other charges that may have accrued on the receivable;
- impairment loss; and
- amounts derecognised.

The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

The municipality derecognises a statutory receivable when:

- the rights to the cash flows from the statutory receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
- derecognises the receivable;
- recognises separately any rights and obligations created or retained in the transfer.

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1.31 Statutory receivables (continued)

The carrying amount of the transferred asset is 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 considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

1.32 Service concession arrangements: Grantor

A service concession arrangement is a contractual arrangement between a grantor (the municipality) and an operator in which:

- the operator uses the service concession asset to provide a mandated function on behalf of the municipality for a specified period of time; and
- the operator is compensated for its services over the period of the service concession arrangement.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
- the operator constructs, develops, or acquires from a third party; or
- is an existing asset of the operator.
- is provided by the grantor (municipality) which:
- is an existing asset of the municipality; or
- is an upgrade to an existing asset of the municipality.

An asset is provided by the operator, or an upgrade to an existing asset of the municipality is recognised as a service concession asset if:

- the municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price;
- the municipality controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement.

The municipality measures initially a service concession asset at its fair value.

The municipality recognises a liability where a service concession asset is recognised.

The liability is initially recognised at the same amount as the service concession asset, adjusted by the amount for any consideration from the municipality to the operator, or from the operator to the municipality.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the liability is accounted for as a financial liability in accordance with GRAP 104.

The payments made to the operator are accounted for according to their substance as:

- a reduction in the liability recognised;
- a finance charge; and
- charges for services provided by the operator.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments are allocated by reference to the relative fair values of the service concession asset and the services. If not, the service component of payments is determined using valuation techniques.

Where the municipality does not have an unconditional obligation to pay cash or another financial asset to the operator, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the liability is accounted for as the unearned portion of revenue arising from the exchange of assets between the municipality and the grantor.

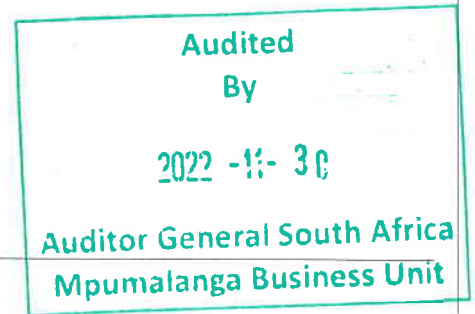
The liability is reduced and revenue recognised according to the substance of the service concession arrangement.

City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies



1.33 Investments in Associates and Joint ventures

An interest in a joint venture is carried at cost less any accumulated impairment.

Surpluses and surplus (deficit) resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The municipality's share of surpluses or surplus (deficit), resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interests in jointly controlled operations, the municipality recognises in its unaudited annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the revenue that it earns from the sale or provision of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the municipality recognises in its unaudited annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

An investment in an associate is carried at cost less any accumulated impairment.

1.34 Accumulated surplus

The municipality's surplus or deficit for the year is accounted in the accumulated surplus in the statement of changes in net assets.

1.35 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.35 Segment information (continued)

Measurement

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

Identification of segments

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

The three key business units comprise of:

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

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

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



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Notes to the Unaudited Annual Financial Statements

Figures in Rand	2022	2021
2. Inventories		
Consumable stores	46,874,874	41,603,163
Water in the reservoirs and reticulation system	186,216	252,730
Land held for sale	8,149,240	8,149,240
	55,210,330	50,005,133
Inventories (write-downs)	-	(264,103)
	55,210,330	49,741,030
Inventories recognised as an expense		
The amount of inventory recognised as an expense during the period is disclosed in Note 40 and There were no inventories write down during the reporting period.		
Inventory pledged as security		
There were no inventories pledged as security during the reporting period.		
3. Operating lease asset/(liability)		
Current assets	644,803	72,683
Non-current liabilities	(114,290)	(145,920)
	530,513	(73,237)
The operating lease expenses are smoothed on a straight- line basis over the lease term. Any over or under payment, as a result of the smoothing is recognised in the statement of financial position as an asset/(liability), until the time that payments in the future reverses the smoothing to zero by the end of the lease period.		
Future lease payments of the operating lease are disclosed in note 54		
4. Other receivables from exchange transactions		
Debtors abeyance	1,577,440	-
Recoveries	354,710	375,580
Service concession	-	23,722,009
Rental of facilities	87,311,863	47,371,977
Job costing	29,888,927	30,597,586
	119,132,940	102,067,152
5. Statutory receivables		
Traffic fines	3,717,250	4,645,523
Property rates	144,930,803	101,969,144
Value Added Tax (VAT)	190,813,724	147,981,129
	339,461,777	254,595,796
Gross balances		
Property rates	228,302,296	213,596,318
Traffic fines	57,188,469	66,364,615
Value Added Tax (VAT)	190,813,724	147,981,129
	476,304,489	427,942,062

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Notes to the Unaudited Annual Financial Statements

Figures in Rand	2022	2021
Less: Allowance for impairment		
Property rates	(83,371,493)	(111,627,174)
Traffic fines	(53,471,219)	(61,719,092)
	(136,842,712)	(173,346,266)
Net balance		
Property rates	144,930,803	101,969,144
Traffic fines	3,717,250	4,645,523
Value Added Tax (VAT)	190,813,724	147,981,129
	339,461,777	254,595,796
Property rates		
Current (0 -30 days)	42,831,097	34,011,698
31 - 60 days	20,474,198	16,464,631
61 - 90 days	17,981,922	14,439,152
91 - 120 days	12,983,199	13,617,699
121 - 365 days	40,820,642	42,125,647
> 365 days	93,211,238	89,739,115
	228,302,296	210,397,942
Reconciliation of allowance for impairment		
Balance at beginning of the year	173,346,265	176,910,878
Reversal of allowance	(36,503,553)	(3,564,613)
	136,842,712	173,346,265
6. Trade receivables from exchange transactions		
Gross balances		
Electricity	178,369,027	168,027,740
Water	63,060,713	53,651,998
Waste water	11,876,179	8,800,832
Refuse	44,334,291	40,801,037
Service charges	20,199,102	5,073,002
	317,839,312	276,354,609
Less: Allowance for impairment		
Electricity	(25,341,397)	(21,161,472)
Water	(29,539,466)	(27,241,680)
Waste water	(5,039,355)	(4,728,651)
Refuse	(26,973,690)	(28,301,008)
Service charges	(4,947,200)	(1,701,092)
	(91,841,108)	(83,133,903)
Net balance		
Electricity	153,027,630	146,866,268
Water	33,521,247	26,410,318
Waste water	6,836,824	4,072,181
Refuse	17,360,601	12,500,029
Service charges	15,251,902	3,371,910
	225,998,204	193,220,706

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	2022	2021
Electricity		
Current (0 -30 days)	128,369,818	111,515,102
31 - 60 days	16,554,538	19,037,005
61 - 90 days	6,357,560	10,239,803
91 - 120 days	5,421,038	6,300,124
121 - 365 days	12,576,188	14,012,043
> 365 days	9,089,885	6,923,663
	178,369,027	168,027,740
Water		
Current (0 -30 days)	17,643,300	18,378,311
31 - 60 days	8,038,934	7,796,413
61 - 90 days	6,970,035	5,776,934
91 - 120 days	6,990,045	5,401,689
121 - 365 days	12,097,596	10,274,862
> 365 days	11,320,803	6,023,789
	63,060,713	53,651,998
Waste water		
Current (0 -30 days)	2,004,736	1,905,543
31 - 60 days	1,209,545	1,224,806
61 - 90 days	1,301,290	1,095,905
91 - 120 days	1,232,298	980,918
121 - 365 days	2,270,865	2,112,232
> 365 days	3,857,445	1,481,428
	11,876,179	8,800,832
Refuse		
Current (0 -30 days)	10,138,476	9,706,066
31 - 60 days	6,242,302	6,061,828
61 - 90 days	5,691,686	5,584,941
91 - 120 days	5,509,140	5,093,079
121 - 365 days	12,194,680	10,257,153
> 365 days	4,558,007	4,097,970
	44,334,291	40,801,037
Service charges		
Current (0 -30 days)	14,598,550	310,868
31 - 60 days	820,891	601,488
61 - 90 days	844,914	209,740
91 - 120 days	195,965	314,855
121 - 365 days	485,589	727,246
> 365 days	3,253,193	2,908,804
	20,199,102	5,073,001

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Unaudited Annual Financial Statements

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Summary of debtors by customer classification

Consumers

Current (0 -30 days)	90,224,584	70,143,463
31 - 60 days	31,001,322	31,273,890
61 - 90 days	19,473,082	20,276,903
91 - 120 days	17,057,672	17,252,399
121 - 365 days	34,670,690	35,242,610
> 365 days	16,353,730	27,602,624
	208,781,080	201,791,889

Industrial/ commercial

Current (0 -30 days)	100,333,745	90,997,610
31 - 60 days	11,359,528	12,646,394
61 - 90 days	9,606,423	10,212,362
91 - 120 days	8,854,888	9,038,101
121 - 365 days	17,033,299	18,949,764
> 365 days	19,136,108	16,288,880
	166,323,991	158,133,111

National and provincial government

Current (0 -30 days)	25,027,648	14,686,626
31 - 60 days	10,979,558	7,265,888
61 - 90 days	10,067,902	6,857,211
91 - 120 days	6,419,124	5,417,862
121 - 365 days	28,741,570	25,316,809
> 365 days	89,799,470	67,283,157
	171,035,272	126,827,553

Total

Current (0 -30 days)	215,585,978	175,827,699
31 - 60 days	53,340,407	51,186,172
61 - 90 days	39,147,407	37,346,476
91 - 120 days	32,331,684	31,708,362
121 - 365 days	80,445,559	79,509,183
> 365 days	125,290,573	111,174,661
	546,141,608	486,752,553

Reconciliation of allowance for impairment

Balance at beginning of the year	83,133,903	97,592,850
Contributions to allowance	8,707,205	-
Reversal of allowance	-	(14,458,947)
	91,841,108	83,133,903

Trade receivables from exchange transactions pledged as security

There were no trade receivables from exchange transactions pledged as security during the reporting period.

7. Deposits made

Other deposits	582,477	582,477
Deposits - Eskom	5,320,658	6,025,978
	5,903,135	6,608,455

Other deposits include post box and lessee rental deposit.



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Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Unaudited Annual Financial Statements

Figures in Rand	2022	2021
8. Receivables from non-exchange transactions		
Current portion of receivables	1,687,921	1,923,058
Non-current receivables	1,787,198	1,741,581
	3,475,119	3,664,639

The above receivables relates to employees bursary recoveries and housing stand loans.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	94,180	88,085
Bank balances	144,416,419	62,245,641
Total cash	144,510,599	62,333,726

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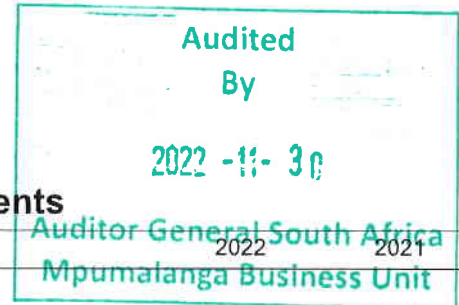
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Notes to the Unaudited Annual Financial Statements

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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
Primary Bank Acc - ABSA Mbombela: Account Number: 40-90003-9447	108,728,593	56,319,597	78,006,875	93,582,046	55,600,525	48,104,389
Call Account (Water Deposits) - Bank: ABSA Mbombela: Account Number: 90-6983-8617	4,760	4,718	4,702	4,760	4,718	4,702
Call Account (Service Contribution) - Bank: ABSA Mbombela: Account Number: 90- 7568-1173	320,120	311,866	306,151	654,010	645,133	639,418
Call Account (Grants) - Bank: ABSA Mbombela - Account Number: 40-8341-7222	7,706	7,447	7,214	7,717	7,429	7,213
Primary Bank Acc - ABSA Mbombela: Account Number: 40- 5321-5785	200,000	200,000	200,000	646,487	901,185	(2,915,233)
Call Account (Lottery Distribution Trust Fund Mbombela) - 40-6856-1426	10,565	10,394	10,240	10,466	10,276	10,121
Cheque Account - Bank: ABSA, Prime Link Account: Account Number: 40-6653-7243	49,161,098	5,125,733	26,706,909	49,167,361	5,125,733	26,706,909
Bank: ABSA Mbombela - Account Number: 20-7400-3363	-	-	-	-	(5,560)	(5,560)
First National Bank - Barberton - Account number: 5160026441	391,601	9,749	370,530	327,505	(49,793)	370,530
ABSA Bank - Mbombela Traffic Account - 10-7000-0209	20,000	-	-	12,496	(4,400)	-
First National Bank - Barberton - Account number: 62305845995	-	-	-	-	41	41
First National Bank - Barberton - Account number: 62305846612	-	-	-	-	114	114
First National Bank - Barberton - Account number: 62305846935	-	-	-	-	728	728
First National Bank - Barberton - Account number: 62305847222	-	-	-	-	24	24
First National Bank - Barberton - Account number: 62000772229	-	-	-	-	44	44
First National Bank - Barberton - Account number: 62000774704	-	-	-	-	(1,407)	(1,407)
ABSA Bank - Barberton - 40-7085-2360	-	-	9,320	-	10,400	10,400
ABSA Bank - Barberton - 40-406-1187	3,316	5,096	13,624	3,316	5,096	13,624
ABSA Bank - Barberton - 923-146-4852	255	255	255	255	255	255
Petty Cash	-	-	-	94,180	88,085	87,085
Total	158,848,014	61,994,855	105,635,820	144,510,599	62,338,626	73,033,397

City of Mbombela

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Unaudited Annual Financial Statements

Figures in Rand

10. Investment property

	2022		2021			
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Investment property	358,827,926	(34,754,950)	324,072,976	358,827,926	(32,312,295)	326,515,631

Reconciliation of investment property - 2022

Investment property	Opening balance	Depreciation	Total
	326,515,631	(2,442,656)	324,072,976

Reconciliation of investment property - 2021

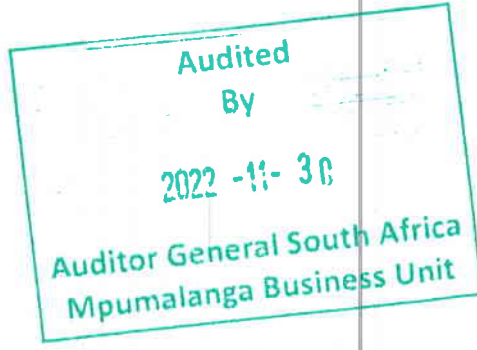
Investment property	Opening balance	Transfers In	Depreciation	Total
	328,136,959	633,320	(2,254,648)	326,515,631

The amount under transfers received were transfers out from property, plant and equipment.

Pledged as security

There were no investment properties pledged as security during the reporting period.

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.



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Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Unaudited Annual Financial Statements

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Amounts recognised in surplus or deficit

Rental revenue from Investment property

37,120,513

3,429,330

There were no repairs and maintenance expenses incurred for investment property during the reporting period.

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Unaudited Annual Financial Statements for the year ended 30 June 2022

Notes to the Unaudited Annual Financial Statements

Figures in Rand

11. Property, plant and equipment

	2022		2021			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	664,978,085	-	664,978,085	664,978,085	-	664,978,085
Buildings	1,619,753,195	(874,217,893)	745,535,302	1,585,073,202	(810,318,015)	774,755,187
Equipment and machinery	51,147,971	(23,199,765)	27,948,206	49,885,958	(20,503,785)	29,382,173
Furniture and equipment	76,178,284	(46,945,364)	29,232,920	77,139,562	(44,025,308)	33,114,254
Transport assets	212,252,797	(114,218,551)	98,034,246	219,812,068	(112,865,329)	106,946,739
Computer equipment	62,818,160	(27,846,501)	34,971,659	65,050,104	(30,324,526)	34,725,578
Roads, pavements and stormwater	4,084,460,057	(2,465,503,447)	1,618,956,610	3,789,783,931	(2,229,739,893)	1,560,044,038
Construction Work-in-progress	1,184,526,060	-	1,184,526,060	1,042,417,842	-	1,042,417,842
Waste management	42,238,127	(14,407,280)	27,830,847	55,438,170	(13,386,946)	42,051,224
Electricity	1,379,802,499	(875,025,776)	504,776,723	1,341,801,933	(823,415,564)	518,386,369
Waste water	789,420,087	(390,997,741)	398,422,346	769,157,884	(351,183,562)	417,974,322
Water	1,503,568,267	(592,442,558)	911,125,709	1,457,395,844	(543,565,463)	913,830,381
Service concession assets - Grantor	1,883,612,808	(907,046,542)	976,566,266	1,884,230,360	(855,585,791)	1,028,644,569
Library	98,791,110	(45,741,790)	53,049,320	98,791,110	(35,101,055)	63,690,055
Total	13,653,547,507	(6,377,593,208)	7,275,954,299	13,100,956,053	(5,870,015,237)	7,230,940,816

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Notes to the Unaudited Annual Financial Statements

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Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Donations	Additions through transfer of functions	Change in accounting estimates	Depreciation	Total
Land	664,978,085	-	-	-	-	-	-	-	-	664,978,085
Buildings	774,755,187	11,979,114	(436,051)	32,537,905	-	-	-	-	(73,300,853)	745,535,302
Equipment and machinery	29,382,173	2,162,090	(432,100)	-	-	-	-	-	(3,163,957)	27,948,206
Furniture and equipment	33,114,254	696,728	(592,938)	-	-	261,570	-	-	(4,246,694)	29,232,920
Transport assets	106,946,739	700,000	(3,637,193)	-	-	5,400,931	-	-	(11,376,231)	98,034,246
Computer equipment	34,725,578	5,274,282	(917,556)	-	-	-	21,814	-	(4,132,459)	34,971,659
Roads, pavements and stormwater	1,560,044,038	144,482,055	(1,338,333)	164,422,363	-	-	-	-	(248,653,513)	1,618,956,610
Construction Work-in-progress	1,042,417,842	389,740,793	-	-	(247,632,575)	-	-	-	-	1,184,526,060
Waste Management	42,051,224	-	-	-	-	-	-	(13,200,043)	(1,020,334)	27,830,847
Electricity	518,386,369	38,845,544	(142,613)	-	-	-	-	-	(52,312,577)	504,776,723
Waste water	417,974,322	4,119,547	(162,512)	16,949,932	-	-	-	-	(40,458,943)	398,422,346
Water	913,830,381	12,450,047	-	33,722,376	-	-	-	-	(48,877,095)	911,125,709
Service concession assets - Grantor	1,028,644,569	-	(80,694)	-	-	-	-	-	(51,997,609)	976,566,266
Library	63,690,055	-	-	-	-	-	-	-	(10,640,735)	53,049,320
	7,230,940,816	610,450,200	(7,739,990)	247,632,576	(247,632,575)	5,662,501	21,814	(13,200,043)	(550,181,000)	7,275,954,299

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Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers In	Transfers Out	Donations	Change in accounting estimates	Depreciation	Total
Land	664,978,085	-	-	-	-	-	-	-	664,978,085
Buildings	820,459,085	16,828,308	(27,639)	7,863,357	(633,320)	2,416,625	-	(72,151,229)	774,755,187
Equipment and machinery	30,231,865	2,213,750	-	-	-	-	-	(3,063,442)	29,382,173
Furniture and equipment	35,619,536	1,675,801	-	-	-	-	-	(4,181,083)	33,114,254
Transport assets	111,576,564	7,461,929	(430,301)	-	-	-	-	(11,661,453)	106,946,739
Computer equipment	33,137,201	5,627,501	(265,821)	-	-	-	-	(3,773,303)	34,725,578
Roads, pavements and stormwater	1,663,519,753	25,814,723	(1,723,432)	114,145,341	-	-	-	(241,712,347)	1,560,044,038
Construction Work-in-progress	963,664,996	322,649,358	-	-	(243,896,512)	-	-	-	1,042,417,842
Waste Management	34,032,314	-	-	-	-	-	8,842,772	(823,862)	42,051,224
Electricity	520,165,146	46,500,682	-	4,010,797	-	-	-	(52,290,256)	518,386,369
Waste water	424,774,675	22,995,832	(8,637)	10,624,631	-	-	-	(40,412,179)	417,974,322
Water	954,100,531	7,014,576	-	1,406,338	-	-	-	(48,691,064)	913,830,381
Service concession assets - Grantor	961,784,469	8,515,193	-	105,846,048	-	-	-	(47,501,141)	1,028,644,569
Library	74,330,790	-	-	-	-	-	-	(10,640,734)	63,690,055
	7,292,375,010	467,297,653	(2,455,830)	243,896,512	(244,529,832)	2,416,625	8,842,772	(536,902,093)	7,230,940,816

Pledged as security

There were no property, plant and equipment assets pledged as security during the reporting period

Compensation received for losses on property, plant and equipment – included in operating profit.

Computer equipment

11,150

108,471

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Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Roads, Pavement, Bridges and Stormwater Infrastructure	501,197,675	523,361,198
Water Reservoirs and Reticulation Infrastructure	367,522,309	343,355,937
Electricity Infrastructure	205,344,025	69,846,013
Buildings	33,090,089	48,255,495
Waste Water Infrastructure	77,371,960	67,281,742
	1,184,526,058	1,052,100,385

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Waste Water Infrastructure	-	5,548,352
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The projects were mainly delayed due to various factors including but not limited to one appointment made by the Department of Co-Operative Governance and Traditional Affairs which was declared as irregular expenditure and the City has communicated with the Department requesting withdrawal of the project in order to follow the normal Supply Chain Management processes internally, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.

Water Reservoirs and Reticulation Infrastructure	4,475,617	2,185,389
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The projects were mainly delayed due to various factors including but not limited to commissioning of projects due to water rights application challenges, land disputes where the project must be implemented, delay on the electricity (power) connection, community unrests, environmental compliance assessments and the internal inefficiencies which has caused a gap between appointment of consultants and contractors.

4,475,617 **7,733,741**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	1,003,844,891	48,255,495	1,052,100,386
Additions/capital expenditure	372,368,294	17,372,498	389,740,792
Transferred to completed items	(224,777,216)	(32,537,905)	(257,315,121)
	1,151,435,969	33,090,088	1,184,526,057

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Other PPE	Total
Opening balance	947,094,265	26,253,275	973,347,540
Additions/capital expenditure	292,783,782	29,865,577	322,649,359
Transferred to completed items	(236,033,156)	(7,863,357)	(243,896,513)
	1,003,844,891	48,255,495	1,052,100,386

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Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted Services	303,476,127	317,557,373
Inventory Consumed	54,284,579	54,678,487
	357,760,706	372,235,860

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.

Service concession arrangements

The former Mbombela Local Municipality signed a 30 year concession agreement in April 1999 with SembCorp Silulumanzi (Proprietary) Limited previously known as the Greater Nelspruit Utility Company (GNUC) for provision of water and sanitation services as well as servicing the growing expectations of the communities on behalf of the municipality. The concession agreement became effective from 1 November 1999 and is subjected to review every five years through the supplementary agreements. The concession areas boundaries are the municipal boundaries of the previous Nelspruit Transitional Council and any extension of services outside the developed areas are dealt with on a case by case basis.

Supplementary agreement number five (5) effective from 1 July 2021 until 30 June 2026 was approved by Council at its meeting held 30 June 2021 under item A(25) in accordance with the five year review process.

The Concessionaire is obligated to ensure that the communities within the concession area have access to a 24 - hour water supply to all formal households and to use best efforts to improve the number of households in informal areas with 24 - hour water supply. It is also a requirement that the Concessionaire must provide portable water and effluent quality in compliance with the National Water Quality Standards.

The concessionaire leases and operates water services delivery assets within the concession area at a rental of R 189 666.25 per month for the remainder of the term of the Concession agreement. The assets are controlled by the Municipality and are recorded in the assets register of the Municipality as Property, Plant and Equipment. The Concessionaire recognises the right to use those assets as intangible assets in accordance with GRAP 32. The assets leased to and operated by the concessionaire have been separately disclosed as part of property, plant and equipment.

The concession agreements provides for the concessionaire to maintain, refurbish, rehabilitate and improve the assets within its operations and collection of water and sanitation revenue within the Concession area. The water and sanitation tariffs for the Concessionaire are approved by Council for implementation in terms of section 24 of the Municipal Finance Management Act No.56 of 2003. The concessionaire acts as a project manager for construction of new infrastructure within the concession area which is funded by the Municipality. The Concessionaire is obligated to ensure that the assets are adequately maintained each year with adequate maintenance budget provision.

The concession agreement may be terminated by either party with effect from any date after the natural end of the concession contract in the year 2029 or the date of termination of the concession agreement, whichever is earlier, provided that at least 24 months prior written notice has been given by the party intending to cancel the concession agreement to the other party.

All assets operated by the Concessionaire will be transferred back to the Municipality in good condition upon termination of the concession agreement.

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12. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Licenses and franchises	799,130	(777,805)	21,325	799,130	(777,805)	21,325
Computer software	23,724,671	(10,444,347)	13,280,324	18,124,976	(9,432,155)	8,692,821
Servitudes	4,590,568	-	4,590,568	4,590,568	-	4,590,568
Total	29,114,369	(11,222,152)	17,892,217	23,514,674	(10,209,960)	13,304,714

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Additions through transfer of functions	Amortisation	Total
Licenses and franchises	21,325	-	-	-	21,325
Computer software	8,692,821	5,591,154	8,541	(1,012,192)	13,280,324
Servitudes	4,590,568	-	-	-	4,590,568
	13,304,714	5,591,154	8,541	(1,012,192)	17,892,217

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Licenses and franchises	21,325	-	-	21,325
Computer software	9,855,813	49,323	(1,212,315)	8,692,821
Servitudes	4,590,568	-	-	4,590,568
	14,467,706	49,323	(1,212,315)	13,304,714

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.

Pledged as security

There were no intangible assets pledged as security during the reporting period.

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13. Heritage assets

	2022			2021		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Historical monuments	485,639	-	485,639	485,639	-	485,639
Historical buildings	436,805	(235,147)	201,658	436,805	(235,147)	201,658
Stamp collections, military insignia, medals and coin	186,585	-	186,585	186,585	-	186,585
Recreational parks	1,428,088	-	1,428,088	1,428,088	-	1,428,088
Art Collections, antiquities and exhibits	26,950	-	26,950	-	-	-
Total	2,564,067	(235,147)	2,328,920	2,537,117	(235,147)	2,301,970

Reconciliation of heritage assets 2022

	Opening balance	Additions	Disposals	Transfers In	Impairment losses recognised	Total
Historical monuments	485,639	-	-	-	-	485,639
Historical buildings	201,658	-	-	-	-	201,658
Stamp collections, military insignia, medals and coin	186,585	-	-	-	-	186,585
Recreational parks	1,428,088	-	-	-	-	1,428,088
Art Collections, antiquities and exhibits	-	26,950	-	-	-	26,950
	2,301,970	26,950	-	-	-	2,328,920

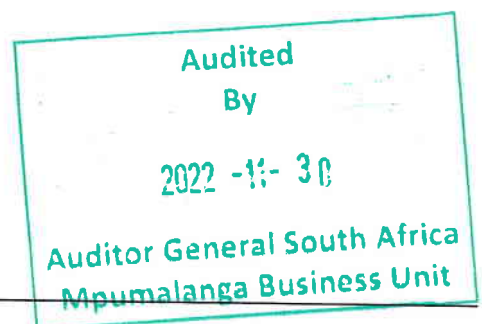
Reconciliation of heritage assets 2021

	Opening balance	Additions	Disposals	Transfers In	Impairment losses recognised	Total
Historical monuments	485,639	-	-	-	-	485,639
Historical buildings	201,658	-	-	-	-	201,658
Stamp collections, military insignia, medals and coin	186,585	-	-	-	-	186,585
Recreational parks	1,428,088	-	-	-	-	1,428,088
	2,301,970	-	-	-	-	2,301,970

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.

Pledged as security

There were no heritage assets pledged as security during the reporting period.



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Maintenance of heritage assets

Maintenance of heritage assets by condition - 2022

There were no repair and maintenance costs incurred to maintain heritage assets during the reporting period.

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14. Investments		
At amortised cost		
Investments	-	100
Non-current assets		
At amortised cost	-	100
<p>The City holds 100% shares of the City of Mbombela Development Agency which is a wholly owned municipal entity. The objectives and functions of the agency (entity) was to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan and also to promote investment attraction and SMME development. The municipal entity was disestablished by council at its special council meeting held 29 April 2022, under item E(1)(ff). The function was transferred back to the municipality under the Local Economic Development Department.</p>		
15. Interest Bearing Borrowings		
At amortised cost		
Development Bank of South Africa R200 million This loan bears interest at 11.09% and is payable bi-annually installments	128,218,633	130,903,048
Development Bank of South Africa R138.6 million This loan bears interest at 11.73% and is payable bi-annually installments	147,289,295	152,129,897
Stock Loans@ 11.60%	3,000	3,000
	275,510,928	283,035,945
Total interest bearing borrowings	275,510,928	283,035,945
Non-current liabilities		
At amortised cost	254,788,003	283,035,945
Current liabilities		
At amortised cost	20,722,925	-

The City concluded a payment holiday arrangement with the Development Bank of Southern Africa through the restructuring of the existing loans. The capital redemption portion was deferred between June 2020 to June 2022 and the interest component was recapitalised from June 2020 to June 2021. The payment relief was afforded to the City given the impact of the Covid-19 pandemic. The interest due was only payable with effect from July 2021 and the capital repayment portion from July 2022..

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16. Trade and other payables from exchange transactions		
Trade payables and accruals	702,131,496	596,886,650
Payments received in advance	154,208,998	147,368,681
Salaries - employee related costs	110,166,007	115,612,658
Retentions	102,701,127	87,975,150
Accrued leave pay	94,874,245	92,458,874
Bulk Water	212,762,156	187,306,917
Agency Fees Payable	218,387,563	218,448,931
Unallocated deposits	44,983,612	42,591,827
Bulk electricity	600,549,541	743,318,203
Bonus Accrual	21,070,439	20,494,758
Workmens Compensation (COVID)	21,775,826	16,209,532
	2,283,611,010	2,268,672,181
17. Other payables from non - exchange transactions		
Transfers payable	-	214,415
Service contributions	17,961,655	15,572,990
	17,961,655	15,787,405
18. Consumer deposits		
Sewerage	12,199,316	10,295,009
Electricity	33,202,870	31,018,473
Water	3,711,174	3,467,482
Rental of municipal facilities	338,734	210,331
	49,452,094	44,991,295
19. Post employment benefits		
Post employment health care employee benefit		
<p>The municipality makes provision for its employees and continuation members to subscribe to a South African Local Government Association accredited medical aid scheme. Upon retirement an employee has the option of continued membership to the medical aid scheme. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement.</p>		
<p>The amounts recognised in the statement of financial position are as follows:</p>		
Opening balance	182,728,999	155,350,999
Current service costs	9,312,000	7,630,000
Interest costs	18,643,000	16,515,000
Actuarial (gains) / losses	(9,109,318)	7,420,245
Actual post-employment health care benefits payment	(4,289,682)	(4,187,245)
	197,284,999	182,728,999
Non-current liabilities	192,542,999	178,470,999
Current liabilities	4,742,000	4,258,000
	197,284,999	182,728,999

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The post employment benefit plan is wholly unfunded.

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Net expense recognised in the statement of financial performance		
Current service costs	9,312,000	7,630,000
Interest cost	18,643,000	16,515,000
Actuarial (gains) /losses	(9,109,318)	7,420,245
Actual post-employment health care benefits payment	(4,289,682)	(4,187,245)
	14,556,000	27,378,000

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Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2022 were as follows:

Discount rate	11.84 %	10.32 %
Consumer inflation	6.95 %	5.47 %
Medical inflation	8.45 %	6.97 %
Maximum subsidy inflation rate	5.96 %	4.85 %
Expected retirement age (years)	62	62

Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected inflation assumption of 6.95% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.11%) and those of fixed interest bonds (11.84%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+11.84\% - 0.50\%)/(1+4.11\%)) - 1$.

A 1% change effect as included on the actuarial valuation reports.

	2022 Decrease	2021 Decrease
Health cost inflation effect on the current service cost	7,985,000	6,510,000
Health cost inflation effect on the defined benefit liability	178,226,000	162,796,000
Discount rate effect on the current service cost	11,335,000	9,266,000
Discount rate effect on the health care benefit liability	229,984,000	214,063,000
Health cost inflation effect on the current interest cost	16,587,000	14,710,000
Discount rate effect on the current service interest cost	19,757,000	17,460,000
	Increase	Increase
Health cost inflation effect on the current service cost	10,372,000	8,563,000
Health cost inflation effect on the defined benefit liability	212,359,000	199,127,000
Discount rate effect on the current service cost	7,745,000	6,366,000
Discount rate effect on the health care benefit liability	171,149,000	157,847,000
Health cost inflation effect on the current interest cost	20,335,000	18,041,000
Discount rate effect on the current interest cost	17,634,000	15,663,000
	2020 Decrease	2019 Decrease
Health cost inflation effect on the current service cost	7,979,800	6,962,000
Health cost inflation effect on the defined benefit liability	97,645,000	106,805,000
Discount rate effect on the current service cost	11,209,400	9,918,000
Discount rate effect on the health care benefit liability	133,697,000	149,873,000
Health cost inflation effect on the current interest cost	14,710,000	12,802,800
Discount rate effect on the current service interest cost	16,969,000	14,974,800
	Increase	Increase
Health cost inflation effect on the current service cost	10,176,500	8,818,300
Health cost inflation effect on the defined benefit liability	124,152,000	136,911,000
Discount rate effect on the current service cost	7,441,400	6,594,500
Discount rate effect on the health care benefit liability	94,911,000	102,965,000
Health cost inflation effect on the current interest cost	17,493,100	15,172,800
Discount rate effect on the current service interest cost	15,147,300	13,425,700
	2018 Decrease	2017 Decrease
Health cost inflation effect on the current service cost	6,953,600	6,953,600
Health cost inflation effect on the defined benefit liability	134,914,000	128,327,000
Discount rate effect on the current service cost	9,837,200	9,837,200
Discount rate effect on the health care benefit liability	175,439,000	166,498,000

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Health cost inflation effect on the current interest cost	12,399,700	5,874,700
Discount rate effect on the current service interest cost	14,494,000	4,627,500
	Increase	Increase
Health cost inflation effect on the current service cost	8,619,100	8,619,100
Health cost inflation effect on the defined benefit liability	159,520,000	149,798,000
Discount rate effect on the current service cost	64,864,000	6,486,400
Discount rate effect on the health care benefit liability	128,292,000	120,859,000
Health cost inflation effect on the current interest cost	14,172,800	5,774,700
Discount rate effect on the current service interest cost	13,425,700	4,896,700

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Public Transport Network Grant (PTNG)	148,303,301	-
Regional Bulk Infrastructure Grant (RBIG)	1,748,920	-
	150,052,221	-

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21. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Change in accounting estimates	Change due to unwinding of interest	Remeasurement of provision for closed landfill sites	Total
Landfill site environmental rehabilitation	204,457,046	-	(13,200,043)	4,191,414	(16,445,717)	179,002,700
Long service awards	80,815,000	4,695,000	-	-	-	85,510,000
	285,272,046	4,695,000	(13,200,043)	4,191,414	(16,445,717)	264,512,700

Reconciliation of provisions - 2021

	Opening Balance	Additions	Change due to unwinding of interest	Total
Landfill site environmental rehabilitation	176,018,091	25,718,828	2,720,127	204,457,046
Long service awards	79,302,000	1,513,000	-	80,815,000
	255,320,091	27,231,828	2,720,127	285,272,046
Non-current liabilities			253,693,278	270,704,064
Current liabilities			10,819,422	14,567,982
			264,512,700	285,272,046

Environmental rehabilitation

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal in accordance with the National Environmental Management Act 107 of 1998 and the Environment Conservation Act No 73 of 1989. The landfill sites are rehabilitated at the end of each useful life. It is calculated as the present value of the expenditure expected to settle the future obligation to rehabilitate the landfill sites.

The discount rate used reflect the current market assessment of the time value of money and the risks specific to the liability. The valuation for the provision of the landfill sites was reviewed by an independent landfill site and environmental expert.

Financial Assumptions used for the provision for landfill site

The financial assumptions used for the provision for landfill site rehabilitation at 30 June 2022 were as follows:

Adjustments of unit costs			
Consumer Price Index (CPI)		6.61 %	4.82 %
		6.61 %	4.82 %
Discount rate			
Tekwane West and Barberton landfill sites		10.61 %	8.82 %
Mbombela and Mbonisweni landfill sites		9.36 %	7.07 %
Hazyview landfill site		9.61 %	7.07 %
Net effective discount rate (inflation linked bond rates) above Consumer Price Index (CPI)			
Tekwane West and Barberton landfill sites		4.00 %	4.00 %
Mbombela and Mbonisweni landfill sites		2.75 %	2.25 %
Hazyview landfill site		3.00 %	2.25 %

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Long service awards

In accordance with the bargaining collective agreement on conditions of service for the Mpumalanga division and municipal policy, the municipality makes provision for long service awards where employees have uninterrupted service of at least five (5) years.

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

Opening balance	80,815,000	79,302,000
Current service costs	6,765,000	6,626,000
Interest costs	6,911,000	5,210,000
Actuarial (gains) / losses	1,538,000	1,101,244
Expenditure incurred	(10,519,000)	(11,424,244)
	85,510,000	80,815,000

Net expense recognised in the statement of financial performance

Current service cost	6,765,000	6,626,000
Interest cost	6,911,000	5,210,000
Actuarial (gains) / losses	1,538,000	1,101,244
Expenditure incurred	(10,519,000)	(11,424,244)
	4,695,000	1,513,000

Assumptions for actuarial valuation

Assumptions made from the actuarial valuation as at 30 June 2022 were as follows:

Discount rate	10.93 %	9.13 %
Consumer inflation	6.34 %	4.77 %
Salary inflation	7.34 %	5.77 %

Discount rate

GRAP 25 requires that the discount rate be set based on the yields government bonds of appropriate term. The expected CPI inflation assumption of 6.34% was obtained from the differential between market yields on index-linked bonds (3.84%) consistent with the estimated terms of the liabilities and those of nominal bonds (10.93%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+10.93\% - 0.50\%)/(1+3.84\%)) - 1$.

A 1% change effect as included on the actuarial valuation report.

Discount rate effect on the current service cost
Discount rate effect on the unfunded accrued liability
Discount rate effect on the interest cost

Discount rate effect on the current service cost
Discount rate effect on the unfunded accrued liability
Discount rate effect on the interest cost

Discount rate effect on the current service cost
Discount rate effect on the unfunded accrued liability
Discount rate effect on the interest cost

	2022	2021
	Decrease	Decrease
	7,249,000	7,057,000
	90,791,000	86,103,000
	6,583,000	4,766,000
	Increase	Increase
	6,336,000	6,240,000
	80,766,000	76,096,000
	7,190,000	5,597,000
	2020	2019
	Decrease	Decrease
	7,739,100	6,474,200
	84,146,000	82,753,400
	5,588,900	4,936,400

City of Mbombela

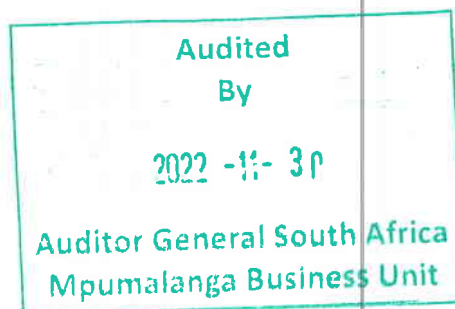
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	2022	2021
	Increase	Increase
Discount rate effect on the current service cost	6,732,000	5,628,100
Discount rate effect on the unfunded accrued liability	74,963,000	72,488,000
Discount rate effect on the interest cost	6,211,800	5,495,900
	2018	2017
	Decrease	Decrease
Discount rate effect on the current service cost	6,474,200	4,627,500
Discount rate effect on the unfunded accrued liability	73,559,000	52,014,000
Discount rate effect on the interest cost	4,936,400	4,627,500
	Increase	Increase
Discount rate effect on the current service cost	5,628,100	4,896,700
Discount rate effect on the unfunded accrued liability	64,501,000	61,626,000
Discount rate effect on the interest cost	5,495,900	5,874,700
22. Other financial liabilities		
Job costing	9,014,800	5,695,283
Job costing refers to specialized electrical connection requests.		
23. Non current portion of trade and other payables from exchange transactions		
Bulk electricity	501,374,790	-
The non-current portion of the trade and other payables from exchange transactions refers to the restructured payment plan for the bulk electricity arrear debt payable from July 2023 to March 2025.		
24. Sale of goods and rendering of services		
Advertisements	8,020,172	714,004
Amendments fees	5,498,179	5,710,550
Application fees for land usage	3,275,815	4,703,917
Burial fees	1,551,231	1,760,392
Entrance fees	67,449	19,526
Fire services	141,316	153,409
Photocopies and faxes	108,773	75,751
	18,662,935	13,137,549
25. Service charges		
Sale of electricity	1,258,134,428	1,137,108,487
Sale of water	109,243,597	126,033,541
Solid waste removal	142,896,137	138,650,856
Sewerage and sanitation charges	23,171,874	22,701,466
	1,533,446,036	1,424,494,350



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26. Rental of facilities and equipment		
Facilities and Equipment	45,284,217	8,316,056
The rental income relates to the rental fees charged to the Department of Community, Safety and Liaison after the agency-principal relationship ceased to exist in March 2021.		
27. Agency services		
Agency fees	-	37,770,715
Revenue received on behalf of the Department	-	207,903,415
Less: VAT on agency fees	-	(5,665,600)
Less: Accruals and payments to the Departments	-	(164,467,100)
	-	37,770,715
The Department of Community Safety, Security and Liaison repudiated the licensing and registration function from March 2021 when the principal-agency relationship ceased to exist.		
28. Licenses and permits		
Trading	2,783	46,261
29. Other income		
Collection fees	150,944	121,782
Bad debts recovered	29,594,670	18,088,981
Municipal Information and statistics	8,696	6,559
Insurance refunds	227,080	58,198
Administration and management fees received	5,190,335	4,624,814
Commission received	5,581,022	4,376,812
Revenue recognised from service contributions	4,323,681	3,439,882
Sale of property	10,466	665,650
Skills Development Levy Refund	1,901,392	1,395,477
Staff recoveries	59,171	-
Accident reports	29,402	38,251
	47,076,859	32,816,406
30. Finance income		
Interest revenue		
Cash and cash equivalents	2,583,290	2,053,205
Receivables from exchange transactions	30,504,505	53,252,507
	33,087,795	55,305,712
31. Gain on liability write-off		
The gain relates to the reversal of the interest charged to the municipality as a result of the concluded offset agreement.		
32. Fair value adjustments		
Provisions - Land fill sites	16,445,717	-
Fair value adjustments on the rehabilitation of non-operational landfill sites for Mbonisweni and Nelspruit landfill sites.		

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33. Gain on impairment reversal		
Gain on impairment reversal- receivables	28,229,970	61,788,415
34. Property rates		
Rates revenue		
Residential	309,194,433	297,000,516
Commercial	347,224,623	317,630,118
State	132,805,428	126,536,094
Agriculture	19,714,011	19,598,572
Other	8,024,836	5,484,941
Less: Income forgone	(72,917,293)	(58,110,533)
	744,046,038	708,139,708
Valuations		
Residential	41,118,091,019	40,704,937,499
Commercial	20,219,558,645	20,086,297,952
State	5,729,855,800	5,668,199,800
Municipal	1,468,020,978	1,461,321,691
Agriculture	11,065,172,610	10,990,165,614
Other	2,380,253,001	2,411,133,283
	81,980,952,053	81,322,055,839

Valuations on properties are performed every five years. The latest general valuation roll compiled in accordance with the Municipal Property Rates Act, 2004 as amended came into effect on 1 July 2018. Supplementary valuations are processed on a regular basis in terms of section 78 of the Municipal Property Rates Act.

A general rate of 0.00778 cent in a Rand (2021 : 0.00734) was to property valuations to determine property rates. Various rebates are granted to certain categories of rateable properties and/or categories of owners in terms of the approved Property Rates Policy/By-Law. Rates are levied on a monthly basis on property owners. Interest at 8 % per annum (2021 : 8.25 %) is levied on outstanding rates.

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35. Government grants and subsidies

Operating grants

Equitable share	834,510,000	927,605,979
Financial Management Grant (FMG)	2,550,000	2,499,999
Expanded Public Works Programme (EPWP)	7,036,000	4,244,000
Public Transport Network Grant (PTNG)	6,515,569	11,967,733
	850,611,569	946,317,711

Capital grants

Municipal Infrastructure Grant(MIG)	353,929,000	327,316,000
Energy Efficiency Demand Side Management (EEDSM)	5,217,391	6,300,000
Neighbourhood Development Partnership Grant (NDPG)	11,153,000	22,521,001
Integrated National Electrification Programme (INEP)	69,988,610	27,904,001
Regional Bulk Infrastructure Grant (RBIG)	251,080	-
National Lottery Grant (NLG)	-	4,315,759
Water Services Infrastructure Grant (WSIG)	15,000,000	-
Public Transport Network Grant (PTNG)	43,437,130	79,784,881
	498,976,211	468,141,642
	1,349,587,780	1,414,459,353

Equitable Share

Equitable share	834,510,000	927,605,979
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This grant is unconditional and is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant (MIG)

Current-year receipts	353,929,001	327,316,000
Conditions met - transferred to revenue - capital	(307,764,350)	(284,622,609)
Conditions met - transferred to revenue - VAT	(46,164,651)	(42,693,391)
	-	-

This grant was used to accelerate basic infrastructure backlogs for the benefit of poor households. The revenue recognised met the conditions of the grant.

Integrated National Electrification Programme Grant (INEP)

Current-year receipts	69,206,000	27,904,000
Conditions met - transferred to revenue - capital	(60,179,131)	(24,264,349)
Conditions met - transferred to revenue - VAT	(9,026,869)	(3,639,651)
	-	-

The grant was used to address the electrification backlogs of occupied residential dwellings and the installation of bulk infrastructure, rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply. The revenue recognised met the conditions of the grant.

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Public Transport Network Grant (PTNG)

Balance unspent at beginning of year	-	71,752,576
Current-year receipts	198,256,000	20,000,000
Conditions met - transferred to revenue - capital	(43,437,130)	(79,784,882)
Conditions met - transferred to revenue - VAT	(6,515,569)	(11,967,694)
	148,303,301	-

The grant was used for accelerated planning, construction and improvement of public and non-motorised transport infrastructure and services. The revenue recognised met the conditions of the grant. The unspent amount of the grant is committed to the completion of the Public Transport Infrastructure projects.

Water Services Infrastructure Grant (WSIG)

Current-year receipts	15,000,000	-
Conditions met - transferred to revenue - operating	(13,043,478)	-
Conditions met - transferred to revenue - VAT	(1,956,522)	-
	-	-

The grant is used to facilitate the planning and implementation of various water and on site sanitation projects to accelerate backlog reduction and enhance sustainability of services. The revenue recognised met the conditions of the grant.

Neighbourhood Development Partnership Grant (NDPG)

Current-year receipts	11,153,000	22,521,000
Conditions met - transferred to revenue - capital	(9,698,260)	(19,583,479)
Conditions met - transferred to revenue - VAT	(1,454,740)	(2,937,521)
	-	-

The grant was used to plan and invest in targeted locations in order to attract and sustain third party capital investment aimed at spatial transformation in underserved neighbourhoods, specifically in townships. The revenue recognised met the conditions of the grant.

Finance Management Grant (FMG)

Balance unspent at beginning of year	-	35,794
Current-year receipts	2,550,000	2,500,000
Conditions met - transferred to revenue - operating	(2,281,101)	(2,500,000)
Conditions met - transferred to revenue - VAT	(268,899)	(35,794)
	-	-

The grant was used to promote and support financial management reforms through financial management internship reforms and in-house capacity building programmes. The revenue recognised met the conditions of the grant.

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Energy Efficiency Demand Side Management (EEDSM)

Balance unspent at beginning of year	-	263,215
Current-year receipts	6,000,000	6,300,000
Conditions met - transferred to revenue - operating	(5,217,391)	(5,478,261)
Conditions met - transferred to revenue - VAT	(782,609)	(821,739)
Transferred to equitable share	-	(263,215)
	-	-

The grant was used to implement energy efficiency and demand side management initiatives in order to reduce electricity consumption and improve energy efficiency. The revenue recognised met the conditions of the grant.

Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	2,000,000	-
Conditions met - transferred to revenue - capital	(218,330)	-
Conditions met - transferred to revenue - VAT	(32,750)	-
	1,748,920	-

The grant was used to develop, refurbish, upgrade and replace ageing water and sanitation infrastructure of regional significance that connects water resources infrastructure serving extensive areas across municipal boundaries. The balance of the grant is committed.

Expanded Public Works Programme (EPWP)

Balance unspent at beginning of year	-	2,970
Current-year receipts	7,036,000	4,244,000
Conditions met - transferred to revenue - operating	(7,036,000)	(4,244,000)
Transferred to equitable share	-	(2,970)
	-	-

The grant was used to expand labour intensive delivery methods in waste management, road maintenance and other programmes in accordance with the grant framework.

36. Public contributions and donations

Donations	5,662,501	2,416,625
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The donation relates to trucks donated to the municipality by the National Department of Forestry, Fisheries and the Environment.

37. Fines, Penalties and Forfeits

Building Fines	10,870	9,565
Illegal Connection Fines	483,700	55,179
Overdue Book Fines	3,762	3,131
Municipal Traffic Fines	2,233,084	1,753,347
Tender Withdrawal Penalties	-	2,332,085
Unclaimed Money Forfeits	2,322,868	1,480,182
	5,054,284	5,633,489

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38. Employee related costs		
Basic	591,497,662	567,581,777
Bonus	48,379,497	46,810,588
Medical aid - company contributions	50,597,006	48,811,890
Social Contributions - Unemployment Insurance Fund	4,031,200	3,543,616
Tools Allowance	907,485	807,170
Leave pay provision charge	6,505,701	17,391,014
Overtime Allowance	171,425,170	148,049,121
Defined benefit plans	29,550,113	24,145,000
Long-service awards	13,676,000	12,937,244
Acting allowances	14,902,629	12,807,014
Car allowance	62,478,614	59,919,236
Housing benefits and allowances	5,747,400	6,051,229
Social Contribution - Pension	118,165,261	114,928,486
Standby Allowance	30,050,530	24,914,314
Cellular and Telephone	5,992,674	5,728,877
Actuarial (loss) or gain on defined benefit liability	(9,109,318)	7,420,245
Social Contribution: Group Life Insurance	7,164,527	6,873,202
Social Contributions: Bargaining Council	233,903	232,745
Remuneration of General manager - Office of council	1,641,338	1,682,797
Shift Allowance	13,350,793	12,573,595
Remuneration of the Municipal Manager	2,601,408	2,533,473
Remuneration of Deputy Municipal Manager - Service Delivery	1,971,880	1,962,631
Remuneration of Deputy Municipal Manager - Institutional Development	1,770,058	1,843,090
Remuneration of General Manager - City Planning	1,641,338	1,703,822
Remuneration of General Manager - Community Services	1,641,339	1,681,419
Remuneration of General Manager - Corporate Services	1,700,532	1,769,435
Remuneration of General Manager - Energy	1,946,610	2,101,107
Remuneration of General Manager - Public Safety	1,867,958	1,987,062
Remuneration of General Manager - Public Works, Roads and Transport	1,641,338	1,682,797
Remuneration of General Manager - Regional Service Centre Coordination	1,641,338	1,639,980
Remuneration of General Manager - Strategic Management Services	1,641,338	1,726,047
Remuneration of General Manager - Water and Sanitation	1,717,171	1,710,438
Remuneration of Chief Financial Officer	1,920,730	2,090,430
	1,190,891,223	1,147,640,891

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Remuneration of Municipal Manager		
Annual remuneration	1,673,487	1,673,455
Contributions to UIF, Medical and Pension Funds	335,703	337,122
Car allowance	336,000	336,000
Phone allowance	89,199	86,426
Payment in lieu of leave	167,019	100,470
	2,601,408	2,533,473
Remuneration of Chief Financial Officer		
Annual remuneration	1,304,689	1,305,152
Contributions to UIF, Medical and Pension Funds	331,450	331,052
Car allowance	240,000	240,000
Phone allowance	44,591	43,205
Payment in lieu of leave	-	171,021
	1,920,730	2,090,430
Remuneration of General Manager - Strategic Management Services		
Annual remuneration	1,354,622	1,354,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Phone allowance	44,591	43,205
Car allowance	240,000	240,000
Payment in lieu of leave	-	86,067
	1,641,338	1,726,047
Remuneration of Deputy Municipal Manager - Institutional Development		
Annual remuneration	1,365,729	1,366,070
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	300,000	300,000
Phone allowance	89,199	86,426
Payment in lieu of leave	-	74,150
Acting and post related allowance	13,005	14,631
	1,770,058	1,843,090
Remuneration of Deputy Municipal Manager - Service Delivery		
Annual remuneration	1,520,761	1,521,102
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	353,290	353,290
Cellphone allowance	89,199	86,426
Acting and post related allowance	3,041	-
Payment in lieu of leave	3,464	-
	1,971,880	1,962,631

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Remuneration of General Manager - Corporate Services		
Annual remuneration	1,413,901	1,414,242
Contributions to UIF, Medical and Pension Funds	2,040	1,785
Car allowance	240,000	240,000
Cellphone allowance	44,591	43,205
Payment in lieu of leave	-	70,203
	1,700,532	1,769,435
Remuneration of General Manager - Regional Service Centre Coordination		
Annual remuneration	1,294,622	1,294,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	300,000	300,000
Cellphone allowance	44,591	43,205
	1,641,338	1,639,980
Remuneration of General Manager - Public Works, Roads and Transport		
Annual remuneration	1,354,622	1,354,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	240,000	240,000
Cellphone allowance	44,591	43,205
Payment in lieu of leave	-	42,817
	1,641,338	1,682,797
Remuneration of General Manager - Energy		
Annual remuneration	1,682,051	1,682,391
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	192,000	192,000
Cellphone allowance	44,591	43,205
Payment in lieu of leave	25,843	181,698
	1,946,610	2,101,107
Remuneration of General Manager - Water and Sanitation		
Annual remuneration	1,354,622	1,354,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	240,000	240,000
Cellphone allowance	44,591	43,205
Payment in lieu of leave	75,833	70,458
	1,717,171	1,710,438
Remuneration of General Manager - Community Services		
Annual remuneration	1,294,622	1,294,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	300,000	300,000
Cellphone allowance	44,592	43,205
Payment in lieu of leave	-	41,439
	1,641,339	1,681,419

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Remuneration of General Manager - Public Safety		
Annual remuneration	1,497,875	1,498,215
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Cellphone allowance	44,591	43,205
Car allowance	300,000	300,000
Payment in lieu of leave	23,367	143,829
	1,867,958	1,987,062
Remuneration of General Manager - City Planning		
Annual remuneration	1,450,622	1,450,962
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Car allowance	144,000	144,000
Cellphone allowance	44,591	43,205
Payment in lieu of leave	-	63,842
	1,641,338	1,703,822
Remuneration of General Manager - Office of Council		
Annual remuneration	1,354,622	1,354,962
Contributions to UIF, Medical and Pension Funds	2,125	1,913
Car allowance	240,000	240,000
Cellphone allowance	44,590	43,205
Payment in lieu of leave	-	42,817
	1,641,337	1,682,897

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39. Remuneration of councillors		
Executive Mayor	1,494,927	1,484,331
Mayoral Committee Members	10,572,547	10,592,048
Speaker	1,183,407	1,178,508
Councillors	42,856,745	40,972,954
Councillors' pension and medical aid contributions	2,702,145	3,918,765
Chief whip	1,125,868	1,109,312
	59,935,639	59,255,918

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Councillors	Allowance	Motor Vehicle Allowance	Medical	Pension	In Kind benefits	Cell Phone	Total	Termination date		
EXECUTIVE MAYOR										
Mr SP Mafihosi	325,028	132,983	25,168	48,754	52,169	17,000	601,102	2021-11-08		
Ms SE Makusha	784,981	-	-	85,044	-	23,500	893,824	Current		
SPEAKER										
Mr GS Siwela	274,275	100,180	18,251	18,762	-	14,416	425,884	2021-11-08		
Mr MW Nkatha	683,471	-	-	47,641	-	26,411	757,523	Current		
CHIEF WHIP										
Mr ME Nsimbini	700,320	273,763	-	110,985	-	40,800	1,125,868	Current		
MAYORAL COMMITTEE										
Mr A Kumba	274,521	94,368	-	18,633	-	14,416	401,938	2021-11-08		
Ms PV Mashego	720,458	266,350	24,597	53,996	-	40,800	1,106,201	Current		
Ms BN Mdluli	263,521	94,368	11,651	17,983	-	14,416	401,938	2021-11-08		
Ms C Maseko	263,521	94,368	11,651	17,983	-	14,416	401,938	2021-11-08		
Ms NE Mkhabela	716,769	266,350	28,561	53,721	-	40,800	1,106,201	Current		
Mr PP Nyalunga	261,856	94,368	13,414	17,895	-	14,416	401,938	2021-11-08		
Ms MW Mliri	288,488	103,308	-	21,436	-	17,000	430,232	Current		
Ms LE Nyalunga	720,458	266,350	24,597	53,996	-	40,800	1,106,201	Current		
Ms AS Mthunywa	258,318	94,368	-	34,836	-	14,416	401,938	2021-11-08		
Ms Mbowane PP	406,700	161,570	18,214	59,796	-	23,800	670,081	Current		
Mr Mkhathwa DB	422,560	161,730	-	62,623	-	23,800	670,712	Current		
Mr Mhlanga JJ	450,894	161,570	-	33,817	-	23,800	670,081	Current		
Ms SR Tshabalala	472,255	168,594	-	33,526	-	26,411	700,786	Current		
Mr Lusenga IN	472,255	168,594	-	33,526	-	26,411	700,786	Current		
Mr Maseko MI	472,255	168,594	-	33,526	-	26,411	700,786	Current		
Ms Mhlanga KA	460,169	168,594	12,993	32,619	-	26,411	700,786	Current		
Mr KM Mkhonto	649,657	258,282	75,362	48,551	-	40,800	1,072,651	Current		
Mr DD Nguwenyama	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08		
Mr JJ Khoza	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08		
Ms TG Mabuza	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08		

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Councillors	Allowance	Motor Vehicle Allowance	Medical	Pension	In Kind benefits	Cell Phone	Total	Termination date
Mr EM Motobvu	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08
Mr SI Mokoena	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08
Mr TM Charles	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08
Mr JM Mazibane	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08
Ms MM Mliri	88,819	31,843	-	6,661	-	6,800	134,123	Current
Mr DJ Nkosi	230,832	88,486	-	33,818	-	-	353,137	Current
Ms DE Shongwe (Nkosi)	230,832	88,486	-	33,818	-	23,800	376,937	Current
Mr DB Mkhathshwa	156,630	60,039	-	23,495	-	17,000	257,164	Current
Ms MJ Hlophe	139,299	51,099	-	18,864	-	14,416	223,678	2021-11-08
Mr MH Mngiba	265,087	95,509	3,452	17,988	-	26,411	408,448	Current
Mr WD Ndlovu	268,299	95,509	-	18,229	-	26,411	408,448	Current
Ms NB Matume	268,299	95,509	-	18,229	-	26,411	408,448	Current
Mr E Manyathi	268,299	95,509	-	18,229	-	26,411	408,448	Current
Ms J Shabangu	268,299	95,509	-	18,229	-	26,411	408,448	Current
Ms SG Chiloane	268,299	95,509	-	18,229	-	26,411	408,448	Current
Ms SJ Manana	268,299	95,509	-	18,229	-	26,411	408,448	Current
Mr EN Mlisi	268,299	95,509	-	18,229	-	26,411	408,448	Current
Mr TN Bulunga	126,518	46,455	-	17,149	-	14,416	204,538	Current
Ms MS Mashela	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr MC Mhlanga	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr JB Mashaba	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr L Maselo	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms RF Mgwanya	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr ME Mhawule	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms BA Nyundu	115,531	46,455	12,267	15,869	-	14,416	204,538	2021-11-08
Ms MM Mliri	149,683	54,782	-	11,466	-	17,000	232,931	Current
Mr SR Schormann	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Mr EM Sebashe	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr SR Masuku	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms EG Jance Van Rensburg	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Ms S Van Der Merwe	377,917	135,420	-	28,344	-	40,800	582,481	Current

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Councillors	Allowance	Motor Vehicle Allowance	Medical	Pension	In Kind benefits	Cell Phone	Total	Termination date
Mr GCB Anthony	377,917	135,420	-	28,344	-	40,800	582,481	Current
Ms NM Maganga	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms BA Nyalungu	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr A Thabathe	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr TM Pila	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms RO Seepsop	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr K Mdluli	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Mr ST Mash	122,136	46,455	-	17,149	-	14,416	200,155	2021-11-08
Mr JJ Mkhabela	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr DDT Ngobe	117,763	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms EN Sibambo	353,270	135,420	-	52,991	-	40,800	582,481	Current
Mr MC Nkosi	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr NL Lukhele	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms MG Moyana	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Ms ME Jacobs	122,168	46,455	13,077	8,421	-	14,416	204,538	2021-11-08
Ms MC Mhlanga	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr KA Oliver	406,261	135,420	-	-	-	40,800	582,481	Current
Mr MJ Mlomoane	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr GM Nkambule	353,270	135,420	-	52,991	-	40,800	582,481	Current
Ms ML Sikonela	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr JV Mhlaba	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Mr HB Fakude	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr DJ Nkosi	142,909	54,782	-	21,436	-	17,000	236,127	Current
Mr DB Nkosi	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr AE Fankomo	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr TK Nyathi	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr SE Mbuyane	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms PP Mbowane	132,242	54,782	12,267	19,886	-	17,000	236,127	Current
Ms SE Mekushie	142,909	54,782	-	21,436	-	40,800	259,927	Current
Ms DE Shongwe (Nkosi)	142,909	54,782	-	21,436	-	17,000	236,127	Current
Mr PCW Mimaar	377,917	135,420	-	28,344	-	40,800	582,481	Current

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Ms T Marshall	377,917	135,420	-	28,344	-	40,800	582,481	Current
Mr LM Bhembe	103,678	46,455	25,501	14,488	-	14,416	204,538	2021-11-08
Mr HL Shongwe	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms NA Mokoena	111,432	46,455	16,844	15,391	-	14,416	204,538	2021-11-08
Mr PB Mhlanga	377,917	135,420	-	28,344	-	40,800	582,481	Current
Mr EK Manzini	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr LC Sibiyi	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms L Ngwenyama	112,142	46,455	16,051	15,474	-	14,416	204,538	2021-11-08
Mr KG Ndlovu	15,590	5,976	-	2,339	-	1,855	25,759	2021-11-08
Ms SM Banda	353,270	135,420	-	52,991	-	40,800	582,481	Current
Ms LE Siboza	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr BP Nkhoma	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms TP Mkhathshwa	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr VL Mlomo	134,494	46,455	-	9,173	-	14,416	204,538	2021-11-08
Mr LB Nkosi	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr C Peyper	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr VS Gwebu	353,270	135,420	-	52,991	-	40,800	582,481	Current
Mr WW Mofha	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr RC Matola	107,362	46,455	21,388	14,917	-	14,416	204,538	2021-11-08
Mr R Torr	377,917	135,420	-	28,344	-	40,800	582,481	Current
Mr JJ Mhlanga	152,879	54,782	-	11,466	-	17,000	236,127	Current
Ms NM Zulu	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms K Maiba	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Mr NM Mlambo	126,518	46,455	-	17,149	-	14,416	204,538	2021-11-08
Ms P Phoku	295,582	35,422	-	19,644	-	26,411	377,059	Current
Mr LR May	350,648	-	6,904	-	-	26,411	383,964	Current
Mr SM Sibubane	315,226	35,422	-	-	-	26,411	377,059	Current
Ms Mdhuli ZA	328,711	-	-	21,937	-	26,411	377,059	Current
Mr WD Lubisi	246,399	87,662	-	16,687	-	26,411	377,059	Current
Mr SM Gumsede	295,582	35,422	-	19,644	-	26,411	377,059	Current
Mr BW Mkhathshwa	246,399	87,662	-	16,687	-	26,411	377,059	Current

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Mr SL Mziyako	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms LA Mtombeni	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr FJ Robertson	258,604	87,662	-	-	-	26,411	372,677	Current
Mr DC Masifela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr TS Mgwirya	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms SS Nkonyane	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr MM Ngomane	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr TB Mogale	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr PS Tholo	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr FR Dlamini	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr ST Nobela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr ZB Zimba	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms DF Rix	262,986	87,662	-	-	-	26,411	377,059	Current
Ms SC Moulton	262,986	87,662	-	-	-	26,411	377,059	Current
Mr D Schofield	350,648	-	-	-	-	26,411	377,059	Current
Ms HK Malomane	246,934	87,662	-	16,052	-	26,411	377,059	Current
Mr CK Chuene	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms NP Magagula	328,711	-	-	21,937	-	26,411	377,059	Current
Ms C Sebamba	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms D Madonsela	328,711	-	-	21,937	-	26,411	377,059	Current
Ms PC Mindawe	315,226	35,422	-	-	-	26,411	377,059	Current
Ms LF Nkosi	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms P Siwela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr EF Masuku	255,572	87,662	-	7,414	-	26,411	377,059	Current
Mr TM Makhubela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr NT Mhisi	262,986	87,662	-	-	-	26,411	377,059	Current
Mr HX Sifunda	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr R Sambo	315,226	35,422	-	-	-	26,411	377,059	Current
Mr QE Nkosi	328,711	-	-	21,937	-	26,411	377,059	Current
Mr MV Sibotiza	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr NW Mweni	246,399	87,662	-	16,587	-	26,411	377,059	Current

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Mr SS Makubela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms CS Mngwenya	241,153	87,662	5,640	16,193	-	26,411	377,059	Current
Mr TE Mhlatela	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr ME Mkhonto	230,179	87,662	17,116	15,691	-	26,411	377,059	Current
Mr PW Mazibuko	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms TI Ndlovu	328,711	-	-	21,937	-	26,411	377,059	Current
Mr CP Mazibuko	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms HY Luisenga	328,711	-	-	21,937	-	26,411	377,059	Current
Mr SF Soko	246,399	87,662	-	16,587	-	26,411	377,059	Current
Ms TE Ngomane	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr KP Robertson	262,986	87,662	-	16,587	-	26,411	377,059	Current
Mr RB Mhlaba	246,399	87,662	-	-	-	26,411	377,059	Current
Mr ND Mkhonto	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr MV Mazibuko	246,399	87,662	-	16,587	-	26,411	377,059	Current
Mr JA Mkhonto	253,279	87,662	-	16,587	-	26,411	377,059	Current
Mr JM Mazibane	24,376	8,125	-	9,707	-	26,411	377,059	Current
Total	39,838,134	12,625,572	414,967	3,367,363	52,169	3,637,434	59,935,638	

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2021	Councillors	Allowance	Motor Vehicle Allowance	Medical	Pension	In Kind benefits	Cell Phone	Data Allowance	Total
EXECUTIVE MAYOR									
	Mr SP Mathonsi	876,035	351,065	45,754	131,405	35,671	40,800	3,600	1,484,331
SPEAKER									
	Mr GS Sivela							751,236	1,178,508
CHIEF WHIP									
	Mr ME Nombini	693,459	270,834	-	104,019	-	37,400	3,600	1,109,312
MAYORAL COMMITTEE									
	Mr A. Kumba	745,334	267,078	-	55,900	-	40,800	3,600	1,112,712
	Ms PV Mashigo	723,327	267,078	23,657	54,250	-	40,800	3,600	1,112,712
	Ms BN Mthuli	719,331	267,078	27,963	53,950	-	40,800	3,600	1,112,712
	Ms C Maseko	719,331	267,078	27,963	53,950	-	40,800	3,600	1,112,712
	Ms NE Mkhabela	719,331	267,078	27,963	53,950	-	37,400	3,600	1,109,312
	Mr PP Nyalunga	716,030	267,078	31,502	53,702	-	40,800	3,600	1,112,712
	Ms MM Mliri	745,334	267,078	-	55,900	-	40,800	3,600	1,112,712
	Ms LE Nyalunga	723,327	267,078	23,657	54,250	-	40,800	3,600	1,112,712
	Ms AS Mthunywa	696,725	267,078	-	104,509	-	40,800	3,600	1,112,712
	Mr KM Mkhonto	664,781	259,244	63,091	49,859	-	40,800	3,600	1,081,375
	Mr LT Mlombo	357,953	143,200	-	56,970	-	21,053	1,858	581,033
	Mr DD Ngwenyama	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr JJ Khoza	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Ms TG Mabuza	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr EM Motobvu	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr SI Mokona	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Me TM Charles	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr JM Mazibane	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr DB Mkhathshwa	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Ms MJ Hlophe	377,286	144,620	-	56,591	-	40,800	3,600	622,897
	Mr TN Bulunga	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Ms MS Mashelle	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Mr MC Mhlanga	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Mr JB Mashaba	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Mr L. Maseko	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Ms RF Mqwanya	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Mr ME Mharule	342,981	131,476	-	51,447	-	40,800	3,600	570,304
	Ms BA Nyandu	318,162	131,476	28,541	47,724	-	40,800	3,600	570,304
	Mr SR Schormann	366,910	131,476	-	27,518	-	40,800	3,600	570,304

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Mr EM Sebashe	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr SR Masuku	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms EG Jance Van Rensburg	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Ms S Van Der Merwe	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Mr GGB Anthony	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Ms NM Magariga	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms BA Nyalungu	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr A. Thabathe	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr TM Pilla	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms RO Seepsop	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr K Mkhiluli	360,336	131,476	-	27,518	-	40,800	3,600	563,730
Mr ST Mash	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr JJ Mkhabela	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr DDT Ngobe	334,216	131,476	-	51,447	-	40,800	3,600	561,539
Ms EN Sibambo	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr MC Nkosi	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr NL Lukhele	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Ms MG Moyana	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Ms ME Jacobs	337,509	131,476	31,606	25,313	-	40,800	3,600	570,304
Ms MC Mhlanga	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr KA Oliver	390,045	131,476	-	-	-	40,800	3,600	565,921
Mr MJ Mlomoane	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr GM Nkambule	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Ms ML Sikonela	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr JV Mhamba	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Mr HB Fakude	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr DJ Nkosi	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr DB Nkosi	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr AE Fankomo	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr TK Nyathi	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr SE Mbuyane	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms PP Mbowane	318,162	131,476	28,541	47,724	-	40,800	3,600	570,304
Ms SE Makushe	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms DE Shongwe	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms FS Nkosi	57,163	21,913	-	8,575	-	6,800	600	95,051
Mr PCW Mlumaar	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Ms T Marshhall	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Mr LM Bhembe	286,822	131,476	59,543	43,681	-	40,800	3,600	565,921

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Councillors	Allowance	Motor Vehicle Allowance	Medical	Pension	In Kind benefits	Cell Phone	Data Allowance	Total
Mr HL Shongwe	342,981	131,476	-	51,447	-	37,400	3,600	566,904
Ms NA Makoena	308,583	131,476	39,558	46,287	-	40,800	3,600	570,304
Mr PB Mhlanga	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Mr EK Mnzini	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr LC Sibiya	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms L Ngwenyama	309,950	131,476	37,986	46,493	-	40,800	3,600	570,304
Mr KG Ndlovu	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Ms SM Banda	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Ms LE Sibozo	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr BP Nkhomo	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Ms TP Mkhalswa	342,981	131,476	-	51,447	-	40,800	3,600	570,304
Mr VL Mlomo	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Mr LB Nkosi	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Mr C Peyper	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Mr VS Gwebu	338,598	131,476	-	51,447	-	40,800	3,600	565,921
Mr WW Mofha	342,981	131,476	-	51,447	-	40,800	3,600	565,921
Mr RC Matloa	309,525	131,476	38,474	51,447	-	40,800	3,600	570,304
Mr R Torr	366,910	131,476	-	46,429	-	40,800	3,600	570,304
Mr JJ Mhlanga	366,910	131,476	-	27,518	-	40,800	3,600	570,304
Ms NM Zulu	314,399	120,520	-	27,518	-	40,800	3,600	570,304
Ms K. Malla	258,813	99,133	-	47,160	-	37,400	3,300	522,779
Mr NM Mlambo	87,323	33,395	-	36,585	-	30,763	2,714	430,009
Total	36,358,533	13,834,048	578,773	4,480,521	35,671	3,645,779	322,566	59,255,911

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Remuneration paid to all councillors are within the upper limits set by the Minister for Co-Operative Governance and Traditional Affairs as per his vested power set out in the Remuneration of Public Office Bearers Act no 20 of 1998.

In-kind benefits

The Executive Mayor, the Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor have the use of a Council leased vehicle for official duties. The Speaker also uses the council procured vehicle for official purposes.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council based on the security risk assessment conducted.



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40. Inventory consumed		
Materials and Supply Consumables	1,846,014 52,438,565	5,156,877 49,521,610
	54,284,579	54,678,487
41. Depreciation and amortisation		
Property, plant and equipment	550,181,000	536,902,093
Investment property	2,442,656	2,254,648
Intangible assets	1,012,192	1,212,315
	553,635,848	540,369,056
42. Finance costs		
Borrowings	30,388,558	29,782,405
Trade and other payables	80,798,677	35,413,421
Bank	27,845	24,603
Finance charges - provision for the rehabilitation landfill site	4,191,414	2,720,127
	115,406,494	67,940,556
43. Lease rentals on operating lease		
Operating lease	6,453,863	6,621,126
<p>The City is leasing various buildings for office accommodation purposes and a fleet vehicle for the official trips of the Executive Mayor. These lease contracts have options for renewal on the terms and conditions agreed by all parties. The escalation rates ranges between 8-10 per cent respectively for the office accommodation leases.</p> <p>There is no contingent rent paid or payable on all the agreements.</p>		
44. Bad debts written off		
Bad debts written off	187,409,746	298,900,044

Council has approved the writing off, of irrecoverable debt for the 2021/2022 financial year at its special council meeting held 22 June 2022 under item A(3).

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45. Bulk purchases		
Electricity - Eskom	1,057,513,385	886,815,769
Water	25,347,111	73,721,088
	1,082,860,496	960,536,857
Material losses incurred during the year under review were as follows:		
Electricity losses		
Electricity purchased (kWh)	756,766,813	757,592,198
Electricity sold (kWh)	(571,464,693)	(594,423,874)
Electricity losses (kWh)	185,302,120	163,168,324
Electricity losses (kWh)	185,302,120	163,168,324
Unit cost per kWh	1.40	1.17
Electricity losses in Rand value	259,422,968	190,906,939
Percentage Loss:	24.49 %	21.54 %
Water losses		
Water pumped and distributed (KL)	4,061,310	4,148,256
Water sold (KL)	(3,166,421)	(3,231,589)
Water distribution losses in KL	894,889	916,667
Water distribution losses in KL	894,889	916,667
Water losses in KL	5.53	5.23
Average cost per KL		
Water losses in Rand Value	4,948,736	4,794,168
Percentage Loss:	22.00 %	22.10 %

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Figures in Rand	2022	2021
46. Contracted services		
Outsourced Services		
Alien Vegetation Control	163,520	178,331
Animal Care	863,186	-
Burial Services	11,960,589	10,037,691
Business and Advisory	8,316,541	9,109,708
Catering Services	1,308,186	951,646
Cleaning Services	6,964,891	4,932,262
Internal Auditors	7,698,451	10,008,861
Illegal Dumping	32,278,824	38,772,253
Medical Waste Removal	7,430	7,500
Meter Management	11,819,631	4,450,263
Mini Dumping Sites	38,652,626	35,833,088
Refuse Removal	44,798,807	47,475,293
Security Services	78,961,201	69,242,959
Translators, Scribes and Editors	-	9,000
Transport Services	4,240	6,390
Organisational	1,279,592	369,514
Commissions and Committees	-	81,734
Human Resources	2,475,844	3,958,732
Consultants and Professional Services		
Business and Advisory	1,717,025	1,148,690
Infrastructure and Planning	2,564,503	8,619,058
Laboratory Services	-	1,254,886
Legal Cost - Legal advice and litigation	18,828,430	18,568,950
Legal Costs - Issue of Summons	-	81,828
Legal Costs - Collection	2,097,053	2,818,797
Accounting and Auditing	9,667,087	8,171,484
Business and Financial Management	14,772,646	11,131,407
Project Management	33,912,915	37,424,075
Contractors		
Audio-visual Services	63,100	31,200
Electrical	24,241,405	21,756,723
Event Promoters	311,585	512,599
First Aid	10,920	-
Fire Protection	-	695,472
Gardening Services	292,009	863,152
Maintenance of Buildings and Facilities	53,580,313	52,470,597
Maintenance of Equipment	18,784,330	16,229,232
Maintenance of Unspecified Assets	153,787,805	192,533,833
Medical Services	296,799	415,081
Pest Control and Fumigation	6,023,014	51,399,982
Traffic and Street Lights	14,236,531	11,643,880
Transportation	90,709	11,830
Sewerage Services	38,816,586	38,397,382
Sports and Recreation	406,578	152,889
Stage and Sound Crew	473,955	182,700
Forestry	-	595,786
Engineering and Civil	-	4,777,638
	642,528,857	717,314,376

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47. Transfer and subsidies		
Non-Profit institutions	1,500,662	700,000
Social assistance - Grants in aid	452,768	435,055
Bursaries	3,836,240	3,714,916
	5,789,670	4,849,971
48. Operational costs		
Advertising	1,990,672	1,584,535
Auditors remuneration	8,551,924	10,998,433
Bank charges	2,560,049	2,543,604
Commission paid	1,839,101	1,677,555
Entertainment	470	55,594
Insurance 3rd party payments and excess	26,024,288	28,697,302
IT expenses	15,539,235	14,692,917
Workmen's Compensation Fund	5,566,294	5,388,594
Learnership and Internship	1,273,771	1,755,358
Travel and Subsistence	2,580,364	1,401,644
Levies	9,994,184	7,931,108
Pest control	271,070	463,225
Postage and courier	357	1,555,699
Protective clothing	5,933,095	7,904,618
Printing - Publications and books	936,829	583,917
Secretarial fees	-	16,876,056
Subscriptions and membership fees	11,375,650	5,310,183
Telephone and fax	12,102,534	9,569,504
Transport and freight	1,077,274	256,074
Travel - local	15,518	10,951
Title deed search fees	1,204,005	130,668
Municipal Services	143,457,228	100,310,826
Licences - radio and television	444,600	622,922
Reward Incentives	6,575,316	5,821,054
Registration Fees	81,729	5,786,681
Vehicle Tracking	12,628,300	5,322,390
Indigent Relief	41,233,126	39,845,289
Performers and arts	1,796,764	5,063,446
Licences - Vehicles	2,084,762	2,728,948
	317,138,509	284,889,095
49. Auditors' remuneration		
Fees	8,551,924	10,998,433

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50. Cash generated from operations		
Deficit for the year	(393,342,522)	(381,318,756)
Adjustments for:		
Depreciation and amortisation	553,635,848	540,369,056
Loss on disposal of property, plant and equipment	3,465,066	2,347,359
Fair value adjustments	(16,445,717)	-
Loss from transfer of functions between entities under common control	129,447	-
Public contributions and donations	(5,662,501)	(2,416,625)
Gain on impairment reversal	(28,229,970)	(61,788,415)
Bad debts written off	187,409,746	298,900,044
Movements in operating lease assets and accruals	(603,750)	(8,051)
Movements in retirement benefit assets and liabilities	(14,556,000)	(27,378,000)
Movements in provisions	(20,759,346)	29,951,955
Inventory losses or write-downs	-	299,659
Changes in working capital:		
Inventories	(5,469,300)	(14,681,009)
Other receivables from exchange transactions	(17,065,788)	(70,347,207)
Trade receivables from exchange transactions	(191,957,274)	(106,588,905)
Statutory receivables	(42,033,386)	9,398,789
Deposits	705,320	(1,038,490)
Trade and other payables from exchange transactions	567,386,566	340,740,888
Value Added Tax -VAT	(42,832,595)	(26,262,856)
Other payables from non-exchange transactions	2,174,250	(4,372,255)
Unspent conditional grants and receipts	150,052,221	(72,054,555)
Consumer deposits	4,460,799	2,116,593
Other financial liabilities	3,319,517	1,331,316
	693,780,631	457,200,535

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51. Prior period errors

Opening Balance as previously reported- Accumulated Surplus	- 5,581,051,096
Correction of error - Net effect on opening accumulated surplus	- (40,693,969)
	- 5,540,357,127

1.1 The decrease in property, plant and equipment resulted from the derecognition of assets owing to the disposal of old and redundant capital assets and the derecognition of replaced infrastructure assets. Decrease in work-in-progress due to incorrect capitalisation and impairment of work-in-progress.

1.2 The increase in accumulated depreciation for the 2020/2021 financial year on property, plant, and equipment resulted from the retrospective capitalization of final payments incurred towards completed projects.

1.3 The decrease in accumulated depreciation for the year 2020/2021 on investment properties was incorrectly calculated.

1.4 The municipality identified errors of VAT treatment on the recording of invoices.

1.5 The increase in other receivables from exchange transactions relates to an omission of the industrial water charged to Silulumanzi in accordance with the concession agreement.

1.6 The municipality performed a reconciliation which identified errors in the VAT treatment of transactions in the 2019/2020 financial year and prior related to Silulumanzi, the concessionaire.

1.7 The municipality concluded a payment agreement with the DBSA which involved the revision of the payment terms and the subsequent interest charges on the loan.

1.8 The municipality recalculated back-pay for employees on the pensionable allowance due since the 2010/2011 financial year.

1.9 Re-allocation of penalties and interest incurred on late payment of PAYE for the 2019/2020 financial year and prior.

1.10 The Municipality received invoices that related to expenditure incurred during the 2019/2020 financial year and prior. These invoices were paid and the corresponding restatements were corrected in the prior to prior year. The appropriate VAT treatment was also taken into account

Increase in cost due to completed property plant and equipment: buildings	2,546,786
Increase in accumulated depreciation as a results of calculation error od prior year	(128,977)
depreciation related to assets transferred from PPE to Investment property: Property	
plant and Equipment (1.1)	
Increase in property plant and equipment cost resulting from the re-recognition of	
assets approved for disposal during the 2017/2018 financial year and incorrectly	
derecognized.- Equipment and Equipment (1.1)	215,993
Increase in property plant and equipment accumulated depreciation resulting from the	
re-recognition of assets approved for disposal during the 2017/2018 financial year and	
incorrectly derecognized.- Equipment and Equipment (1.1)	(172,274)
Increase in property plant and equipment cost resulting from the re-recognition of	
assets approved for disposal during the 2017/2018 financial year and incorrectly	
derecognized.-Furniture and Equipment (1.1)	818,209
Increase in property plant and equipment accumulated depreciation resulting from the	
re-recognition of assets approved for disposal during the 2017/2018 financial year and	
incorrectly derecognized.-Furniture and Equipment 1.1)	(625,823)
Increase in property plant and equipment cost resulting from the re-recognition of	
assets approved for disposal during the 2017/2018 financial year and incorrectly	
derecognized.- Transport Assets (1.1)	5,821,182
Increase in property plant and equipment accumulated depreciation resulting from the	
re-recognition of assets approved for disposal during the 2017/2018 financial year and	
incorrectly derecognized.- Transport Assets (1.1)	(5,030,181)

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Increase in property plant and equipment cost resulting from the re-recognition of assets approved for disposal during the 2017/2018 financial year and incorrectly derecognized.- Computer Equipment (1.1)	-	5,834,628
Increase in property plant and equipment accumulated depreciation resulting from the re-recognition of assets approved for disposal during the 2017/2018 financial year and incorrectly derecognized.- Computer Equipment (1.1)	-	(5,711,686)
Increase in property plant and equipment cost resulting from completeness review. Roads (1.1)	-	23,465,977
Increase in property plant and equipment Accumulated depreciation resulting from completeness review. Roads (1.1)	-	(6,804,753)
Decrease in property plant and equipment cost resulting from a project completed during the previous financial year (1.1)	-	(48,636,006)
Increase in property plant and equipment cost resulting from the invoice processed during the current year relating to work performed in the previous financial year.- Water infrastructure (1.1)	-	496,731
Increase in property plant and equipment accumulated depreciation resulting from the invoice processed during the current year relating to work performed in the previous financial year.- Water infrastructure (1.2)	-	(1,552)
Decrease in accumulated depreciation as a results of calculation error od prior year depreciation related to assets transferred from PPE to Investment property: Investment property (1.3)	-	128,977
Decrease in accumulated depreciation - property, plant and equipment: waste water (1.2)	-	(152)
Increase in inventories (1.4)	-	8,136
Increase in other receivables from exchange transactions (1.5)	-	23,722,009
Increase in statutory receivables - Value Added Tax (VAT) (1.6)	-	4,989,517
Increase in interest on borrowings (1.7)	-	(29,782,406)
Decrease in current portion of borrowings	-	47,520,317
Increase in trade and other payables from exchange transactions - employee related costs: back pay on pensionable allowance (1.8)	-	(16,663,873)
Increase in trade and other payables from exchange transactions interest and panalties on Pay As you Earn (PAYE) (1.9)	-	(2,548,804)
Increase in trade and other payables from exchange transactions - Invoices relating to the 2019/2020 financial year and prior (1.10)	-	(37,649,100)
	-	(38,187,125)
Net effect on prior to prior year assets and liabilities	-	(96,501,020)
Transactions affecting the prior year deficit	-	55,807,024
Net effect on the Statement of Financial Position	-	(40,693,996)
Net effect of the accummulated surplus on the prior to prior years	-	(38,187,125)
Net effect of the accummulated surplus on the prior year	-	(2,506,871)
Net effect on the Statement of Financial Position	-	(40,693,996)
The reported net deficit for the previous year has been adjusted by the following identified accounting errors:	-	(383,825,595)
Increase in service charges (2.1)	-	23,722,008
Increase in inventory consumed (2.2)	-	(21,024)
Increase in depreciation for the year (2.3)	-	(1,593)
Decrease in interest on borrowings (2.4)	-	17,737,912
Increase in operating lease (2.2)	-	(92,514)
Increase in material bulk purchases (2.2)	-	(903,379)

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Increase in contracted services (2.2)	-	(32,023,683)
Increase in operational costs (2.2)	-	(5,910,777)
Net effect of adjustments on the prior year		(381,318,645)

2.1 The increase in other receivables from exchange transactions relates to an omission of the industrial water charged to Silulumanzi in accordance with the concession agreement.

2.2 The Municipality received invoices that related to expenditure incurred during the 2020/2021 financial year. These invoices were paid and the corresponding restatements were corrected in the prior year.

2.3 The increase in depreciation for the 2020/2021 financial year on property, plant, and equipment resulted from the retrospective capitalization of final payments incurred towards completed projects.

2.4 The municipality concluded a payment agreement with the DBSA which involved the revision of the payment terms and the subsequent interest charges on the loan.



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52. Reclassifications

Certain comparative figures have been reclassified due to the implementation of the Municipal Standard Chart of Accounts (mSCOA) and Generally Recognised Accounting Practice (GRAP) to ensure fair presentation and consistency.

Statement of financial position - extract

	Comparative figures previously reported	Reclassification	After reclassification
Value Added Tax (VAT) receivables	142,991,612	(142,991,612)	-
Statutory receivables	106,614,667	142,991,612	249,606,279
Unspent conditional grants and receipts - Donation Taxi Disaster Grant	29,327	(29,327)	-
Other payables from non-exchange transactions - Transfers payables	15,758,078	29,327	15,787,405
Trade and other payables from exchange transaction - COIDA	5,388,594	10,820,938	16,209,532
Trade and other payables from exchange transaction - accruals	571,744,555	(10,820,938)	560,923,617
Total	842,526,833	-	842,526,833

Value Added Tax (VAT) receivables were reclassified to statutory receivables.

An item within unspent conditional grants and receipts - Donation Taxi Disaster Grant was reclassified to other payables from non-exchange transactions - Transfers payables.

Trade and other payables from exchange transactions - COIDA were reclassified to trade and other payables from exchange transactions - accruals

53. Change in accounting estimates

The provision for the rehabilitation of landfill sites was revised at year end and was recognised in the surplus or deficit for the reporting period.

The effect of the change in accounting estimate on the current year's depreciation was a decrease of R4 233 for the Tekwane Landfill site, an decrease of R123 085 for the Barberton Landfill site and an decrease of R2 055 322 for the Hazyview Landfill site. The change in accounting estimate was added to the cost of the related asset in the current reporting period. The total overall effect of the future periods is a cumulative net decrease in the depreciation cost of R11 017 403 over the remaining useful life of the related assets. The effect of the change in future periods will be an decrease in the annual depreciation expense amounting to R4 233 totaling to R334 416 over the remaining useful life of the Tekwane Landfill site, an decrease in the annual depreciation expense amounting to R123 085 totaling to R2461 700 over the remaining useful life of the Barberton landfill site and an decrease in the annual depreciation expense amounting to R2 055 322 totaling R8 221 287 over the remaining useful life of the Hazyview landfill site. The overall impact on the finance costs will increase by R141 817 in the following financial year.

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54. Commitments

Authorised capital expenditure

Already contracted for:

• Infrastructure - Water	62,153,989	34,802,429
• Infrastructure - Roads, Pavement and Stormwater	242,546,931	372,646,931
• Infrastructure - Electricity	130,458,262	174,532,109
• Infrastructure - Waste Water	72,966,691	114,028,196
• Buildings	8,120,082	23,890,188
• Community Facilities	2,106,518	9,439,937

Approved but not contracted for:

Infrastructure - Waste water	-	5,249,377
Infrastructure - Roads, Pavement and Stormwater	-	28,118,119
Infrastructure - Water	-	17,293,129

518,352,473 780,000,415

The expenditure will be funded as follows:

• Government grants	479,633,475	758,601,906
• Internal funding	38,718,998	31,398,509

518,352,473 790,000,415

Total capital commitments

Already contracted for:	518,352,473	780,000,415
Funded	(518,352,473)	(780,000,415)

- -

Authorised operational expenditure

Already contracted for:

• Typical Work Stream - Electrification	80,358,528	47,556,545
• Typical Work Stream - Spatial Planning	-	18,829
• Typical Work Stream - Meter conversion and replacement	43,007,492	-
• Typical Work Stream - Intergrated Public Transport Network	-	3,084,837
• Typical Work Stream - Water Services	1,479,632	3,987,314
• Typical Work Stream - Financial Management	17,770,808	5,798,908
• Typical Work Stream - Waste Management	50,433,485	12,621,542
• Typical Work Stream - Other	9,505,973	16,821,570

202,555,918 89,889,545

Total operational commitments

Already contracted for	202,555,918	89,889,545
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Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	574,243	937,002
- in second to fifth year inclusive	-	574,243
	574,243	1,511,245

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five (5) years. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	1,177,282	128,577
- in second to fifth year inclusive	4,502,717	323,918
- later than five years	1,104,042	101,736
	6,784,041	554,231

Certain of the municipality's equipment and buildings is held to generate rental income. Rental of equipment and buildings is expected to generate rental yields on an ongoing basis. Lease agreements have terms from 3 to 6 years. There are no contingent rents receivable.

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55. Contingencies

Contingent liabilities

Damage claims

A claim against the City was instituted through a high court summons, where the Plaintiff is claiming R 15 904 902.13 excluding interest and legal fees. The Plaintiff's claim is for services provided to the City, however the City is contesting the matter. R 15 904 902.	15,904,902	15,904,902
A claim against the City through high court combined summons for the UB 40 concert to the amount of R 1 557 166 The City is contesting the case through appointed legal representatives. The City requested security to be present at the event, of which the plaintiff did not comply with the request. R 1 557 166.	1,557,166	1,557,166
A claim against the City was instituted through a high court summons, where the Plaintiff is claiming R 1 125 239.01 excluding interest and legal fees. The plaintiff's claim is for general maintenance of council's buildings, however the City is contesting the matter. R 1 900 000.	1,900,000	1,900,000
A claim against council has been instituted through combined summons to the amount of R 19 000.00 for "verbal agreement". The case is defended through appointed legal representatives. R 19000.	19,000	19,000
A procurement dispute claim through High Court summons emanating from a forged cession of payment agreement which was not honoured by council. Council is contesting the claim based on external legal advice. The City was granted leave to appeal to defend and an undertaking not to proceed with the summary judgment was made by the applicant's legal representatives. The case is dormant. R 2 540 043.	2,540,043	2,540,043
Unilaterally amended agreement for the provision of free raw water for a period of 6 years within the Nsikazi /Kanyamazane area. R 11 510 110	11,510,110	11,510,110
An application was made to National Treasury for condonation of the unauthorised expenditure on conditional grants incurred during 2009/2010 and 2010/2011 financial years. The municipality is awaiting the pending outcome of the request after all supporting evidence was submitted in collaborating of the unauthorised expenditure which was outside the respective conditional grants framework. Municipal Infrastructure Grant: R 163 400 959 and Public Transport Infrastructure Grant: R 41 177 177) R 204 578 136.	204,578,136	204,578,136
A matter involves the alleged constructive dismissal of an employee who then referred a dispute to the Labour Court. Msikinya Attorneys are the appointed legal representatives handling the matter on behalf of the city. R 552 961.	552,961	552,961
A dispute has arisen due to non-performance on agreed deliverables as stipulated on the service level agreement. The matter is currently under mediation. R 14 052 481.	14,052,481	14,052,481
Total contingent liabilities	252,614,799	252,614,799

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56. Related parties

City of Mbombela Development Agency

The Umjindi Local Development Agency (UMLEDA) was incorporated on the 30th of October 2008. The former Umjindi Local Municipality held 100% shares of Umjindi Local Economic Development Agency (UMLEDA). City of Mbombela has at its meeting held 27 October 2016 under item A(11) resolved to approve the name change of the entity to City of Mbombela Economic Development Agency. The objectives and functions of the agency (entity) is to drive and champion local economic development initiatives in order to achieve job creation and poverty alleviation as per the National Development Plan and also to promote investment attraction and SMME development. The municipal entity was disestablished by council at its special council meeting held 29 April 2022, under item E(1)(ff).

Mbombela Economic Development Agency

Mbombela Economic Development Agency (MEDA) was established by the Municipality as a service utility in terms of Section 86H of the Municipal Systems Act No 32 of 2000 through the passing of the by-law. The municipality has significant influence over the agency. The agency is a dormant section 21 company.

Mbombela Economic Development Partnership

Council has at its meeting held 26 February 2015 under item A(4) resolved to approve the establishment of the Mbombela Economic Development Partnership. The Mbombela Economic Development Partnership was constituted as an independent not for profit company established in terms of the Companies Act, No 71 of 2008.

The overriding objective of Mbombela Economic Development Partnership is to meet the City's economic development strategic outcomes in partnership with the community in order to stimulate the economy by focusing on sector support thus creating an enabling environment that will attract investment, stimulate increased job creation, skills transfer, youth and small business development, resource resilience and liveable and safe community development.

The Mbombela Economic Development Partnership is responsible for the following core functions:

- Mobilisation and establishing partnerships for thematic programmes
- Communication, Promotion, Intelligence Distribution
- Coordination and facilitation of spatial, sector and/or project interventions
- Facilitate dialogue amongst key stakeholders

Municipal Housing Entity

Council has at its meeting held 29 March 2019 under item A(6) resolved for the establishment of Municipal Housing Entity. The Municipal Housing Entity will be responsible for creating and managing social housing and rental stock, and further managing community rental stock. The City of Mbombela will be the controlling entity for the Municipal Housing Entity.

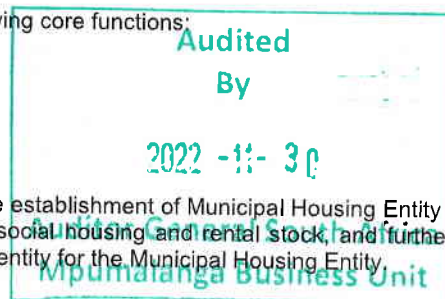
Umsebe Accord

Umsebe Accord is a Non Profit company established to pursue public benefit objectives entrusted with the four municipalities namely, Municipio De Matola Municipality(Mozambique), Municipal Council of Mbabane(eSwatini), Nkomazi Local Municipality and the City of Mbombela Local Municipality. The objectives and functions of the company (entity) amongst others include promotion of local economic development initiatives and meeting the strategic objectives of the four cities as registered in the Memorandum of Incorporation. The Board of Directors constitutes representatives from all the four cities (municipalities) nominated to represent each municipality accordingly. Council has resolved at its meeting held 31 August 2018 under item A(4) to review and renew the Umsebe Accord Protocol for a five years period from 2018 to 2023.

Municipal Solidarity Fund

The Municipal Solidarity Fund was established to solicit funding that would be used to fight the COVID-19 pandemic and the sound consequences of the pandemic, including but not limited to social development, supporting the homeless, food security, support to informal traders, assisting the unemployed in the communities. The Fund was established as a Non-Profit Organization.

The diversified Board of Directors were appointed to serve and contribute to the successful realization of the strategic objectives of the Fund. The establishment of the Municipal Solidarity Fund with terms of reference was approved by Council at its meeting held 30 October 2020 under item A(9).



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Related party transactions

Transfers and subsidies

- 700,000

Remuneration of management is disclosed Note 38 to these unaudited annual financial statements.

Remuneration of councillors and other in-kind benefits is disclosed in Note 39 to these unaudited annual financial statements.

57. Additional disclosure in terms of Municipal Finance Management Act

Contributions to the South African Local Government Association (SALGA)

Opening balance	7,416,011	10,104,828
Current year subscription	11,224,944	10,751,182
Amount paid - current year	(4,115,544)	(3,212,622)
Amount paid - previous years	(7,416,011)	(10,227,377)
	7,109,400	7,416,011

Audit fees

Opening balance	9,279,407	5,787,624
Current year audit fees	8,551,924	10,998,433
Amount paid - current year	-	(1,787,866)
Amount paid - previous years	(6,782,018)	(5,718,784)
	11,049,313	9,279,407

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PAYE, UIF and SDL

Opening balance	35,779,807	34,058,579
Current year expense	236,090,278	211,058,541
Amount paid - current year	(198,069,177)	(175,278,734)
Amount paid - previous years	(35,779,807)	(34,058,579)
	38,021,101	35,779,807

The unpaid balance is the amount for May and June 2022 which was payable in July 2022.

Pension and Medical Aid Deductions

Opening balance	21,393,729	20,152,449
Current year expense	173,160,094	256,308,550
Amount paid - current year	(158,716,453)	(234,914,821)
Amount paid - previous years	(21,393,729)	(20,152,449)
	14,443,641	21,393,729

The unpaid balance is the amount for June 2022 which was payable in July 2022.

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VAT

VAT receivable	190,813,724	147,981,129
Opening balance	147,981,129	121,737,501
Total amount claimed from SARS during the year	108,308,964	81,438,929
Total amount received during the year	(102,006,795)	(77,922,562)
Adjustments	(136,162,730)	(121,532,923)
Net VAT on accruals	172,693,156	144,260,184
VAT receivable	190,813,724	147,981,129
VAT receivable (as per VAT 201)	18,120,568	3,720,945
Net VAT on accruals	172,693,156	144,260,184
VAT receivable	190,813,724	147,981,129

Councillors' arrear consumer accounts

30 June 2022

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr WD Ndlovu	1,445	6,904	8,349
Cllr ME Nsimbini	717	3,437	4,154
Cllr PS Tholo	686	13,365	14,051
Total councillors arrear consumer accounts	2,848	23,706	26,554

30 June 2021

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr A Kumba	228	2,410	2,638
Cllr ME Nsimbini	678	11,626	12,304
Cllr SP Mathonsi	3,340	13,509	16,849
Cllr KG Ndlovu	246	2,973	3,219
Cllr LM Bhembe	1,051	12,987	14,038
Cllr NA Mokoena	5,912	6,849	12,761
Cllr L Ngwenyama	501	2,799	3,300
Cllr MJ Hlophe	2,799	-	2,799
Cllr AS Mthunywa	4,457	15,853	20,310
Cllr RC Matola	5,835	71,401	77,236
Cllr JJ Mkhabela	1,822	-	1,822
Cllr TG Mabuza	339	-	339
Cllr BN Mdhuli	487	-	487
Cllr PV Mashego	3,303	-	3,303
Cllr EG Janse Van Rensburg	590	145	735
Cllr NE Mkhabela	2,207	-	2,207
Cllr R Torr	867	-	867
Total councillors arrear consumer accounts	34,662	140,552	175,214

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Distribution losses in terms of MFMA 125(2)(d)(i)

Material losses are disclosed in note 45 of these unaudited annual financial statements

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58. Deviation from supply chain management regulations

In terms of regulations 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.

Deviations from Supply Chain Management	13,258,420	16,651,756
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59. Unauthorised expenditure

Opening balance as previously reported	827,604,271	341,284,740
	827,604,271	341,284,740
Add: Unauthorised Expenditure - current year	539,772,738	486,319,531
Closing balance	1,367,377,009	827,604,271

The unauthorised expenditure incurred relates to the overspending on the approved operational expenditure budget.

60. Fruitless and wasteful expenditure

Opening balance as previously reported	173,079	173,079
Add: Fruitless and Wasteful Expenditure - interest charged	83,410,787	-
	83,583,866	173,079
Closing balance	83,583,866	173,079

The fruitless and wasteful expenditure incurred during the reporting period relates to interest charged on payments which were not made within 30 days on receipt of an invoice or statement in compliance with Section 65 of the Municipal Finance Management Act, 2003. The City continues to face persistent financial cash flow challenges, which impacted in its obligations to pay its suppliers timeously.

61. Irregular expenditure

Opening balance	562,755,132	511,966,928
Add: Irregular Expenditure - current year	152,665,568	50,788,204
	715,420,700	562,755,132
Closing balance	715,420,700	562,755,132

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Incidents/cases identified in the current year include those listed below:

Disciplinary steps taken/criminal proceedings		
SCM processes not followed		5,332,004
Irregular expenditure incurred as a result of an award made to a bidder who failed to attach proof that municipal rates and taxes for both company and the director were in order	Investigation in progress	7,316,626
Irregular expenditure incurred as a result of award made while the municipal rates for the director of the company was over 90 days	Investigation in progress	12,681,132
Irregular expenditure incurred as a result of awards to person in the service of the municipality and their close family members	Investigation in progress	7,260,954
Irregular expenditure incurred as a result of contract secured not in compliance with the interpretation of the SCM regulation 32	Investigation in progress	1,315,590
Expenditure incurred as a result of contract being declared as irregular at an organ of state	The reported expenditure was condoned by the Mpumalanga Provincial Treasury and a report was submitted to the City for consideration. Municipal Public Account Committee (MPAC) is currently considering the Internal Audit investigation report for recommendation to Council on appropriate measures to be taken.	5,120,390
Continuation of multiple extended contracts without following section 116 of the MFMA prior to expiry	Investigation in progress	609,838
Irregular expenditure incurred as a result of not performing evaluation on the 30% sub-contracting criteria	Investigation in progress	17,421,675
Irregular expenditure incurred as a result of not performing evaluation on the 30% sub-contracting criteria	Investigation in progress	15,361,475
Irregular expenditure incurred as a result of unverifiable COIDA certificate submitted by bidder	Investigation in progress	39,151,367
Irregular expenditure incurred as a result of bidder failing to score minimum points on functionality	Investigation in progress	5,364,108

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Irregular expenditure incurred as a result of bidder failing to score minimum points on functionality	Investigation in progress	14,979,205	-
Irregular expenditure incurred as a result of Non-compliance with SCM regulation 36(1)	Investigation in progress	184,500	-
Irregular expenditure incurred as a result of unapproved variation order	Investigation in progress	3,915,158	-
Irregular expenditure incurred as a result of no feasibility study provided for sub-contracting bids above R30 million	Investigation in progress	13,140,805	-
Irregular expenditure incurred as a result of incorrect calculation on functionality points	Investigation in progress	3,510,741	-
		152,665,568	-

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62. Risk management

Financial risk management

The Municipality has exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout the annual financial statements.

Council has established a risk management committee, which is responsible for reviewing the effectiveness of the institutional risk management systems, policy, procedures and practices.

Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterpart to a financial instrument fails to meet its contractual obligations.

- Trade and other receivables from exchange transactions
- Non-current receivables from exchange transactions
- Investments
- Non-current investments
- Other non-current financial assets
- Cash and cash equivalents

Trade and other receivables from exchange transactions

The Municipality's trade and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

Maximum exposure to credit risk at reporting date for each class of financial assets was:

Cash and cash equivalents	144,510,599	62,333,726
Investments	-	100
Trade receivables from exchange transactions	225,998,204	193,220,706
Statutory receivables - Property rates	144,930,803	101,969,144
Deposits	5,903,135	6,608,455
Other receivables from exchange transactions	119,132,940	102,067,152
	640,475,681	466,199,283

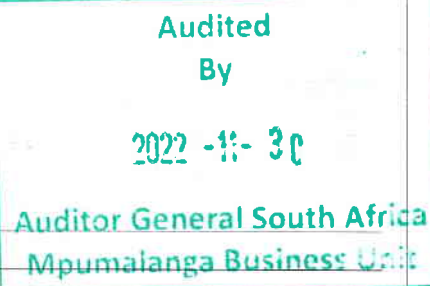
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Impairment disclosure for current financial assets carried at amortised costs

All of the Municipality's financial assets have been reviewed for indicators of impairment. Refer to Note 6 for the impairment reconciliation of consumer and other receivables.

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings and are therefore not linked to the interest bank repurchase rate. The municipality has only two interest bearing borrowings as indicated in Appendix A.

At year end, financial instruments exposed to interest rate risk were as follows:

- Cash and cash equivalents
- Borrowings

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Up to 1 Year

Current portion of borrowings	20,722,925	-
Other financial liabilities	9,014,800	5,695,283
Trade and other payables from exchange transactions	2,283,611,010	2,268,672,181
Other payable from non-exchange transactions	17,961,655	15,787,405
Consumer deposits	49,452,094	44,991,295

1 - 5 years

Non - current portion of borrowings	94,008,486	99,079,498
-------------------------------------	------------	------------

>5 years

Borrowings	160,779,517	183,956,485
	2,635,550,487	2,618,182,147

Concentration of credit risk

The concentration of the credit risk associated with:

Borrowings	10 %	10 %
Other financial liabilities	3 %	3 %
Trade and other receivables	87 %	87 %
	100 %	100 %

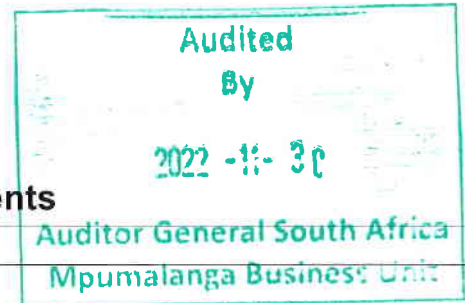
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Financial Sustainability and Liquidity Management

The City has been unable to meet most of its current obligations by paying service providers within 30 days on receipt of invoice or statement in compliance with Section 65 of the Municipal Finance Management Act No 56 of 2003. The persistent cash flow constraints emanates from the accumulation of trade payables over the previous financial years and minimal cash backed reserves. The severe financial situation was further exacerbated by a number of community protests experienced during the year.

Liquidity management objectives have not been entirely met as the cash coverage ratio was less than a month which is below the norm of three months and the current ratio was fragile as the current liabilities exceeded the current assets by R1 653 826 418 (2021: R1 683 409 540) with an outcome assessment of less than one. The municipality was not able to maintain 100 per cent level of cash backed reserves during the reporting period. A material amount of receivables have been impaired due to non-collectability.

As part of the responsive measures, Council adopted various strategies and plans to address the financial situation challenge. Council has approved the liquidity management policy at its meeting held 31 May 2019 under item A(4) (c) for implementation. The liquidity policy seeks to give guidance for maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure. Furthermore, the Revenue Enhancement Strategy for the City was approved by Council at the meeting held 31 May 2017 under item A(4) for which implementation is ongoing. The revenue enhancement strategy outlines the various optimisation measures to enhance the liquidity and financial health position.

The City has also developed Supply Chain Management sourcing strategy which was approved by Council at the meeting held 28 June 2017 under item A(4). One of the objectives for the sourcing strategy is to regulate prices on certain commodities in order to ensure that goods and services are procured in a most economic manner.

The City requested intervention from National Treasury to conduct the Municipal Financial Management Capability Maturity assessment for which the outcome was tabled before Council at its meeting held 28 June 2018 under item A(1). The Municipal Financial Management Capability Maturity Model assessed the maturity level of the municipality on various aspects of internal controls, policies and procedures and compliance with Legislation. An action plan to address the weaknesses identified through the Municipal Finance Management Capability Maturity Assessment has been developed and it is currently being implemented.

Furthermore, National Treasury was requested to assist with the development of a Financial Recovery Plan as a turnaround management initiative. The plan was approved by Council at its meeting held 28 June 2018 under item A(3). The City is implementing the approved Financial Recovery Plan and Council as well other internal and external stakeholders have been monitoring the implementation thereof on a quarterly basis.

The municipality continues to aggressively implement the financial interventions and revenue collection strategies in order to improve financial sustainability and liquidity management objectives. The municipality is focusing on implementing the various strategies and plans aggressively in order to shorten the turnaround/ recovery period. In responding to the cash flow constraints faced by the municipality, the city is focusing on revenue optimisation, cost minimisation to achieve value for money as well as implementing the approved creditor's reduction plan. Payment negotiations and arrangements are continually made with major suppliers given the financial constraints faced by the City in implementing the creditors' reduction plan.

The outbreak of the Coronavirus (COVID-19) pandemic has aggravated the financial situation of the municipality with the uncertainty and complexity impacting the global economy. The COVID-19 disruption has affected all countries and all sectors including private and public sector. The impact of the pandemic has taken its toll on not just human lives, but industries and financial markets too, the extent of which is currently indeterminate.

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63. Events after the reporting date

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Council has at its meeting held on the 31 May 2022 under item B(1), resolved that the reviewed organisational structure be approved for implementation from 1 July 2022. The reviewed organisational structure resulted in the reduction of the number of the section 56 senior managers (General Managers) reporting to the Accounting Officer.

The placement of the section 56 senior managers together with the contract expiry will be as follows:

NAME	OLD POSITION	NEW POSITION	CONTRACT EXPIRY DATE
J Ngobeni	General Manager: Office of Council	General Manager: Local Economic Development	30 November 2022
Z N Mthombeni	General Manager: Strategic Management Services	General Manager: Strategic Management Services	29 February 2024
M B Thumbathi	General Manager: Community Services	General Manager: Sports, Arts and Culture	10 September 2022
Z P Malaza	Chief Financial Officer	Chief Financial Officer	31 January 2025
D P Msibi	Deputy Municipal Manager: Service Delivery	General Manager: City Planning and Development	30 November 2022
S T Sibeko	General Manager: Energy	General Manager: Technical Services	31 March 2024
S L Sihlangu	General Manager: Public Safety	General Manager: Community Services	31 August 2024
M E Nkosi	General Manager: Corporate Services	General Manager: Corporate and Support Services	10 September 2022

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The following General Managers are to be released from their employment contracts with effect from 1 August 2022 and special leave be granted to them for July 2022, in accordance with the 30-day notice period and they be compensated for the remaining months of their employment contracts as follows:

NAME	OLD POSITION	CONTRACT EXPIRY DATE	SALARY TO BE PAID	LEAVE TO BE PAID
D D Mabuza	General Manager: City Planning and Development	30 November 2022	R683 943	R40 617
W Tshawe	General Manager: Water and Sanitation	31 August 2023	R1 915 042	R189 647
D Ndlovu	General Manager: Regional Centre Coordination	13 September 2022	R329 536	R248 567
S R Mhlongo	Deputy Municipal Manager: Institutional Development	10 September 2022	R339 479	R262 220
X T Mabila	General Manager: Public Works, Roads and Transport	30 November 2022	R683 943	R260 087
TOTAL			R3 951 943	R1 001 139

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By

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Mpumalanga Business Unit

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64. Budget differences

Material differences between budget and actual amounts greater than 10% based on the Table A1 of the budget schedules in accordance with the Municipal Budget and Reporting regulations No.32141

Statement of Financial Performance:

Revenue:

The persistent cash flow constraints necessitated the development of the voluntary Financial Recovery Plan (FRP) with the assistance of National Treasury. A number of strategies and plans are being implemented to turnaround the financial health position of the municipality. A number of revenue enhancement initiatives have been implemented during the reporting period which included the following focus areas:

- (a) Reduction of water and distribution losses
- (b) Exploring the opportunities of increasing the existing revenue base
- (c) Exploring and unlocking new revenue and alternative revenue streams

The City will continue to invest on revenue optimisation measures in order to improve the financial distress situation of the institution.

1. Sale of goods and services

The variance is primarily attributable to the planning and development amendment fees due to the increased applications received during the year. The increase responds to the initiatives to increase the revenue base as part of the financial turnaround plan.

2. Rental of Facilities and Equipment

The variance is mainly attributable impact of the National State of Disaster and its lockdown restrictions imposed since March 2020 which resulted in limited economic and social activities. The National State of Disaster was lifted during April 2022.

3. Licenses and permits

The variance is attributable to the transfer of the entire licensing function to the Provincial Government as well as impact of the national lockdown restrictions which limited the local economic activities.

4. Other income

The variance is primarily attributable to delay in the finalisation of the disposal for serviced stands in Tekwane. The delay was due to the National Treasury advisory guidance note regarding the advertisement of new tenders from 16 February 2022 until clear directive was given end of May 2022.

5. Finance Income

The variance is due to the enforcement of the credit control measures in line with the credit control policy and By-Law and the implementation of the creditors' reduction plan.

6. Government grants and subsidies

The variance is mainly due to the unspent conditional grant amount relating to the Public Transport Network Grant (PTNG) which was received in March 2022 after the City was removed from the Integrated Public Transport Program. The grant was received at the time when new tenders advertised from 16 February 2022 were advised to be halted as per the National Treasury's advisory guidance note until a clear directive was given end of May 2022.

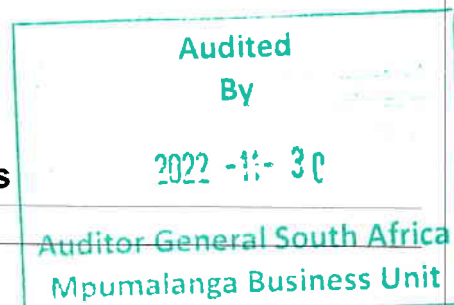
The roll over application was submitted to National Treasury on the committed projects.

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7. Public contributions and donations

The variance is primarily attributable to the trucks donated to the municipality by another Organ of State which were not budgeted for.

8. Fines, Penalties and Forfeits

The variance is mainly due to the effect of the national lockdown restrictions and the Covid-19 pandemic which impacted on the traffic fines revenue enhancement initiatives. The City is executing various revenue optimisation measures to respond to the financial distress situation.

Expenditure:

9. Inventory Consumed

The variance is attributable to the planned maintenance implementation program for electricity infrastructure assets during the reporting period.

10. Depreciation and amortization

The variance is due to the continuous update of the asset register in line with the relevant accounting framework. The increase on the depreciation is mainly due to the completed assets which have been unbundled and recognised in the municipal asset register in compliance with GRAP 17 and other applicable accounting standards.

11. Finance Costs

The major cost driver is the interest charged by Eskom for bulk electricity payments made after 30 days on invoice date which has been subsequently disclosed in the notes to these annual financial statements as Fruitless and Wasteful Expenditure. The late payment of creditors is mainly due to the financial distress situation faced by the City which hinders on the ability to pay suppliers within the stipulated timeframes.

A number of challenges exacerbates the existing financial health situation which are as follows amongst others:

- (i) The constant approval by NERSA for a higher tariff increase for Eskom of 17.8% in 2021 and 8.61 in 2022 compared to the approved lower municipal tariff increase of 14.59% in 2021 and 7.47% in 2022 continues to exert financial burden to the municipality. The City is reviewing its cost of electricity supply study to be able to guide the tariff increase application to NERSA.
- (ii) Eskom's high interest charges of prime plus 2.5% on bulk accounts and prime plus 5% on Large Power Users (LPU) while the City charges its customers prime plus 1% to its customers is unaffordable and unsustainable.
- (iii) Inability to execute credit control measures in areas where Eskom supply electricity, continues to be a challenge as electricity is used as a primary yardstick to enforce credit control especially on prepaid electricity meters.

The City is implementing various strategies and plans including the Financial Recovery Plan and Revenue optimisation measures in order to improve financial resilience and sustainability thereof. The results of the financial recovery plan will yield benefits over period of years given the severity of the financial distress situation.

12. Operating leases

The variance is attributable to the tools of trade offered to full-time Executive Mayors as outlined in the Determination of Upper Limits of salaries, allowances and benefits of different members of municipal council which was issued in June 2022 for the 2021/2022 financial year.

13. Bad Debts Written Off

The variance is attributable to the classification differences between budgeting and financial accounting. The bad debts written off are set off against the provision which is made each year based on the collection rate projections. The implementation of the Municipal Standard Chart of Accounts requires that the actual debt written off be disclosed as part of the operating expenses within the Statement of Financial Performance. The debt impairment expense on the other hand is

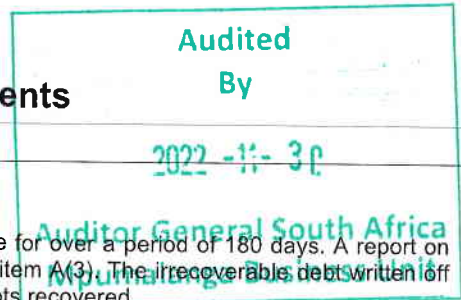
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part of the gains and losses which is disclosed as impairment loss or gains.

The R286 million relates to the actual debt written off which was not collectable for over a period of 180 days. A report on the write off was tabled before Council at its meeting held 22 June 2022 under item A(3). The irrecoverable debt written off is handed to debt collectors and any amounts received is recognised as bad debts recovered.

14. Transfers and Subsidies

The variance is as a result of the basis differences. The difference is due to the provision of free basic water (first 6 kilolitres) to all communities as well as the provision of water to indigent consumers. The City also provides water to disadvantaged communities that have no access to water through other intervention measures. The 6kl free basic water within the concession area is the major cost driver for the actual expenditure incurred.

15. Operating costs

The variance in municipal operating costs is significantly attributable to the municipal services costs. These costs entail own consumption of electricity as a result of new boreholes and street lighting connections as well as water consumption costs.

16. Loss on disposal of assets

The variance is mainly due to accounting and budgeting principles relating to accounting transactions not budgeted for. Council approved the disposal of redundant and obsolete assets at its meeting held 31 March 2022, under item A(1).

17. Fair value adjustments

The variance is mainly due to accounting and budgeting principles relating to accounting transactions not budgeted for. The fair value adjustments relates to the remeasurement on fully depreciated landfill sites.

18. Gain on impairment reversal

The gain on impairment reversal relates to the debt impairment provision which is classified under gains and losses in line with MSCOA. Council has approved the writing off, of irrecoverable debt for the 2021/2022 financial year at its special council meeting held 22 June 2022 under item A(3)

Statement of Financial Position:

19. Current Assets

The variance on the current assets is primarily due to the Value Added Tax (VAT) receivable amount at year end from South African Revenue Services (SARS), electrical inventory items procured for the maintenance, cash and cash equivalents balance and deposits made to Eskom.

The City had a closing balance of its cash and cash equivalents of R144 million in comparison to the budgeted amount of R90 million.

20. Non-current Assets

The variance on the non-current assets is related to the unspent conditional grant for the Public Transport Network Grant (PTNG) and the Regional Bulk Infrastructure Grant (RBIG) on service delivery capital assets. The invalid declaration of the Preferential Procurement Regulations of 2017 significantly impacted on the implementation of a number of service delivery capital projects during the reporting period.

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21. Current Liabilities

The variance is as a result of the significantly increased trade and other payables from exchange transactions, trade and other payables from non- exchange transactions, unspent conditional grants and consumer deposits. The City is implementing the approved creditors' reduction plan by engaging and making payment arrangements with key suppliers and creditors.

The City continues to implement the approved financial recovery plan approved by Council at its meeting held 28 June 2018 under item A(3) and the cost curtailment strategy. The implementation of the approved financial recovery plan, approved revenue enhancement strategy and the cost curtailment strategy will enable the City to build cash backed reserves and be able to meet its financial and liquidity management objectives.

Cash Flow Statement:

22. Net cash flows from financing activities

The variance is due to the restructured loan agreement concluded with the Development Bank of Southern Africa (DBSA) for a two year payment holiday period which was granted since June 2020. The payment holiday was effected on the capital repayment portion which will be payable in July 2022. The interest cost however was paid during the reporting period after a one year payment holiday period lapsed in July 2021.

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Changes from the approved budget to the final budget

The original budget, adjustments budget as well as the final budget have been tabled and approved by Council respectively.

The original budget, adjustments budget as well as the final budget have been tabled and approved by Council respectively. The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well additional grant funding that was allocated to the municipality. The original approved budget was amended to include the roll over committed capital projects, to project and align the revenue and expenditure with the set targets and milestones based on the mid-year budget performance assessment and the previous financial year's audited annual financial statements through the adjustments budget. The adjustments budget was approved by council at its meeting held 25 February 2022 under item A(1) in line with the provisions of section 28 of Municipal Finance Management Act no 56 of 2003.

Furthermore the changes between the approved adjusted budget and the final budget was as a result of budget virements in line with the approved virement policy of Council. The final approved budget considering the virements made was approved by council at its meeting held 25 August 2022 under item A(6)

65. Segment information

General information

Identification of segments

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

The three key business units comprise of:

Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;

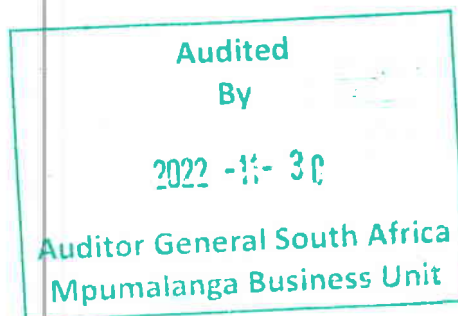
Economic and environmental services which includes planning and development, road transport and environmental protection services, and;

Trading services which includes energy sources, water management, waste water management and waste management services;

Unallocated includes finance and administration, executive and council and internal audit functions.

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

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



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Segment surplus or deficit, assets and liabilities

2022

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	7,899,347	426,405,250	807,363,709	867,005,977	2,108,674,283
Revenue from exchange transactions	39,371,808	15,127,344	1,553,613,487	81,570,021	1,689,682,660
Revenue from transactions with other segments	-	-	27,889,703	-	27,889,703
Gains and losses	-	-	-	37,095,027	37,095,027
Total segment revenue	47,271,155	441,532,594	2,388,866,899	985,671,025	3,863,341,673
Entity's revenue					3,863,341,673
Expenditure					
Total segment expenses	378,169,322	261,462,456	2,114,197,016	800,977,990	3,554,806,784
Depreciation and amortisation	3,163,757	195,973,780	258,711,932	95,786,381	553,635,850
Interest expense	1,985,464	11,240,183	21,212,600	80,968,248	115,406,495
Internal charges	6,431,490	660,139	10,513,945	10,284,128	27,889,702
Gains and Losses	-	194,634	4,621,285	129,447	4,945,366
Total segment expenditure	389,750,033	469,531,192	2,409,256,778	988,146,194	4,256,684,197
Total segmental surplus/(deficit)					(393,342,524)

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2021

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Revenue					
Revenue from non-exchange transactions	1,756,477	451,699,687	846,110,172	834,522,991	2,134,089,327
Revenue from exchange transactions	5,664,795	47,493,282	1,404,070,741	32,190,358	1,489,419,176
Revenue from transactions with other segments	-	-	43,321,860	-	43,321,860
Interest revenue	-	-	-	44,834,074	44,834,074
Gains and losses	-	(1,298,733)	25,267,690	35,172,439	59,141,396
Total segment revenue	7,421,272	497,894,236	2,318,770,463	946,719,862	3,770,805,833
Entity's revenue					3,770,805,833
Expenditure					
Total segment expenses	342,072,595	333,822,885	1,973,304,487	851,294,894	3,500,494,861
Depreciation and amortisation	13,680,178	241,266,370	201,729,382	83,691,422	540,367,352
Interest expense	26,347,460	21,172,857	2,720,127	17,700,112	67,940,556
Internal charges	5,646,810	677,493	26,074,150	10,923,367	43,321,820
Total segment expenditure	387,747,043	596,939,605	2,203,828,146	963,609,795	4,152,124,589
Total segmental surplus/(deficit)					(381,318,756)

66. Loss on transfer of functions between entities under common control

Loss on transfer of functions between entities under common control

(129,447)

67. Transfer of functions between entities under common control

Transfer of functions between entities under common control occurring during the current reporting period

Entities involved in the transfer of functions were:

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2022

2021

City of Mbombela Municipality
City of Mbombela Development Agency

The following functions were transferred:

Economic development and related activities. The municipal entity was entrusted with the responsibility to lead and drive local economic development initiatives to realise job creation and poverty alleviation as per the National Development Plan. The entity was also responsible for promoting investment appetite as well as Small, Medium and Micro Enterprise (SMME) development.

The transfer was due to the disestablishment of the entity by council at its special council meeting held on the 29 April 2022, under item E(1)(ff).

The transfer of function took place during the 2022 financial year.

The transfer was finalised on 29 April 2022.

Value of the assets acquired and liabilities assumed

Assets acquired

Property, plant and equipment	21,814	-
Intangible assets	8,541	-
Receivables from exchange transactions	11,067	-
Cash and cash equivalents	3,665	-
	45,087	-

Liabilities assumed

Share Capital	100	-
VAT Input	322	-
Trade payables	174,112	-
	174,534	-

Difference between the carrying amounts of the assets acquired, the liabilities assumed and adjustments required to the basis of accounting

129,447 -

Difference between net assets and the consideration paid

129,447 -

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**City of Mbombela
Appendix A**

Unaudited Schedule of Interest bearing borrowings as at 30 June 2022

Loan Number	Redeemable	Balance at 30 June 2021	Capital redemption during the period	Interest written back during the period	Balance at 30 June 2022
		Rand	Rand	Rand	Rand
Loan Stock					
Stock Loan@ 11.60%	1976/2001	3,000	-	-	3,000
		3,000	-	-	3,000
Annuity loans					
DBSA R138 600 000 @ base rate of R186 plus the Margin (11.73%)	2014/2029	152,129,896	-	4,840,611	147,289,285
DBSA R200 000 000 @ (11.09%)	2010/2030	130,903,087	-	2,684,404	128,218,683
		283,032,983	-	7,525,015	275,507,968
Annuity loans					
Total external loans		283,035,983	-	7,525,015	275,510,968

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**City of Mbombela
Appendix G1**

**Unaudited Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2022**

	2021/2022				2020/2021										
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget adjustments budget	Shifting of funds (i.e. MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Functional															
Municipal government and administration	971,846,427	(1,532,353)	970,314,074	-	-	970,314,074	957,458,187	(12,855,887)	99 %	99 %					
Executive and council	1,058,695	-	1,058,695	-	-	1,058,695	1,825,854	767,159	172 %	172 %					
Finance and administration	970,787,732	(1,532,353)	969,255,379	-	-	969,255,379	955,632,333	(13,623,046)	99 %	98 %					
Corporate services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %					
Community and public safety	9,865,041	-	9,865,041	-	-	9,865,041	47,271,155	37,406,114	479 %	479 %					
Community and social services	1,232,340	-	1,232,340	-	-	1,232,340	7,579,390	6,447,050	623 %	623 %					
Sport and recreation	241,848	-	241,848	-	-	241,848	37,187,962	36,946,114	15,377 %	15,377 %					
Public safety	8,390,853	-	8,390,853	-	-	8,390,853	2,403,803	(5,987,050)	29 %	29 %					
Housing	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %					
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %					
Economic and environmental services	452,483,891	(18,847,000)	433,636,891	198,255,668	-	631,892,559	441,632,593	(190,359,966)	70 %	98 %					
Planning and development	398,236,704	(18,847,000)	379,389,704	198,255,668	-	577,645,372	391,044,262	(186,601,110)	68 %	98 %					
Road transport	54,247,187	-	54,247,187	-	-	54,247,187	50,488,331	(3,758,856)	93 %	93 %					
Environmental protection	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %					
Trading services	2,539,172,916	(8,000,000)	2,531,172,916	(15,000,000)	-	2,516,172,916	2,453,080,333	(63,092,583)	97 %	97 %					
Energy services	1,626,936,374	-	1,626,936,374	-	-	1,626,936,374	1,571,437,607	(55,498,767)	97 %	97 %					
Water management	430,419,763	(8,000,000)	422,419,763	(15,000,000)	-	407,419,763	393,505,253	(13,914,510)	97 %	97 %					
Waste water management	191,514,953	-	191,514,953	-	-	191,514,953	189,426,372	(2,087,981)	99 %	99 %					
Waste management	290,301,826	-	290,301,826	-	-	290,301,826	298,710,301	8,408,675	103 %	103 %					
Other	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %					
Total Revenue - Functional	3,973,368,275	(28,379,353)	3,944,988,922	183,255,668	-	4,128,244,590	3,899,342,266	(228,902,322)	94 %	98 %					

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**City of Mbombela
Appendix G1**

Unaudited Budgeted Financial Performance (revenue and expenditure by standard classification for the year ended 30 June 2022)

	2021/2022				2020/2021				Restated Audited Outcome			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual as % of Original Budget		Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Functional												
Governance and administration												
Executive and council	653,482,520	37,505,670	690,988,190	976,394,583	232,488,688	232,488,688	131 %	149 %	343	-	(343)	
Finance and administration	143,960,247	(2,159,470)	141,800,777	148,811,603	4,305,782	4,305,782	103 %	103 %	103	-	(103)	
Internal audit	497,336,873	39,515,140	536,852,013	613,392,153	228,100,138	228,100,138	139 %	164 %	139	-	(139)	
Community and public safety	12,195,400	150,000	12,345,400	14,190,627	92,768	92,768	101 %	116 %	101	-	(101)	
Community and social services	317,729,207	14,268,958	331,998,165	387,899,001	32,651,818	32,651,818	109 %	122 %	109	-	(109)	
Sport and recreation	54,980,692	5,526,943	60,507,635	89,363,812	5,302,311	5,302,311	106 %	165 %	106	-	(106)	
Public safety	111,565,625	8,503,500	120,069,125	135,028,509	13,083,409	13,083,409	111 %	121 %	111	-	(111)	
Health	139,368,691	336,270	139,704,961	150,780,338	13,247,907	13,247,907	110 %	108 %	110	-	(110)	
Housing	11,814,299	(97,755)	11,716,544	12,726,342	1,018,191	1,018,191	109 %	108 %	109	-	(109)	
Economic and environmental services												
Economic and environmental services	456,321,223	123,750	456,444,973	441,430,367	8,043,508	8,043,508	102 %	97 %	300	-	(300)	
Planning and development	124,177,426	(5,447,824)	118,729,602	110,029,803	(4,417,311)	(4,417,311)	96 %	89 %	96	-	(96)	
Road transport	322,112,392	2,084,624	324,197,016	317,349,630	12,501,427	12,501,427	104 %	99 %	104	-	(104)	
Environmental protection	10,031,405	3,486,950	13,518,355	14,050,934	(40,608)	(40,608)	100 %	140 %	100	-	(100)	
Trading services												
Energy sources	1,899,905,061	374,730,605	2,274,635,666	2,462,777,300	241,218,546	241,218,546	111 %	130 %	111	-	(111)	
Water management	1,118,296,252	183,066,621	1,301,362,873	1,395,392,979	85,979,105	85,979,105	107 %	125 %	107	-	(107)	
Waste water management	336,891,322	117,051,266	453,942,588	484,312,838	89,278,640	89,278,640	123 %	144 %	123	-	(123)	
Waste management	134,762,745	22,597,500	157,360,245	165,843,895	8,592,237	8,592,237	105 %	123 %	105	-	(105)	
Other	308,984,742	52,015,218	361,000,000	417,227,588	57,368,564	57,368,564	116 %	135 %	116	-	(116)	
Other	26,430,258	20,000	26,450,258	29,764,913	3,346,352	3,346,352	113 %	113 %	113	-	(113)	
Total Expenditure - Functional	3,353,876,269	426,648,983	3,780,527,252	4,298,286,164	517,758,912	517,758,912	114 %	128 %	1,643	-	(1,643)	
Surplus/(Deficit) for the year	619,490,006	(455,028,336)	164,461,670	183,255,668	(746,661,234)	(746,661,234)	(115)%	(64)%				

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**City of Mbombela
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2022**

2020/2021

2021/2022

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	Rand	Rand	Rand	Rand	
Revenue by Vote																
Council	6,622	-	6,622	-	-	6,622	-	-	(6,622)	-	-	-	-	-	-	-
Office of the Council	726,849	-	726,849	-	-	726,849	1,901,392	-	1,174,543	262 %	262 %	-	-	-	-	-
Municipal Manager	7,507,228	-	7,507,228	-	-	7,507,228	11,755,696	-	4,248,468	157 %	157 %	-	-	-	-	-
Financial Management	966,861,507	-	966,861,507	-	-	966,861,507	1,039,604,570	-	74,799,416	108 %	108 %	-	-	-	-	-
Corporate Services	732,694	(2,056,353)	964,805,154	-	-	732,694	508,815	-	(223,879)	69 %	69 %	-	-	-	-	-
Public Works and Transport	390,965,000	(18,847,000)	372,118,000	198,255,668	-	570,373,668	426,394,360	-	(143,979,288)	75 %	109 %	-	-	-	-	-
Energy	1,626,936,374	-	1,626,936,374	-	-	1,626,936,374	1,479,334,470	-	(147,601,904)	91 %	91 %	-	-	-	-	-
Water and Sanitation	614,753,100	(8,000,000)	606,753,100	(15,000,000)	-	591,753,100	571,250,768	-	(20,502,332)	97 %	93 %	-	-	-	-	-
Community Services	291,776,014	524,000	292,300,014	-	-	292,300,014	343,577,864	-	51,277,840	118 %	118 %	-	-	-	-	-
Public Safety	62,651,573	-	62,651,573	-	-	62,651,573	2,630,932	-	(60,020,641)	4 %	4 %	-	-	-	-	-
City planning	10,451,702	-	10,451,702	-	-	10,451,702	22,383,381	-	11,931,689	214 %	214 %	-	-	-	-	-
Total Revenue by Vote	3,973,368,663	(28,379,353)	3,944,989,310	183,255,668	-	4,128,244,978	3,899,342,268	-	(228,902,710)	94 %	94 %	-	-	-	-	-
Expenditure by Vote to be appropriated																
Council	71,855,754	(2,377,478)	69,478,276	-	-	69,478,276	68,731,751	(1,059,273)	(1,059,273)	98 %	96 %	-	-	-	-	-
Office Of Council	27,350,324	238,201	27,588,525	-	-	27,588,525	26,016,850	-	325,832	101 %	95 %	-	-	-	-	-
strategic Management	42,318,312	(88,750)	42,229,562	-	-	42,229,562	41,470,740	(355,756)	(355,756)	99 %	98 %	-	-	-	-	-
Municipal Manager	183,257,923	5,592,721	188,850,644	-	-	188,850,644	257,137,563	57,557,512	57,557,512	129 %	140 %	-	-	-	-	-
Financial Management	263,850,448	1,345,270	265,195,718	-	-	265,195,718	462,033,075	190,604,208	190,604,208	170 %	175 %	-	-	-	-	-
Legal Services	8,026,989	(1,676,130)	6,350,859	9,997,119	-	22,282,128	22,223,058	(59,070)	(59,070)	100 %	277 %	-	-	-	-	-
Regional Centre coordinator	27,431,855	10,121,615	37,553,470	-	-	34,441,662	34,733,290	291,628	291,628	101 %	127 %	-	-	-	-	-
Corporate Services	118,081,926	(3,034,643)	115,047,283	-	-	126,479,593	177,285,330	50,805,737	50,805,737	140 %	150 %	-	-	-	-	-
Public Works and Transport	420,907,978	18,150,224	439,058,202	-	-	420,180,221	444,269,186	24,088,965	24,088,965	106 %	106 %	-	-	-	-	-
Energy	1,118,296,252	183,066,621	1,301,362,873	-	-	1,305,413,874	1,326,192,058	16,778,184	16,778,184	101 %	119 %	-	-	-	-	-
Water and Sanitation	311,110,984	121,620,052	432,731,036	-	-	374,118,469	508,261,628	134,143,159	134,143,159	136 %	163 %	-	-	-	-	-
Community Services	430,183,653	66,045,661	496,229,314	-	-	519,616,136	557,203,976	37,587,840	37,587,840	107 %	130 %	-	-	-	-	-
Public Safety	240,627,234	29,906,770	270,534,004	-	-	284,475,192	282,189,551	(2,285,641)	(2,285,641)	99 %	117 %	-	-	-	-	-
City planning	90,578,637	(5,607,411)	84,971,226	-	-	81,202,521	90,538,108	9,335,587	9,335,587	111 %	100 %	-	-	-	-	-
Total Expenditure by Vote	3,353,878,269	(426,648,983)	3,780,527,252	-	-	3,780,527,252	4,298,286,164	517,758,912	517,758,912	114 %	128 %	-	-	-	-	-
Surplus/(Deficit) for the year	619,490,394	(455,028,336)	164,462,058	183,255,668	-	347,717,726	(398,943,896)	(746,661,622)	(746,661,622)	(64)%	(64)%	-	-	-	-	-

Audited By
 2022-11-30
 Auditor General South Africa
 Mpumalanga Business Unit