NAMA KHOI LOCAL MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

NAMA KHOI LOCAL MUNICIPALITY

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NAMA KHOI LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Nama Khoi Local Municipality performs the functions as set out in the Constitution of South Africa, 1996

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, 1998 (Act 117 of 1998).

JURISDICTION

The Nama Khoi Local Municipality includes the following areas:

Springbok	Concordia	Viooldrift	Buffelsrivier	Kotzehoop/Rooiwal
Okiep	Goodhouse	Nabababeep	Bulletrap	
Steinkopf	Kleinzee	Komaggas	Carolusberg	

MEMBERS OF THE COUNCIL

Bock GMS
Kritzinger R
Visser C
Jordaan WS
Coetzee CG
De Jongh ZP
Van Den Heever JE
Cloete S
Baadjies MR
Adams RF
Cloete SJ
Julie AM
Otto JFM
Claasen RSJ
Losper JC
Polori KA
Britz WC

MEMBERS OF THE MAYORAL COMMITTEE

Bock GMS
Jordaan WS
Visser C
Kritzinger R (Ex-officio)

MUNICIPAL MANAGER

Swartz J

CHIEF FINANCIAL OFFICER

Cloete HE

AUDIT COMMITTEE

Van den Heever FE (Chairperson)
Rootman FJ
Van Wyk E

REGISTERED OFFICE

4 Namakwa St
Springbok
8240

GENERAL INFORMATION

POSTAL ADDRESS

Private Bag X17
Springbok
8240

AUDITORS

Office of the Auditor General (NC)

PRINCIPAL BANKERS

Nedbank Limited

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
Collective Agreements
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
Division of Revenue Act
Electricity Act, 1987 (Act 41 of 1987)
Employment Equity Act, 1998 (Act 55 of 1998)
Employment Services, 2014 (Act 4 of 2014)
Housing Act, 1997 (Act 107 of 1997)
Labour Relations Act, 1995 (Act 66 of 1995)
Municipal Budget and Reporting Regulations
Municipal Finance Management Act, 2003 (Act 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act, 2004 (Act 6 of 2004)
Municipal Regulations on a Standard Chart of Accounts, 2014
Municipal Structures Act, 1998 (Act 117 of 1998) as amended
Municipal Systems Act, 2000 (Act 32 of 2000) as amended
National Environmental Management Act, 2008 (Act 62 of 2008)
National Minimum Wage Act 9 of 2018
Occupational Health and Safety Act, 1993 (Act 85 of 1993)
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
SALGBC Leave Regulations
Skills Development Levies Act, 1999 (Act 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act, 1966 (Act 30 of 1966)
Unemployment Insurance Contributions Act 4 of 2002
Value Added Tax Act
Water Services Act, 1997 (Act 108 of 1997)

NAMA KHOI LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2023, which are set out on pages 1 to 85 in terms of Section 126 (1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Swartz J Municipal Manager	31 August 2023 Date

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets		**119 498 133**	**89 418 542**
Cash and Cash Equivalents	**2**	46 770 344	24 516 987
Receivables from Exchange Transactions	**3**	29 913 489	28 941 220
Receivables from Non-Exchange Transactions	**4**	13 520 183	15 526 265
Taxes	**5**	27 076 503	18 168 369
Current Portion of Long-term Receivables	**6**	-	-
Inventory	**7**	2 217 613	2 265 701
Non-Current Assets		**775 692 935**	**796 742 922**
Long-term Receivables	**6**	-	-
Investment Property	**8**	124 391 401	125 485 459
Property, Plant and Equipment	**9**	649 664 864	669 677 045
Intangible Assets	**10**	152 401	96 148
Heritage Assets	**11**	1 484 269	1 484 269
Total Assets		**895 191 068**	**886 161 464**
Current Liabilities		**499 668 920**	**448 997 729**
Current Portion of Long-term Liabilities	**12**	4 505 297	439 536
Consumer Deposits	**13**	4 038 549	3 874 094
Payables from Exchange Transactions	**14**	462 900 449	413 580 146
Unspent Conditional Government Grants	**15**	16 442 659	18 537 191
Current Employee Benefits	**16**	11 781 966	12 566 762
Provisions	**18**	-	-
Non-Current Liabilities		**145 325 836**	**115 206 904**
Long-term Liabilities	**12**	20 734 081	730 924
Employee Benefits	**17**	28 978 000	29 301 000
Non-Current Provisions	**18**	95 613 755	85 174 980
Total Liabilities		**644 994 757**	**564 204 633**
NET ASSETS		**250 196 311**	**321 956 831**
COMMUNITY WEALTH			
Accumulated Surplus		250 196 311	321 956 831
		250 196 311	**321 956 831**

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**140 774 839**	**130 897 027**
Taxation Revenue		**51 448 145**	**51 698 616**
Property Rates	**19**	51 448 145	51 698 616
Transfer Revenue		**76 890 532**	**73 571 669**
Government Grants and Subsidies - Operating	**20**	64 198 145	58 826 188
Government Grants and Subsidies - Capital	**20**	10 442 387	14 745 481
Contributed Assets	**21**	2 250 000	-
Other Revenue		**12 436 162**	**5 626 741**
Availability Charges	**22**	1 171 436	1 068 140
Fines, penalties and forfeits		1 487 437	770 272
Interest Earned - outstanding debtors (non-exchange)		4 015 667	2 555 223
Licences and Permits	**23**	1 165 952	1 233 105
Actuarial Gains	**24**	4 595 670	-
REVENUE FROM EXCHANGE TRANSACTIONS		**201 465 911**	**185 361 616**
Operating Activities		**201 465 911**	**185 361 616**
Service Charges	**25**	172 967 310	167 175 959
Rental of Facilities and Equipment	**26**	3 951 902	3 634 155
Interest Earned - external investments	**27**	2 713 645	1 330 026
Interest Earned - outstanding debtors (exchange)		17 415 434	10 649 188
Agency Services	**28**	288 330	379 203
Other Income	**29**	4 129 291	2 193 085
TOTAL REVENUE		**342 240 750**	**316 258 643**
EXPENDITURE			
Employee Related Costs	**30**	99 116 182	98 703 702
Remuneration of Councillors	**31**	6 758 975	6 708 122
Debt Impairment	**32**	48 527 264	42 942 657
Depreciation, Amortisation and Impairment	**33**	38 847 545	49 069 484
Finance Charges	**34**	22 280 388	16 685 323
Bulk Purchases	**35**	102 578 148	104 477 113
Other Expenditure	**36**	44 162 539	39 410 587
Actuarial Losses	**37**	-	1 419 000
Loss on disposal of Non-Monetary Assets	**38**	781 727	1 176 497
Inventory Consumed	**39**	42 657 281	39 843 580
Inventory Write Off	**40**	8 291 221	6 682 622
TOTAL EXPENDITURE		**414 001 270**	**407 118 687**
NET DEFICIT FOR THE YEAR		**(71 760 520)**	**(90 860 045)**

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021 - Previously Reported	**444 566 769**	**444 566 769**
Correction of error restatement - note 41.6	(31 749 889)	(31 749 889)
Balance on 30 June 2021 - Restated	**412 816 880**	**412 816 880**
Net Deficit for the year	(90 860 049)	(90 860 049)
Balance on 30 June 2022 - Restated	**321 956 831**	**321 956 831**
Net Deficit for the year	(71 760 520)	(71 760 520)
Balance on 30 June 2023	**250 196 311**	**250 196 311**

NAMA KHOI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		41 468 192	42 827 090
Service Charges and Interest on outstanding Debtors		153 889 353	145 756 694
Other Revenue and receipts		6 446 228	14 207 548
Government Grants		72 546 000	69 229 622
Investment Income		2 713 645	1 330 026
Payments			
Suppliers and employees		(254 233 081)	(255 636 192)
Finance charges		(11 058 248)	(7 724 982)
NET CASH FROM OPERATING ACTIVITIES	**42**	**11 772 089**	**9 989 805**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Non-Monetary Assets		-	-
Payments			
Purchase of Capital Assets		(13 587 651)	(15 758 230)
NET CASH USED INVESTING ACTIVITIES		**(13 587 651)**	**(15 758 230)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		25 000 000	-
Payments			
Loans repaid		(931 081)	(2 235 959)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**24 068 919**	**(2 235 959)**
NET INCREASE/(DECREASE) IN CASH HELD		**22 253 357**	**(8 004 384)**
Cash and Cash Equivalents at the beginning of the year		24 516 987	32 521 371
Cash and Cash Equivalents at the end of the year		46 770 344	24 516 987

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	402 743	(23 250 035)	(22 847 292)	4 910 104	27 757 396
Call investment deposits	-	-	-	41 860 241	41 860 241
Consumer debtors	57 521 649	58 506 911	116 028 560	40 865 827	(75 162 733)
Other Receivables	25 621 667	318 628	25 940 295	29 644 348	3 704 053
Current portion of long-term receivables	-	-	-	-	-
Inventory	(2 643 680)	5 220 249	2 576 569	2 217 613	(358 956)
Total current assets	**80 902 379**	**40 795 753**	**121 698 132**	**119 498 133**	**(2 199 999)**
Non current assets					
Long-term receivables	(5 105 499)	(1 192 310)	(6 297 809)	-	6 297 809
Investment property	199 718 914	(60 882 648)	138 836 266	124 391 401	(14 444 865)
Property, plant and equipment	848 117 321	(150 823 832)	697 293 489	649 664 864	(47 628 625)
Intangible Assets	71 157	24 991	96 148	152 401	56 253
Other non-current assets	1 484 269	-	1 484 269	1 484 269	-
Total non current assets	**1 044 286 162**	**(212 873 799)**	**831 412 363**	**775 692 935**	**(55 719 428)**
TOTAL ASSETS	**1 125 188 541**	**(172 078 046)**	**953 110 495**	**895 191 068**	**(57 919 427)**
LIABILITIES					
Current liabilities					
Borrowing	3 433 041	(2 966 883)	466 158	4 505 297	4 039 139
Consumer deposits	3 331 042	238 968	3 570 010	4 038 549	468 539
Trade and other payables	394 293 207	39 388 917	433 682 124	479 343 108	45 660 984
Provisions and Employee Benefits	17 822 631	(379 017)	17 443 614	11 781 966	(5 661 648)
Total current liabilities	**418 879 921**	**36 281 985**	**455 161 906**	**499 668 920**	**44 507 014**
Non current liabilities					
Borrowing	20 782 651	(20 078 349)	704 302	20 734 081	20 029 779
Provisions and Employee Benefits	142 199 964	19 286 568	161 486 532	124 591 755	(36 894 777)
Total non current liabilities	**162 982 615**	**(791 781)**	**162 190 834**	**145 325 836**	**(16 864 998)**
TOTAL LIABILITIES	**581 862 536**	**35 490 204**	**617 352 740**	**644 994 757**	**27 642 017**
NET ASSETS	**543 326 005**	**(207 568 250)**	**335 757 755**	**250 196 311**	**(85 561 444)**
COMMUNITY WEALTH					
Accumulated Surplus	543 137 075	(207 609 397)	335 527 678	250 196 311	(85 331 367)
Reserves	188 930	41 147	230 077	-	(230 077)
TOTAL COMMUNITY WEALTH/EQUITY	**543 326 005**	**(207 568 250)**	**335 757 755**	**250 196 311**	**(85 561 444)**

Refer to note 44.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	55 529 192	(480 581)	55 048 611	-	55 048 611	51 448 145	(3 600 466)
Service Charges - Electricity Revenue	129 504 984	(12 000)	129 492 984	-	129 492 984	100 767 815	(28 725 169)
Service Charges - Water Revenue	49 718 036	-	49 718 036	-	49 718 036	42 869 484	(6 848 552)
Service Charges - Sanitation Revenue	21 098 479	60 001	21 158 480	-	21 158 480	14 227 961	(6 930 519)
Service Charges - Refuse Revenue	25 062 282	69 500	25 131 782	-	25 131 782	16 273 486	(8 858 296)
Rental of Facilities and Equipment	3 013 982	63 190	3 077 172	-	3 077 172	2 764 937	(312 235)
Interest Earned - External Investments	1 362 992	616 775	1 979 767	-	1 979 767	2 713 645	733 878
Interest Earned - Outstanding Debtors	12 041 135	6 505 000	18 546 135	-	18 546 135	21 431 101	2 884 966
Fines	333 872	195 653	529 525	-	529 525	1 487 437	957 912
Licences and Permits	1 135 020	371 500	1 506 520	-	1 506 520	1 297 901	(208 619)
Agency Services	174 003	205 700	379 703	-	379 703	288 330	(91 373)
Transfers Recognised - Operational	64 422 000	-	64 422 000	-	64 422 000	64 198 145	(223 855)
Other Revenue	2 080 673	128 255	2 208 928	-	2 208 928	5 184 307	2 975 379
Gains	-	-	-	-	-	4 595 670	4 595 670
Total Revenue (excluding capital transfers)	**365 476 650**	**7 722 993**	**373 199 643**	**-**	**373 199 643**	**329 548 363**	**(43 651 280)**
EXPENDITURE							
Employee Related Costs	110 696 742	(9 888 047)	100 808 695	-	100 808 695	102 641 182	1 832 487
Remuneration of Councillors	6 758 975	1 186 623	7 945 598	-	7 945 598	6 758 975	(1 186 623)
Debt Impairment	20 879 058	-	20 879 058	-	20 879 058	48 527 262	27 648 204
Depreciation and Asset Impairment	41 400 782	36 373 904	77 774 686	-	77 774 686	38 847 555	(38 927 131)
Finance Charges	1 964 233	(1 883 233)	81 000	-	81 000	18 755 388	18 674 388
Bulk purchases - electricity	90 000 000	-	90 000 000	-	90 000 000	102 578 148	12 578 148
Inventory consumed	58 199 558	1 433 204	59 632 762	-	59 632 762	42 657 281	(16 975 481)
Contracted Services	42 297 557	563 708	42 861 265	-	42 861 265	14 646 752	(28 214 513)
Transfers and Grants	-	-	-	-	-	-	-
Other Expenditure	31 144 555	8 930 448	40 075 003	-	40 075 003	29 515 787	(10 559 216)
Losses	12 796 807	(5 000 000)	7 796 807	-	7 796 807	9 072 956	1 276 149
Total Expenditure	**416 138 267**	**31 716 607**	**447 854 874**	**-**	**447 854 874**	**414 001 286**	**(33 853 588)**
Surplus/(Deficit)	(50 661 617)	(23 993 614)	(74 655 231)	-	(74 655 231)	(84 452 923)	(9 797 692)
Transfers and subsidies - capital (monetary) - Government	41 070 000	-	41 070 000	-	41 070 000	10 442 387	(30 627 613)
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	2 250 000	2 250 000
Surplus/(Deficit) for the year	**(9 591 617)**	**(23 993 614)**	**(33 585 231)**	**-**	**(33 585 231)**	**(71 760 536)**	**(38 175 305)**

Refer to note 44.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

NAMA KHOI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	49 892 836	(432 523)	49 460 313	41 468 192	(7 992 121)
Service charges	237 267 756	5 111 500	242 379 256	153 889 353	(88 489 903)
Other revenue	7 112 741	961 299	8 074 040	6 281 773	(1 792 267)
Government Grants	63 720 031	1	63 720 032	72 546 000	8 825 968
Interest	1 362 992	616 775	1 979 767	2 713 653	733 886
Payments					
Suppliers and Employees	(338 858 875)	(2 225 936)	(341 084 811)	(254 233 081)	86 851 730
Finance Charges	(1 964 233)	1 883 233	(81 000)	(11 058 248)	(10 977 248)
Net Cash from/(used) Operating Activities	**18 533 248**	**5 914 349**	**24 447 597**	**11 607 642**	**(12 839 955)**
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	-	-
Payments					
Capital Assets	(71 420 000)	(391 625)	(71 811 625)	(13 587 651)	58 223 974
Net Cash from/(used) Investing Activities	**(71 420 000)**	**(391 625)**	**(71 811 625)**	**(13 587 651)**	**58 223 974**
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	25 000 000	(25 000 000)	-	25 000 000	25 000 000
Increase/(Decrease) in Consumer Deposits	-	-	-	164 455	164 455
Payments					
Repayment of Borrowing	(4 190 727)	4 190 727	-	(931 081)	(931 081)
Net Cash from/(used) Financing Activities	**20 809 273**	**(20 809 273)**	**-**	**24 233 374**	**24 233 374**
NET INCREASE/(DECREASE) IN CASH HELD	**(32 077 479)**	**(15 286 549)**	**(47 364 028)**	**22 253 365**	**69 617 393**
Cash and Cash Equivalents at the year begin	32 480 222	(7 963 486)	24 516 736	24 516 987	251
Cash and Cash Equivalents at the year end	402 743	(23 250 035)	(22 847 292)	46 770 344	69 617 636

Refer to note 44.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4 million.

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

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

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In terms of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total actual operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following pronouncements to the Standards of GRAP which were issued but not yet effective:

Pronouncement	**Effective Date**
Improvements to the Standards of GRAP (2020)	1 April 2023
Amendments to GRAP 1 on Presentation of Financial Statements (2019)	1 April 2023
iGRAP 21 on The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned pronouncements to the Standards of GRAP which were early adopted is considered insignificant. The early adopted pronouncements mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

(a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.

(b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.

(c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* . When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.

(d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.08.1.2 GRAP 25 (Revised 2021) - Employee Benefits (effective 1 April 2023)

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

The impact of this Standard on the financial statements will not be significant.

1.08.1.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 April 2023)

This Interpretation addresses the following:

(a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.

(b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

1.08.2.2 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

1.09.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.09.3 Depreciation – Cost Model

Depreciation of an asset begins when it 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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land	N/A
Buildings	10 - 50

1.09.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.5 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is 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 in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is 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 or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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, its deemed cost is the carrying amount of the asset(s) given up.

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it 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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		**Leased Assets**	
Land	N/A	Furniture and Office Equipment	3 - 5
Buildings	5 - 60		
Work in progress	N/A	**Community Assets**	
		Community Facilities	10 - 60
Infrastructure		Sport and Recreational Facilities	10 - 60
Electrical	10 - 60	Work in progress	N/A
Roads	5 - 80		
Sanitation	10 - 60	**Other Assets**	
Solid Waste	5 - 80	Computer Equipment	3 - 10
Storm Water	5 - 80	Furniture and Office Equipment	5 - 15
Water Supply	5 - 80	Machinery and Equipment	2 - 15
Work in progress	N/A	Transport Assets	5 - 15

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed 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 item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

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

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

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 still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it 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 the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	2 - 5

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 HERITAGE ASSETS

1.12.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised 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.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item’s fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.12.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.12.3 Depreciation

Heritage assets are not depreciated.

1.12.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets used with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.13.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.13.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset’s remaining service potential. 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.

1.13.3 Impairment loss

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.13.4 Reversal of an impairment loss

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.14 INVENTORIES

1.14.1 Initial Recognition

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; or
(d) in the process of production for sale or distribution.

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 are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or 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. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality’s obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.15.3 Short-term Benefits

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

Short-term employee benefits include items such as:

(a) Wages, salaries and social security contributions;

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

(c) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

(a) 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

(b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset

1.15.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17 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.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.17.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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 is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.19.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. 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 original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 Availability Charges

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.26.1.4 Insurance Refund

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises 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.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality’s operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 **Revenue from Exchange Transactions**

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

1.26.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

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

1.26.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

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

1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 Other Tariffs

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

1.26.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
(b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and 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. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

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

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the 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:

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34 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.

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship 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 the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.35 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

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

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

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria od whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

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

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

1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

Management comprises of 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality’s financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality’s accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.37.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.37.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.37.3 Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

1.37.4 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.37.5 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.37.6 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.37.7 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.37.8 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.37.9 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.37.10 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.37.11 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.37.12 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.

(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

1.37.13 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.37.14 Provision for Staff leave

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

1.37.15 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.37.16 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Figures in Rand	2023	2022

2 CASH AND CASH EQUIVALENTS

	2023	2022
Bank Accounts	4 883 312	1 178 993
Investment Deposits	41 860 241	23 320 843
Cash Floats	26 792	17 150
Total	**46 770 344**	**24 516 987**

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

	2023	2022
Unspent Borrowings	17 725 653	-
Unspent Conditional Grants	16 442 659	18 537 191
Cash available for working capital requirements	12 602 033	5 979 796
Total Cash and Cash Equivalents	**46 770 344**	**24 516 987**

Bank Accounts

	2023	2022
Nedbank Limited - Account number 11-9237-1690 (Primary Bank Account)	**4 883 312**	**1 178 993**
Cash book balance at beginning of year	1 178 993	3 353 065
Cash book balance at end of year	4 883 312	1 178 993
Bank statement balance at beginning of year	1 449 158	3 587 363
Bank statement balance at end of year	4 869 444	1 449 158

Investment Deposits

Call investment deposits consist out of the following accounts:

			2023	2022
Nedbank Limited	- Call Deposit	- Account Number 03/7881154713 (Library)	369 224	19 833
Nedbank Limited	- Call Deposit	- Account Number 03/7881154683 (FMG)	409 777	34 566
Nedbank Limited	- Call Deposit	- Account Number 03/7881154675 (Interest Earned)	24 782 554	4 737 285
Nedbank Limited	- Call Deposit	- Account Number 03/7881154780 (MIG)	4 645 810	11 187 801
Nedbank Limited	- Call Deposit	- Account Number 03/7881154667 (Housing)	2 147 884	1 947 884
Nedbank Limited	- Call Deposit	- Account Number 03/7881154659 (DME)	49 224	1 781 000
Nedbank Limited	- Call Deposit	- Account Number 03/7881154705 (NDM)	550 000	550 000
Nedbank Limited	- Call Deposit	- Account Number 03/7881154691 (MSIG)	975	975
Nedbank Limited	- Call Deposit	- Account Number 03/7881154721 (EPWP)	89 773	1 000
Nedbank Limited	- Call Deposit	- Account Number 03/7881154748 (ACIP)	7 767 579	2 013 059
Nedbank Limited	- Call Deposit	- Account Number 03/7881154756 (LGSETA)	228 580	228 580
Nedbank Limited	- Call Deposit	- Account Number 03/7881154764 (Drought relief)	818 860	818 860
Total			**41 860 240**	**23 320 843**

The Nedbank call deposit account 03/7881154675 (Interest Earned) serve as security for the annuity loan as per note 12.1.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Service Receivables	**284 238 497**	**243 890 981**
Electricity	96 685 780	87 698 204
Water	98 448 486	80 121 730
Refuse	48 582 351	41 230 287
Sewerage	23 023 839	19 223 009
Property Rentals	5 984 199	5 195 764
Other	11 513 842	10 421 987
Total Gross Balance	**284 238 497**	**243 890 981**
Less: Allowance for Debt Impairment	(254 325 009)	(214 949 762)
Total Net Receivable	**29 913 489**	**28 941 220**
As previously reported		61 369 318
Correction of error restatement - note 41.1		(32 428 099)
Restated balance		**28 941 219**

Figures in Rand	2023	2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

	2023	2022
Balance at the beginning of the year	214 949 762	178 383 199
Movement in the contribution to the provision	39 375 247	36 566 563
Balance at the end of the year	**254 325 009**	**214 949 762**

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Electricity	96 685 780	(86 403 259)	10 282 521
Water	98 448 486	(86 581 194)	11 867 291
Refuse	48 582 351	(45 076 051)	3 506 301
Sewerage	23 023 839	(20 760 971)	2 262 868
Property Rentals	5 984 199	(5 479 941)	504 257
Other	11 513 842	(10 023 592)	1 490 251
Total	**284 238 497**	**(254 325 008)**	**29 913 489**
30 June 2022			
Service Receivables			
Electricity	87 698 204	(72 476 647)	15 221 557
Water	80 121 730	(74 870 175)	5 251 555
Refuse	41 230 287	(37 514 467)	3 715 820
Sewerage	19 223 009	(16 682 513)	2 540 496
Property Rentals	5 195 764	(4 576 422)	619 342
Other	10 421 987	(8 829 537)	1 592 450
Total	**243 890 981**	**(214 949 761)**	**28 941 220**

Ageing of Receivables from Exchange Transactions

	2023	2022
Electricity		
Current (0 - 30 days)	6 484 783	11 108 386
Past Due (31 - 60 Days)	2 539 019	2 272 389
Past Due (61 - 90 Days)	1 764 123	1 477 012
Past Due (90 Days +)	85 897 855	72 840 417
Total	**96 685 780**	**87 698 204**
Water		
Current (0 - 30 days)	3 894 715	11 303 353
Past Due (31 - 60 Days)	2 708 386	5 254 859
Past Due (61 - 90 Days)	2 057 227	1 475 056
Past Due (90 Days +)	89 788 158	62 088 462
Total	**98 448 486**	**80 121 730**
Refuse		
Current (0 - 30 days)	1 793 050	1 559 915
Past Due (31 - 60 Days)	1 144 328	926 623
Past Due (61 - 90 Days)	875 918	653 220
Past Due (90 Days +)	44 769 055	38 090 529
Total	**48 582 351**	**41 230 287**

Figures in Rand	2023	2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Sewerage		
Current (0 - 30 days)	1 305 382	1 136 694
Past Due (31 - 60 Days)	759 874	597 038
Past Due (61 - 90 Days)	546 980	383 565
Past Due (90 Days +)	20 411 602	17 105 712
Total	**23 023 839**	**19 223 009**
Property Rentals		
Current (0 - 30 days)	148 337	880 438
Past Due (31 - 60 Days)	355 820	266 168
Past Due (61 - 90 Days)	115 146	93 940
Past Due (90 Days +)	5 364 896	3 955 218
Total	**5 984 199**	**5 195 764**
Other		
Current (0 - 30 days)	227 021	226 986
Past Due (31 - 60 Days)	150 035	137 484
Past Due (61 - 90 Days)	125 664	102 301
Past Due (90 Days +)	11 011 122	9 955 216
Total	**11 513 842**	**10 421 987**
Summary Ageing of all Receivables from Exchange Transactions		
Current (0 - 30 days)	13 853 288	26 215 772
Past Due (31 - 60 Days)	7 657 462	9 454 561
Past Due (61 - 90 Days)	5 485 059	4 185 094
Past Due (90 Days +)	257 242 688	204 035 554
Total	**284 238 497**	**243 890 981**

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables	**78 633 182**	**67 725 231**
Property Rates	74 337 724	64 357 770
Availability Charges	4 295 458	3 367 460
Other Receivables	**6 862 282**	**5 413 822**
Unpaid Traffic Fines	4 468 094	3 163 365
Unauthorised, Irregular and Fruitless and Wastefull Expenditure	414 945	414 945
Sundry Receivables	1 979 243	1 835 512
Total Gross Balance	**85 495 464**	**73 139 053**
Less: Allowance for Debt Impairment	(71 975 281)	(57 612 788)
Total Net Receivable	**13 520 183**	**15 526 265**
As previously reported		32 976 393
Correction of error restatement - note 41.1		(17 450 128)
Restated balance		**15 526 265**

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Figures in Rand	2023	2022

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

	2023	2022
Balance at the beginning of the year	57 612 788	50 691 576
Movement in the contribution to the provision	14 362 493	6 921 212
Balance at the end of the year	**71 975 281**	**57 612 788**

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Property Rates	74 337 724	(63 476 449)	10 861 275
Availability Charges	4 295 458	(4 204 395)	91 063
Other Receivables			
Unpaid Traffic Fines	4 468 094	(4 294 500)	173 594
Unauthorised, Irregular and Fruitless and Wastefull Expenditure	414 945	-	414 945
Sundry Receivables	1 979 243	-	1 979 243
Total	**85 495 464**	**(71 975 345)**	**13 520 120**
30 June 2022			
Service Receivables			
Property Rates	64 357 770	(51 334 311)	13 023 460
Availability Charges	3 367 460	(3 192 615)	174 845
Other Receivables			
Unpaid Traffic Fines	3 163 365	(3 085 871)	77 494
Unauthorised, Irregular and Fruitless and Wastefull Expenditure	414 945	-	414 945
Sundry Receivables	1 835 512	-	1 835 512
Total	**73 139 053**	**(57 612 797)**	**15 526 256**

Ageing of Property Rates

	2023	2022
Current (0 - 30 days)	3 912 233	4 349 916
Past Due (31 - 60 Days)	1 996 404	1 986 543
Past Due (61 - 90 Days)	1 258 407	1 192 295
Past Due (90 Days +)	67 170 679	56 829 017
Total	**74 337 724**	**64 357 771**

Ageing of Availability Charges

	2023	2022
Current (0 - 30 days)	154 005	134 047
Past Due (31 - 60 Days)	123 887	100 711
Past Due (61 - 90 Days)	116 070	93 725
Past Due (90 Days +)	3 901 496	3 038 977
Total	**4 295 458**	**3 367 460**

Figures in Rand	2023	2022

5 TAXES

	2023	2022
VAT Claimable/(Payable)	236 532	(490 816)
VAT Input in Suspense	50 904 536	45 216 734
VAT Output in Suspense	(24 064 565)	(26 557 549)
Total	**27 076 503**	**18 168 369**
As previously reported		22 765 119
Correction of error restatement - note 41.4		(4 596 750)
Restated balance		**18 168 369**

6 LONG-TERM RECEIVABLES

	2023	2022
Receivables with repayment arrangements	6 172 550	5 767 570
Less: Allowance for Debt Impairment	(6 172 550)	(5 767 570)
Total Net Receivable	-	-
Less: Current portion of Long-term Receivables	-	-
Receivables with repayment arrangements	-	-
Total	-	-

Reconciliation of Allowance for Debt Impairment

	2023	2022
Balance at the beginning of the year	5 767 570	5 581 813
Movement in the contribution to the provision	404 980	185 757
Balance at the end of the year	**6 172 550**	**5 767 570**

Management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

7 INVENTORY

	2023	2022
Consumables	1 721 272	1 758 609
Materials and Supplies	159 552	191 991
Water	336 789	315 102
Total	**2 217 613**	**2 265 701**

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified

	2023	2022
Materials and Consumables	(91 942)	39 393
Water	8 383 163	6 643 229
Total	8 291 221	6 682 622

Inventory recognised as an expense during the year

	2023	2022
Consumables	7 743 739	7 658 632
Materials and Supplies	237 883	258 211
Water	34 675 658	31 926 737
Total	42 657 281	39 843 580

Figures in Rand	2023	2022

8 INVESTMENT PROPERTY

	2023	2022
Investment Property - Carrying Value	**124 391 401**	**125 485 460**
As previously reported		138 836 267
Correction of error restatement - note 41.2		(13 350 807)
Restated balance		125 485 460

The carrying value of Investment Property is reconciled as follows:

	2023	2022
Opening Carrying Value	**125 485 459**	**126 959 780**
Cost	134 967 366	135 488 348
Accumulated Depreciation	(8 601 002)	(8 350 205)
Accumulated Impairment	(880 904)	(178 363)
Additions	-	-
Disposals	(719 681)	(387 652)
Cost	(719 681)	(520 982)
Accumulated Depreciation	-	133 330
Depreciation	(374 377)	(384 128)
Impairment	-	(702 541)
Closing Carrying Value	**124 391 401**	**125 485 459**
Cost	134 247 684	134 967 366
Accumulated Depreciation	(8 975 379)	(8 601 002)
Accumulated Impairment	(880 904)	(880 904)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	2023	2022
Revenue derived from the rental of investment property	1 266 863	1 260 350

No significant operating expenditure was incurred on investment property during the 2021/22 and 2022/23 financial year.

9 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2023				
Land and Buildings	111 793 439	(27 843 977)	(225 689)	83 723 772
Infrastructure	1 256 565 693	(730 978 126)	(7 755 263)	517 832 304
Community Assets	127 736 545	(84 170 966)	(7 054 057)	36 511 523
Other Assets	21 630 791	(11 152 328)	-	10 478 463
Leased Assets	1 377 042	(258 240)	-	1 118 802
Total	**1 519 103 510**	**(854 403 637)**	**(15 035 009)**	**649 664 864**
30 June 2022				
Land and Buildings	113 383 405	(27 906 414)	(259 875)	85 217 116
Infrastructure	1 246 887 137	(699 530 284)	(7 684 267)	539 672 586
Community Assets	128 000 685	(81 079 173)	(6 723 855)	40 197 657
Other Assets	14 973 815	(11 625 353)	-	3 348 462
Leased Assets	1 377 042	(135 818)	-	1 241 224
Total	**1 504 622 085**	**(820 277 043)**	**(14 667 997)**	**669 677 045**
As previously reported				703 256 551
Correction of error restatement - note 41.2				(33 579 506)
Restated balance				**669 677 045**

Figures in Rand	2023	2022

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Repairs and Maintenance incurred on Property, Plant and Equipment	**7 146 409**	**10 638 058**

9.2 Work in Progress

Property, Plant and Equipment which is in the process of being constructed or developed:

Infrastructure		
Water Supply	9 658 394	9 734 563
Sanitation	6 069 671	3 663 525
Electricity	235 279	-
Total	**15 963 344**	**13 398 088**

The movements for the year can be reconciled as follows:

Balance at beginning of year	13 398 088	14 540 206
Expenditure during the year	9 256 711	11 096 366
Assets unbundled during the year	(6 691 455)	(12 238 484)
Balance at year-end	**15 963 344**	**13 398 088**

The Municipality did not identify any work in progress projects which are taking a significant longer period to complete.

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment					
30 June 2023	**Opening Balance**	**Additions**	**Disposals**	**Contributed Assets**	**Closing Balance**	**Opening Balance**	**Depreciation and Impairment**	**Impairment (Reversal)**	**Disposals**	**Closing Balance**	**Carrying Value**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Land and Buildings	**113 383 405**	**-**	**(1 589 966)**	**-**	**111 793 439**	**28 166 289**	**1 490 893**	**2 451**	**(1 589 966)**	**28 069 666**	**83 723 772**
Land	59 659 182	-	-	-	59 659 182	-	-	-	-	-	59 659 182
Buildings	53 724 224	-	(1 589 966)	-	52 134 257	28 166 289	1 490 893	2 451	(1 589 966)	28 069 666	24 064 591
Infrastructure	**1 246 887 137**	**9 678 556**	**-**	**-**	**1 256 565 693**	**707 214 551**	**31 447 842**	**70 996**	**-**	**738 733 389**	**517 832 304**
Electrical	308 681 673	2 991 092	-	-	311 672 765	147 099 959	8 432 272	70 996	-	155 603 227	156 069 538
Network and Communication	578 122	-	-	-	578 122	277 156	39 576	-	-	316 732	261 390
Roads	302 712 282	-	-	-	302 712 282	214 819 298	4 860 560	-	-	219 679 859	83 032 424
Sanitation	282 899 445	649 460	-	-	283 548 905	139 765 152	6 531 749	-	-	146 296 900	137 252 005
Solid Waste	77 386 074	2 741 635	-	-	80 127 709	52 003 281	6 043 961	-	-	58 047 242	22 080 467
Storm Water	47 490 405	-	-	-	47 490 405	21 499 065	887 892	-	-	22 386 958	25 103 447
Water Supply	227 139 136	3 296 368	-	-	230 435 504	131 750 640	4 651 831	-	-	136 402 471	94 033 033
Community Assets	**128 000 685**	**-**	**(264 140)**	**-**	**127 736 545**	**87 803 028**	**3 337 291**	**348 843**	**(264 140)**	**91 225 022**	**36 511 523**
Community Facilities	47 244 600	-	(40 876)	-	47 203 724	32 875 151	1 163 328	11 854	(40 876)	34 009 457	13 194 267
Sport and Recreational Facilities	80 756 085	-	(223 264)	-	80 532 821	54 927 877	2 173 963	336 989	(223 264)	57 215 565	23 317 256
Other Assets	**14 973 815**	**6 572 781**	**(2 165 805)**	**2 250 000**	**21 630 791**	**11 625 353**	**1 630 734**	**-**	**(2 103 759)**	**11 152 328**	**10 478 463**
Computer Equipment	1 839 363	104 391	(457 340)	-	1 486 414	801 743	211 412	-	(426 610)	586 545	899 870
Furniture and Office Equipment	2 018 389	38 380	(191 595)	-	1 865 174	1 727 317	92 268	-	(177 431)	1 642 154	223 020
Other Assets	1 291 685	-	(364 553)	-	927 132	1 283 923	4 485	-	(367 230)	921 178	5 954
Machinery and Equipment	467 906	104 488	(68 697)	-	503 696	340 714	51 074	-	(48 868)	342 920	160 776
Transport Assets	7 861 474	6 325 522	(1 017 620)	2 250 000	15 419 376	5 986 655	1 262 005	-	(1 017 620)	6 231 040	9 188 336
Specialised Vehicles	1 494 999	-	(66 000)	-	1 428 999	1 485 003	9 489	-	(66 000)	1 428 493	506
Leased Assets	**1 377 042**	**-**	**-**	**-**	**1 377 042**	**135 818**	**122 422**	**-**	**-**	**258 240**	**1 118 802**
Leased Office Equipment	1 377 042	-	-	-	1 377 042	135 818	122 422	-	-	258 240	1 118 802
Leased Vehicles & Accessories	-	-	-	-	-	-	-	-	-	-	-
	1 504 622 085	**16 251 336**	**(4 019 911)**	**2 250 000**	**1 519 103 510**	**834 945 039**	**38 029 181**	**422 290**	**(3 957 865)**	**869 438 646**	**649 664 864**

NAMA KHOI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.3 Reconciliation of Carrying Value

30 June 2022	Cost					Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**113 390 583**	**-**	**(7 178)**	**-**	**113 383 405**	**26 650 809**	**1 496 129**	**25 374**	**(6 023)**	**28 166 289**	**85 217 116**
Land	59 659 182	-	-	-	59 659 182	-	-	-	-	-	59 659 182
Buildings	53 731 401	-	(7 178)	-	53 724 224	26 650 809	1 496 129	25 374	(6 023)	28 166 289	25 557 934
Infrastructure	**1 236 330 839**	**11 902 912**	**(1 346 614)**	**-**	**1 246 887 137**	**674 746 318**	**31 318 914**	**2 106 858**	**(957 539)**	**707 214 551**	**539 672 586**
Electrical	308 074 160	989 266	(381 753)	-	308 681 673	137 770 884	8 612 721	921 064	(204 711)	147 099 959	161 581 714
Network and Communication	578 122	-	-	-	578 122	237 580	39 576	-	-	277 156	300 966
Roads	301 890 971	926 722	(105 411)	-	302 712 282	209 062 513	5 008 227	848 354	(99 795)	214 819 298	87 892 984
Sanitation	276 975 486	6 192 096	(268 138)	-	282 899 445	133 478 450	6 438 545	72 037	(223 881)	139 765 152	143 134 293
Solid Waste	77 173 373	212 701	-	-	77 386 074	47 743 323	4 225 019	34 940	-	52 003 281	25 382 793
Storm Water	47 536 510	-	(46 106)	-	47 490 405	20 525 288	888 733	101 456	(16 412)	21 499 065	25 991 339
Water Supply	224 102 217	3 582 126	(545 207)	-	227 139 136	125 928 280	6 106 093	129 007	(412 741)	131 750 640	95 388 496
Community Assets	**128 094 556**	**-**	**(93 871)**	**-**	**128 000 685**	**78 680 261**	**3 371 352**	**5 815 901**	**(64 486)**	**87 803 028**	**40 197 657**
Community Facilities	47 266 965	-	(22 365)	-	47 244 600	26 066 435	1 165 714	5 658 396	(15 394)	32 875 151	14 369 449
Sport and Recreational Facilities	80 827 591	-	(71 506)	-	80 756 085	52 613 826	2 205 638	157 505	(49 092)	54 927 877	25 828 208
Other Assets	**14 857 918**	**2 198 821**	**(2 082 923)**	**-**	**14 973 815**	**12 701 121**	**637 926**	**-**	**(1 713 693)**	**11 625 353**	**3 348 462**
Computer Equipment	2 486 315	121 067	(768 019)	-	1 839 363	1 363 507	65 634	-	(627 398)	801 743	1 037 621
Furniture and Office Equipment	2 231 552	87 216	(300 379)	-	2 018 389	1 873 938	84 188	-	(230 809)	1 727 317	291 072
Other Assets	1 764 737	-	(473 052)	-	1 291 685	1 655 555	71 240	-	(442 872)	1 283 923	7 762
Machinery and Equipment	939 571	69 808	(541 473)	-	467 906	639 792	113 536	-	(412 614)	340 714	127 192
Transport Assets	5 940 744	1 920 730	-	-	7 861 474	5 720 769	265 886	-	-	5 986 655	1 874 819
Specialised Vehicles	1 494 999	-	-	-	1 494 999	1 447 560	37 443	-	-	1 485 003	9 996
Leased Assets	**12 136 637**	**1 377 042**	**(12 136 637)**	**-**	**1 377 042**	**9 088 439**	**3 184 016**	**-**	**(12 136 637)**	**135 818**	**1 241 224**
Leased Office Equipment	1 043 994	1 377 042	(1 043 994)	-	1 377 042	870 217	309 595	-	(1 043 994)	135 818	1 241 224
Leased Vehicles & Accessories	11 092 644	-	(11 092 644)	-	-	8 218 222	2 874 421	-	(11 092 643)	-	-
	1 504 810 533	**15 478 775**	**(15 667 223)**	**-**	**1 504 622 085**	**801 866 948**	**40 008 337**	**7 948 133**	**(14 878 378)**	**834 945 039**	**669 677 045**

Figures in Rand	2023	2022

10 INTANGIBLE ASSETS

	2023	2022
Intangible Assets - Carrying Value	**152 401**	**96 148**

The carrying value of intangible Assets is reconciled as follows:

	2023	2022
Opening Carrying Value	**96 148**	**81 431**
Cost	446 946	405 891
Accumulated Amortisation	(350 798)	(324 460)
Accumulated Impairment	-	-
Additions	77 950	41 055
Amortisation	(21 697)	(26 338)
Disposal	-	-
Cost	-	-
Accumulated Amortisation	-	-
Closing Carrying Value	**152 401**	**96 148**
Cost	524 896	446 946
Accumulated Amortisation	(372 495)	(350 798)
Accumulated Impairment	-	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

11 HERITAGE ASSETS

	2023	2022
Heritage Assets - Carrying Value	**1 484 269**	**1 484 269**

The carrying value of Heritage Assets are reconciled as follows:

	2023	2022
Opening Carrying Value	**1 484 269**	**1 484 269**
Cost	1 484 269	1 484 269
Accumulated Impairment	-	-
Movement	-	-
Closing Carrying Value	**1 484 269**	**1 484 269**
Cost	1 484 269	1 484 269
Accumulated Impairment	-	-

The Municipality has movable heritage assets located in the Namakwaland Museum. The Municipality has determined the fair value of these items on 30 June 2021, as there are no comparable information available to reflect the same market conditions of these assets on GRAP Implementation date. Given the nature of the heritage collection, management expect no significant change in the fair values of these assets between GRAP Implementation date and date of valuation.

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

Figures in Rand	2023	2022

12 LONG-TERM LIABILITIES

	2023	2022
Annuity Loans	24 508 454	-
Finance Lease Liabilities	730 924	1 170 460
Sub-Total	25 239 378	1 170 460
Less: Current portion of Long-term Liabilities	(4 505 297)	(439 536)
Annuity Loans	(4 028 096)	-
Finance Lease Liabilities	(477 201)	(439 536)
Total	**20 734 081**	**730 924**

Long-term Liabilities were utilised as follow:

	2023	2022
Total Long-term Liabilities taken up	25 239 378	1 170 460
Used to finance Property, Plant and Equipment at cost	(7 513 725)	(1 170 460)
Unspent Borrowings	**17 725 653**	**-**

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	**Rate**	**Maturity Date**	**Carrying Value of Liability**	
Nedbank (12042023)	11.30%	01/05/2028	24 508 454	-

The following serve as security for annuity loans:

- Investment Deposit as per note 2	5 000 000	-

Annuity loans are payable as follows:

Payable within one year	6 608 350	-
Payable within two to five years	25 332 010	-
Payable after five years	-	-
Total amount payable	**31 940 360**	**-**
Less: Outstanding Future Finance Charges	(7 431 906)	-
Present value of annuity loans	**24 508 454**	**-**

12.2 Finance Lease Liabilities

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	**Rate**	**Maturity Date**	**Carrying Value of Liability**	
Nashua Ltd (000055 MAJ)	8.25%	31/12/2024	730 924	1 170 460

Finance Lease Liabilities are payable as follows:

Payable within one year	519 726	519 726
Payable within two to five years	259 863	779 589
Payable after five years	-	-
Total amount payable	**779 589**	**1 299 315**
Less: Outstanding Future Finance Charges	(48 665)	(128 855)
Present value of annuity loans	**730 924**	**1 170 460**

Figures in Rand	2023	2022

13 CONSUMER DEPOSITS

	2023	2022
Electricity	1 644 742	1 619 926
Water	2 381 134	2 241 495
Library Books	12 673	12 673
Total	**4 038 549**	**3 874 094**

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding amount.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade Payables	452 499 778	405 144 120
Retentions	1 572 712	1 119 252
Unused Pre-paid Electricity	994 900	578 884
Other Payables	2 338 151	2 251 744
Unknown Receipts	5 494 908	4 486 146
Total	**462 900 449**	**413 580 146**
As previously reported		413 904 064
Correction of error restatement - note 41.5		(323 918)
Restated balance		**413 580 146**

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

15 UNSPENT CONDITIONAL GOVERNMENT GRANTS

	2023	2022
National Government	12 531 745	14 981 934
Provincial Government	3 870 552	3 514 895
Other Grant Providers	40 362	40 362
Total	**16 442 659**	**18 537 191**
As previously reported		18 929 859
Correction of error restatement - note 41.3		(392 668)
Restated balance		**18 537 191**

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

Figures in Rand	2023	2022

16 CURRENT EMPLOYEE BENEFITS

	2023	2022
Bonuses	2 007 854	2 018 503
Staff Leave	7 440 702	7 420 111
Shortfall in Cape Joint Pension Fund	679 410	645 148
Current portion of Non-Current Employee Benefits - note 17	1 654 000	2 483 000
Post Retirement Medical Benefits	901 000	770 000
Long Service Awards	753 000	1 713 000
Total	**11 781 966**	**12 566 762**

The movement in current employee benefits are reconciled as follows:

16.1 Bonuses

	2023	2022
Opening Balance	2 018 502	2 149 545
Contribution during the year	4 985 599	4 716 607
Payments made	(4 996 248)	(4 847 650)
Balance at the end of the year	**2 007 853**	**2 018 502**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

16.2 Staff Leave

	2023	2022
Opening Balance	7 420 111	7 890 086
Contribution during the year	1 664 270	1 553 056
Payments made	(1 643 679)	(2 023 031)
Balance at the end of the year	**7 440 702**	**7 420 111**

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

16.3 Shortfall in Cape Joint Pension Fund

	2023	2022
Opening Balance	645 148	610 886
Contribution during the year	34 262	34 262
Balance at the end of the year	**679 410**	**645 148**

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision is made for the pro-rata portion owed by the Municipality.

17 EMPLOYEE BENEFITS

	2023	2022
Post Retirement Medical Benefits	23 706 000	23 779 000
Long Service Awards	6 926 000	8 005 000
Sub-Total	**30 632 000**	**31 784 000**
Less: Current portion of Employee Benefits	**1 654 000**	**2 483 000**
Post Retirement Medical Benefits	901 000	770 000
Long Service Awards	753 000	1 713 000
Total	**28 978 000**	**29 301 000**

Figures in Rand	2023	2022

17 EMPLOYEE BENEFITS (CONTINUED)

17.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

	2023	2022
Opening Balance	23 779 000	19 844 000
Contribution during the year	3 579 000	2 754 000
Current Service Cost	813 000	710 000
Interest Cost	2 766 000	2 044 000
Payments made	(804 282)	(472 000)
Actuarial Loss/(Gain)	(2 847 718)	1 653 000
Total balance at year-end	23 706 000	23 779 000
Less: Current portion	(901 000)	(770 000)
Total	**22 805 000**	**23 009 000**

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2023	2022
In-service members	84	80
In-service non-members	124	145
Continuation members	18	16
Total	**226**	**241**

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**In-Service Members R**	**In-Service non-Members R**	**Continuation Members R**	**Total unfunded Liability R**
30 June 2023	10 948 000	2 231 000	10 527 000	**23 706 000**
30 June 2022	12 059 000	1 788 000	9 932 000	**23 779 000**
30 June 2021	12 196 000	1 686 000	5 962 000	**19 844 000**
30 June 2020	16 132 000	-	6 613 000	**22 745 000**
30 June 2019	12 240 889	-	5 270 840	**17 511 729**

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2023	(208 000)	-
30 June 2022	1 262 000	-
30 June 2021	(2 813 000)	-
30 June 2020	1 965 000	-
30 June 2019	(430 000)	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Figures in Rand	2023	2022

17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

	2023	2022
Discount rate	12.48%	11.82%
Health care cost inflation rate	8.09%	8.44%
Net discount rate	4.06%	3.12%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 16 August 2023.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	13 179 000	10 527 000	23 706 000	
Health care inflation rate (+ 1%)	15 729 000	11 569 000	27 298 000	15%
Health care inflation rate (- 1%)	11 121 000	9 629 000	20 750 000	-12%
Discount rate (+ 1%)	11 209 000	9 669 000	20 878 000	-12%
Discount rate (- 1%)	15 644 000	11 535 000	27 179 000	15%
Post-employment mortality (+ 1 year)	12 852 000	10 220 000	23 072 000	-3%
Post-employment mortality (- 1 year)	13 500 000	10 832 000	24 332 000	3%
Average retirement age (- 1 year)	14 670 000	10 527 000	25 197 000	6%
Membership continuation (- 10%)	11 421 000	10 527 000	21 948 000	-7%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2023/24	814 000	2 904 000	3 718 000	
Health care inflation rate (+ 1%)	988 000	3 352 000	4 340 000	17%
Health care inflation rate (- 1%)	676 000	2 535 000	3 211 000	-14%
Discount rate (+ 1%)	688 000	2 756 000	3 444 000	-7%
Discount rate (- 1%)	972 000	3 070 000	4 042 000	9%
Post-employment mortality (+ 1 year)	793 000	2 825 000	3 618 000	-3%
Post-employment mortality (- 1 year)	832 000	2 982 000	3 814 000	3%
Average retirement age (- 1 year)	882 000	3 090 000	3 972 000	7%
Membership continuation (- 10%)	705 000	2 685 000	3 390 000	-9%

Figures in Rand	2023	2022

17 EMPLOYEE BENEFITS (CONTINUED)

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2023	2022
Opening Balance	8 005 000	7 783 000
Contribution during the year	1 319 000	1 243 000
Current Service Cost	560 000	599 000
Interest Cost	759 000	644 000
Payments made	(650 049)	(787 000)
Actuarial Loss/(Gain)	(1 747 951)	(234 000)
Total balance at year-end	**6 926 000**	**8 005 000**
Less: Current portion	(753 000)	(1 713 000)
Total	**6 173 000**	**6 292 000**

The Long Service Awards plans are defined benefit plans.

	2023	2022
Number of employees that are eligible for Long Service Awards	208	225

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**Unfunded Liability R**
30 June 2023	6 926 000
30 June 2022	8 005 000
30 June 2021	7 783 000
30 June 2020	7 409 000
30 June 2019	7 212 000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2023	(248 000)	-
30 June 2022	(94 000)	-
30 June 2021	(666 562)	-
30 June 2020	102 000	-
30 June 2019	167 115	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

	2023	2022
Discount rate	10.92%	10.59%
General Salary Inflation (long-term)	6.39%	7.27%
Net discount rate	4.26%	3.09%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 16 August 2023.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Figures in Rand		2023	2022

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	6 926 000	7 277 000	5%
General earnings inflation rate (- 1%)	6 926 000	6 600 000	-5%
Discount rate (+ 1%)	6 926 000	6 589 000	-5%
Discount rate (- 1%)	6 926 000	7 295 000	5%
Average retirement age (+ 2 years)	6 926 000	7 731 000	12%
Average retirement age (- 2 years)	6 926 000	6 150 000	-11%
Withdrawal rates (x 2)	6 926 000	5 871 000	-15%
Withdrawal rates (x 0.5)	6 926 000	7 594 000	10%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Estimated for 2023/24	501 000	716 000	1 217 000	
General earnings inflation rate (+ 1%)	533 000	755 000	1 288 000	6%
General earnings inflation rate (- 1%)	471 000	681 000	1 152 000	-5%
Discount rate (+ 1%)	475 000	742 000	1 217 000	0%
Discount rate (- 1%)	530 000	687 000	1 217 000	0%
Average retirement age (+ 2 years)	555 000	804 000	1 359 000	12%
Average retirement age (- 2 years)	454 000	633 000	1 087 000	-11%
Withdrawal rates (x 2)	396 000	601 000	997 000	-18%
Withdrawal rates (x 0.5)	572 000	789 000	1 361 000	12%

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

	2023	2022
LA Retirement Fund (Former Cape Joint Pension Fund) The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in an sound financial position with a funding level of 104.5% (30 June 2021 - 102.0%).	41 089	38 839
Consolidated Retirement Fund (Former Cape Retirement Fund) The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).	3 930 040	3 451 940
Total	**3 971 129**	**3 490 779**

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality’s share of the Retirement Funds’ assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

Figures in Rand	2023	2022

17 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2023	2022
Sanlam Umbrella Fund	692 238	727 711
SAMWU National Provident Fund	4 946 683	5 100 876
Total	**5 638 920**	**5 828 587**

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

	2023	2022
Provision for Rehabilitation of Landfill-sites	**95 613 755**	**85 174 980**
As previously reported		132 158 607
Correction of error restatement - note 41.2		(46 983 627)
Restated balance		85 174 980

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

	2023	2022
Opening Balance	85 174 980	78 689 938
Contribution during the year	10 438 775	6 485 042
Increase/(Decrease) in estimate	2 741 635	212 701
Interest Cost	7 697 140	6 272 341
Total	**95 613 755**	**85 174 980**

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

The future obligations for rehabilitating the landfill sites has been calculated using a discount rate of 9.17% to 12.34% (2022 - 7.97% to 11.60%) which is based on the South African 5 year Government Bond yield.

19 PROPERTY RATES

	2023	2022
Business and Commercial Property	12 130 897	11 785 775
Farm Properties	479 907	476 930
Industrial Property	2 263 194	2 264 298
Mining Properties	736 576	736 278
Public Benefit Organisations	-	873
Residential Properties	32 766 137	33 434 276
State-owned Properties	5 699 206	5 666 161
Other	258 020	215 380
Total Revenue	**54 333 937**	**54 579 971**
Less: Rebates	(2 885 792)	(2 881 354)
Total	**51 448 145**	**51 698 616**

Figures in Rand	2023	2022

19 PROPERTY RATES (CONTINUED)

Property rate levied are based on the following rateable valuations:

	2023	2022
Business and Commercial Property	484 531 000	484 531 000
Industrial Property	119 343 000	119 343 000
Mining Properties	52 381 000	52 381 000
Public benefit organisations	86 702 000	85 276 500
Public Service Infrastructure Properties	94 561 000	94 561 000
Residential Properties	2 080 378 000	2 072 116 000
State-owned Properties	115 050 500	115 069 000
Agricultural Property	700 901 500	700 864 000
Multiple purposes	6 435 000	6 435 000
Total Valuation	3 740 283 000	3 730 576 500

Rate that is applicable to the valuations above:

	2023	2022
Residential	0.01617 c/R	0.01617 c/R
Commercial and Industrial	0.02226 c/R	0.02226 c/R
Agricultural	0.00070 c/R	0.00070 c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act. A further discount of 10% was granted to all indigents and 20% for qualifying pensioners.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

The following properties are deemed non-rateable: Municipal properties, churches, creches, old age homes and care centres, public infrastructure and public benefit organisations.

20 GOVERNMENT GRANTS AND SUBSIDIES

	2023	2022
Unconditional Grants - National Government	**58 610 000**	**52 965 154**
Equitable Share	58 610 000	52 965 154
Conditional Grants - National Government	**14 686 189**	**18 914 297**
Finance Management Grant (FMG)	3 100 184	2 999 816
Municipal Infrastructure Grant (MIG)	6 259 190	5 310 469
Expanded Public Works Programme (EPWP)	1 143 617	1 169 000
Integrated National Electrification Programme (INEP)	1 950 776	-
Water Service Infrastructure Grant (WSIG)	2 232 421	9 435 012
Conditional Grants - Provincial Government	**1 344 343**	**1 692 218**
Libraries, Archives and Museums	1 314 303	1 299 550
Department of Water Affairs - WSACDBP	-	-
LG SETA	-	-
Department Sport, Arts and Culture	-	-
Swimming Pool	-	-
World Cup 2010	-	-
Municipal Disaster Recovery Grant	-	-
Fire Equipment	-	-
Housing	30 040	392 668
Conditional Grants - Other Grant Providers	**-**	**-**
Wade Project	-	-
Total	**74 640 532**	**73 571 669**

Figures in Rand	2023	2022

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Disclosed as:

Government Grants and Subsidies - Operating	64 198 145	58 826 188
Government Grants and Subsidies - Capital	10 442 387	14 745 481
Total	**74 640 532**	**73 571 669**
As previously reported		73 179 001
Correction of error restatement - note 41.3		392 668
Restated balance		**73 571 669**

Grants per Vote (MFMA Sec 123 (c)):

Equitable Share	58 610 000	52 965 155
Vote 1 - Executive Mayor And Council (10: IE)	-	-
Vote 2 - Municipal Manager (11: IE)	1 143 617	1 169 000
Vote 3 - Corporate Services (13: IE)	-	-
Vote 4 - Financial Services (15: IE)	3 100 184	2 999 816
Vote 5 - Community Services: Comm Dev (16: IE)	1 344 343	1 692 218
Vote 6 - Community Services: Publsafety (17: IE)	-	-
Vote 7 - Infrastructure,Eng And Technical (18: IE)	10 442 387	14 745 481
Vote 8 - Executive Mayor And Council (20: CS)	-	-
Vote 9 - Municipal Manager (21: CS)	-	-
Vote 10 - Corporate Services (23: CS)	-	-
Vote 11 - Community Services: Comm Dev (26: CS)	-	-
Vote 12 - Infrastructure,Eng And Technical (28: CS)	-	-
Total	**74 640 532**	**73 571 669**

The movements per grant can be summarised as follows:

20.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	58 610 000	52 965 154
Transferred to Revenue - Operating	(58 610 000)	(52 965 154)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

20.02 Finance Management Grant (FMG)

Opening Unspent Balance	184	-
Grants Received / (Repaid)	3 100 000	3 000 000
Transferred to Revenue - Operating	(3 100 184)	(2 999 816)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	184

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

20.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	11 187 804	6 481 273
Grants Received / (Repaid)	(282 941)	10 017 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(6 259 190)	(5 310 469)
Closing Unspent Balance	4 645 673	11 187 804

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

NAMA KHOI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Figures in Rand	2023	2022
20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.04 Expanded Public Works Programme (EPWP)		
Opening Unspent Balance	887	887
Grants Received / (Repaid)	1 212 000	1 169 000
Transferred to Revenue - Operating	(1 143 617)	(1 169 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	69 270	887

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

	2023	2022
20.05 Integrated National Electrification Programme (INEP)		
Opening Unspent Balance	1 780 000	-
Grants Received / (Repaid)	220 000	1 780 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1 950 776)	-
Closing Unspent Balance	49 223	1 780 000

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

	2023	2022
20.06 Water Service Infrastructure Grant (WSIG)		
Opening Unspent Balance	2 013 059	12 301 599
Grants Received / (Repaid)	7 986 941	(853 528)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 232 421)	(9 435 012)
Closing Unspent Balance	7 767 579	2 013 059

The grant was used for water infrastructure projects.

	2023	2022
20.07 Libraries, Archives and Museums		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 500 000	1 299 550
Transferred to Revenue - Operating	(1 314 303)	(1 299 550)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	185 697	-

The grant was used to finance library activities.

	2023	2022
20.08 Department of Water Affairs - WSACDBP		
Opening Unspent Balance	510 747	510 747
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	510 747	510 747

The grant was allocated for the refurbishment of water infrastructure.

	2023	2022
20.09 LG SETA		
Opening Unspent Balance	228 576	228 576
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	228 576	228 576

The grant was allocated for skills development.

Figures in Rand	2023	2022

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.10 Department Sport, Arts and Culture

	2023	2022
Opening Unspent Balance	308 500	308 500
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	308 500	308 500

The grant was received for the building and maintenance of sport fields in the district.

20.11 Swimming Pool

	2023	2022
Opening Unspent Balance	450 000	450 000
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	450 000	450 000

The grant was received for the building of a swimming pool in the district.

20.12 World Cup 2010

	2023	2022
Opening Unspent Balance	52 139	52 139
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	52 139	52 139

The grant was allocated for activities of the 2010 Soccer World Cup.

20.13 Municipal Disaster Recovery Grant

	2023	2022
Opening Unspent Balance	817 356	817 356
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	817 356	817 356

The grant was used for water infrastructure projects.

20.14 Fire Equipment

	2023	2022
Opening Unspent Balance	52 264	52 264
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	52 264	52 264

The grant was allocated for the maintenance and upgrade of fire equipment in the area of the municipality.

20.15 Housing

	2023	2022
Opening Unspent Balance	1 095 313	1 635 535
Grants Received / (Repaid)	200 000	(147 554)
Transferred to Revenue - Operating	(30 040)	(392 668)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1 265 273	1 095 313

The grant was used for emergency housing and establishment of housing accreditation office.

Figures in Rand	2023	2022

20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.16 Wade Project

	2023	2022
Opening Unspent Balance	40 362	40 362
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	40 362	40 362

The grant was used for water infrastructure projects in the Buffelsriver.

20.17 Total Grants

	2023	2022
Opening Unspent Balance	18 537 191	22 879 238
Grants Received / (Repaid)	72 546 000	69 229 622
Transferred to Revenue - Operating	(64 198 145)	(58 826 188)
Transferred to Revenue - Capital	(10 442 387)	(14 745 481)
Closing Unspent Balance	**16 442 659**	**18 537 191**

21 CONTRIBUTED ASSETS

	2023	2022
Property, Plant and Equipment	2 250 000	-
Total	**2 250 000**	**-**

Contributed asset relates to a waste compactor truck which was transferred from the Department of Forestry, Fisheries and Environment.

22 AVAILABILITY CHARGES

	2023	2022
Electricity	513 532	462 529
Water	452 791	426 900
Sewerage and Sanitation	205 114	178 711
Total	**1 171 436**	**1 068 140**

Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

23 LICENCES AND PERMITS

	2023	2022
Trading	21 579	4 528
Road and Transport	1 144 373	1 228 577
Total	**1 165 952**	**1 233 105**

24 ACTUARIAL GAINS

	2023	2022
Post Retirement Medical Benefits	2 847 718	-
Long Service Awards	1 747 951	-
Total	**4 595 670**	**-**

Figures in Rand	2023	2022

25 SERVICE CHARGES

	2023	2022
Electricity	109 024 630	104 620 225
Water	49 271 692	44 570 687
Refuse Removal	24 661 249	23 140 189
Sewerage and Sanitation	20 567 585	19 156 675
Total Revenue	**203 525 157**	**191 487 775**
Less: Rebates	(30 557 847)	(24 311 816)
Electricity	(8 770 347)	(1 321 547)
Water	(6 854 998)	(7 166 517)
Refuse Removal	(8 387 764)	(9 015 628)
Sewerage and Sanitation	(6 544 738)	(6 808 124)
Total	**172 967 310**	**167 175 959**

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

26 RENTAL OF FACILITIES AND EQUIPMENT

	2023	2022
Halls	181 003	90 488
Grazing Fees	1 266 863	1 162 438
Mines	771 950	1 260 351
Buildings	1 732 085	1 120 878
Total	**3 951 902**	**3 634 155**

27 INTEREST EARNED - EXTERNAL INVESTMENTS

	2023	2022
Bank Accounts	484 020	266 069
Investment Deposits	2 229 625	1 063 957
Total	**2 713 645**	**1 330 026**

28 AGENCY SERVICES

	2023	2022
Drivers Licences	166 111	184 703
Motor Vehicle Registration	122 218	194 500
Total	**288 330**	**379 203**

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 52.1 for additional disclosure in this regard.

The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.

Figures in Rand		2023	2022
29	**OTHER INCOME**		
	Administrative Handling Fees	3 258 058	1 022 770
	Building Plan Approval	414 143	391 881
	Camping Fees	31 304	35 804
	Cemetery and Burial	47 667	48 651
	Commission	64 121	59 719
	Membership Fees	55 609	34 665
	Parking Fees	18 382	19 317
	Staff Recoveries	142 540	504 767
	Sub-division and Consolidation Fees	20 205	12 648
	Valuation Services	56 797	47 310
	Sundry Income	20 465	15 554
	Total	**4 129 291**	**2 193 085**
30	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	62 458 131	65 220 102
	Pension and UIF Contributions	9 304 792	9 353 478
	Medical Aid Contributions	3 069 833	2 941 337
	Overtime	7 257 346	5 400 978
	Motor Vehicle Allowances	3 846 989	3 664 010
	Cell Phone Allowances	250 257	242 692
	Housing Allowances	938 438	1 193 412
	Bonuses	5 029 316	4 574 544
	Staff Leave	1 598 181	1 511 356
	Long Service Awards	560 000	110 531
	Post Retirement Medical Benefits	813 000	710 000
	Other benefits and allowances	3 989 899	3 781 264
	Acting Allowances	1 038 536	930 682
	Bargaining Council Levy	33 707	35 967
	Group Life Insurance	2 497	15 408
	Standby Allowances	2 832 432	2 721 871
	Transport Cost	66 851	77 336
	Scarcity Allowance	15 877	-
	Total	**99 116 182**	**98 703 702**

Remuneration of Management Personnel

Key management personnel are all appointed on a permanent basis, except for the Municipal Manager who is appointed on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract periods.

Municipal Manager - Mr J Swarts	2023	2022
Annual Remuneration	736 563	-
Benefits and Allowances	123 734	-
Contributions to UIF, Medical and Pension Funds	1 594	-
Total	861 891	-

Municipal Manager - Mrs SA Tatas-Titus	2023	2022
Annual Remuneration	-	622 125
Benefits and Allowances	-	351 113
Leave Payout	-	350 316
Contributions to UIF, Medical and Pension Funds	-	1 687
Total	-	1 325 241

Figures in Rand		2023	2022
30	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Chief Financial Officer - Mr HE Cloete		
	Annual Remuneration	542 260	550 147
	Benefits and Allowances	517 055	473 083
	Contributions to UIF, Medical and Pension Funds	2 125	2 218
	Total	1 061 441	1 025 448
	Head : Corporate Services - Mr DC Magerman		
	Annual Remuneration	563 259	582 844
	Acting Allowance (Acting Municipal Manager)	122 676	35 938
	Benefits and Allowances	586 771	371 168
	Contributions to UIF, Medical and Pension Funds	2 125	2 218
	Total	1 274 831	992 168
	Head : Technical Services - Mr JS Cloete		
	Annual Remuneration	-	831 999
	Benefits and Allowances	-	437 582
	Contributions to UIF, Medical and Pension Funds	-	195 093
	Total	-	1 464 674

Employees acting in management positions

The following employees acted in management positions during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	**Acting Position**		
H Fielding	Head: Community Services	71 377	54 155
I Smith	Head: Technical Services	57 961	-
Total		129 338	54 155

Figures in Rand	2023	2022

31 REMUNERATION OF COUNCILLORS

	2023	2022
JE van den Heever	400 907	367 780
CE Gertze	-	114 277
R Kritzinger	750 149	581 033
S Kleinbooi	-	146 417
CG Coetzee	-	142 545
YL Van Zyl	-	114 277
P Van Reenen	-	114 277
GY Pieters	-	114 277
ZP De Jongh	321 403	321 403
LL Vries	-	114 277
SH Ruiter	-	114 277
WS Jordaan	411 799	408 284
GJ Coetzee	321 403	321 403
W Van Schalkwyk	-	114 277
RJ Cloete	-	331 052
CV Petersen	-	266 720
SJ Cloete	321 403	321 403
GMS Bock	927 485	574 143
C Visser	411 799	261 866
MR Baadjies	321 403	207 126
RF Adams	321 403	207 126
AM Julie	321 403	207 126
JFM Otto	321 403	207 126
RSJ Claasen	321 403	207 126
S Cloete	321 403	207 126
JC Losper	321 403	207 126
KA Polori	321 403	207 126
WC Britz	321 403	207 126
Total	**6 758 975**	**6 708 122**

	Basic Salary	Motor Vehicle Allowance	Cell Phone Allowance	Medical and Pension Contributions	Total
2023					
Executive Mayor	886 685	-	40 800	-	927 485
Speaker	709 349	-	40 800	-	750 149
Executive Committee	285 085	75 022	40 800	-	400 907
Section 79 Committee Chairperso	625 248	116 750	81 600	-	823 598
Other Councillors	3 156 784	210 452	489 600	-	3 856 836
Total	**5 663 151**	**402 224**	**693 600**	**-**	**6 758 975**
2022					
Executive Mayor	803 337	48 866	40 493	-	892 696
Speaker	618 710	63 053	39 213	-	720 976
Executive Committee	563 584	136 654	78 427	12 904	791 569
Section 79 Committee Chairperso	243 960	52 516	67 406	12 525	376 407
Other Councillors	2 912 407	377 604	557 801	78 662	3 926 474
Total	**5 141 998**	**678 693**	**783 340**	**104 091**	**6 708 122**

In-kind Benefits

The Executive Mayor, Speaker and certain members Executive Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

Figures in Rand	2023	2022

32 DEBT IMPAIRMENT

	2023	2022
Receivables from Exchange Transactions	39 375 247	36 566 563
Receivables from Non-Exchange Transactions	14 362 493	6 921 212
Long-term Receivables	404 980	185 757
VAT Component of Debt Impairment	(5 615 448)	(730 875)
Total	**48 527 272**	**42 942 657**
As previously reported		(6 935 561)
Correction of error restatement - note 41.1		49 878 218
Restated balance		42 942 657

33 DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2023	2022
Depreciation and Amortisation	38 425 255	40 418 802
Property, Plant and Equipment	38 029 181	40 008 337
Intangible Assets	21 697	26 338
Investment Property	374 377	384 128
Impairment	422 290	8 650 674
Property, Plant and Equipment	422 290	7 948 133
Investment Property	-	702 541
Total	**38 847 545**	**49 069 477**
As previously reported		77 774 688
Correction of error restatement - note 41.2		(28 705 211)
Restated balance		**49 069 477**

34 FINANCE CHARGES

	2023	2022
Cash	11 058 248	7 724 982
Long-term Liabilities	690 036	247 086
Overdue Accounts	10 368 213	7 477 896
Non-cash	11 222 140	8 960 341
Post Retirement Medical Benefits	2 766 000	2 044 000
Long Service Awards	759 000	644 000
Rehabilitation of Landfill Sites	7 697 140	6 272 341
Total	**22 280 388**	**16 685 323**
As previously reported		19 414 350
Correction of error restatement - note 41.2		(2 729 028)
Restated balance		**16 685 323**

35 BULK PURCHASES

	2023	2022
Electricity	102 578 148	104 477 113
Total	**102 578 148**	**104 477 113**

Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom.

Figures in Rand	2023	2022
36 OTHER EXPENDITURE		
Accounting and Auditing	3 556 328	4 377 813
Advertising, Publicity and Marketing	561 713	246 858
Arbitration Fees	243 625	-
Assets less than the Capitalisation Threshold	30 731	39 796
Audit Committee	127 420	134 218
Bank Charges, Facility and Card Fees	527 240	535 770
Building Contractors	62 199	225 728
Business and Financial Management	197 152	-
Catering Services	411 710	369 377
Clearing and Grass Cutting Services	-	395 358
Commission - Prepaid Electricity	1 305 843	400 645
Communication	2 327 494	2 394 675
Contractors Equipment	2 031 816	2 982 533
Contractors Other Assets	464 243	893 930
Electrical	4 184 661	4 472 398
Eskom Connection Fees	166 501	23 022
External Audit Fees	3 774 504	4 996 542
External Computer Service	3 767 069	2 428 347
External Personnel and Labour	1 215 254	1 047 897
Hire Charges	8 619 348	3 301 141
Indigent Relief	(361)	-
Infrastructure and Planning	168 738	224 677
Insurance	2 219 823	1 384 324
Laboratory Services	275 363	183 295
Legal Cost	979 750	837 936
Medical Health Services	7 842	27 773
Printing, Publications and Books	1 646 533	416 640
Professional Bodies, Membership and Subscription	2 110 848	2 188 205
Registration Fees	145 066	250 121
Road Worthy Test	634 110	464 372
Security Services	478 682	969 893
Temporary housing structures	-	1 125 093
Travel and Subsistence	962 744	1 481 864
Uniform and Protective Clothing	85 956	245 236
Valuer and Assessors	485 594	65 611
Ward Committees	387 000	279 500
Total	**44 162 539**	**39 410 587**

Included in Hire charges is a balance of R2 793 043 that relates to contributed PPE. As per invoice 1536, the Department of Forestry, Fisheries and the Environment would have contributed two Waste Compactor Trucks to Nama Khoi Municipality. Only one truck was eventually delivered and contributed to the Municipality and correctly disclosed in the AFS PPE note. The balance of R2 793 043 will be investigated in the 2023/2024 financial year and corrected.

	2023	2022
37 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	-	1 653 000
Long Service Awards	-	(234 000)
Total	**-**	**1 419 000**

The actuarial loss mainly originated as a result of a decrease in the net discount rate being used by the actuaries to calculate the employee benefits.

Figures in Rand	2023	2022

38 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS

	2023	2022
Proceeds	-	-
Less: Carrying value of Investment Property disposed	(719 681)	(387 652)
Less: Carrying value of Property, Plant and Equipment disposed	(62 046)	(788 845)
Less: Carrying value of Intangible Assets	-	-
Total	**(781 727)**	**(1 176 497)**
As previously reported		(3 591 553)
Correction of error restatement - note 41.2		2 415 056
Restated balance		**(1 176 497)**

39 INVENTORY CONSUMED

	2023	2022
Consumables	7 743 739	7 658 632
Materials and Supplies	237 883	258 211
Water	34 675 658	31 926 737
Total	**42 657 281**	**39 843 580**

40 INVENTORY WRITE OFF

	2023	2022
Materials and Consumables	(91 942)	39 393
Water	8 383 163	6 643 229
Total	**8 291 221**	**6 682 622**

41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

41.1 Receivables

The following errors were noted:

- The debt impairment calculation of 2021/22 contained errors, resulting that that the provision was understated by R49 878 218.

The net effect of the above-mentioned errors were as follows:

- Receivables from Exchange Transactions - note 3	Overstated	(32 428 099)
- Receivables from Non-Exchange Transactions - note 4	Overstated	(17 450 128)
- Debt Impairment - note 32	Understated	49 878 218

Figures in Rand	2023	2022

41 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

41.2 Investment Property and Property, Plant and Equipment

The following errors were noted:

The official assets register did not agree to the financial records. Accordingly, prior year error restatement of R1 536 844 is required in order for the asset register to agree to the financial records.

Properties amounting to R34 218 537 of which the Municipality does not exercise control, were incorrectly included in the asset register.

Management assessed that the assumptions used for the calculation of rehabilitation of the landfill sites were not appropriate in terms of the Standards of GRAP. The provision was revised and noted that if was previously overstated by R53 503 552.

The net effect of the above-mentioned errors were as follows:

- Investment Property - note 8	Overstated	(13 350 807)
- Property, Plant and Equipment - note 9	Overstated	(33 579 506)
- Provisions - note 18	Overstated	(6 318 925)
- Non-Current Provisions - note 18	Overstated	(46 983 627)
- Depreciation, Amortisation and Impairment - note 33	Overstated	(28 705 211)
- Finance Charges - note 34	Overstated	(2 729 028)
- Loss on disposal of Non-Monetary Assets note 38	Overstated	(2 415 056)
- Accumulated Surplus - note 41.6	Overstated	(27 477 055)

41.3 Unspent Conditional Government Grants

Government grants amounting to R392 668 of which the conditions were met, were not recognised as revenue in the prior year.

The net effect of the above-mentioned errors were as follows:

- Unspent Conditional Government Grants - note 15	Overstated	(392 668)
- Government Grants and Subsidies - Operating - note 20	Understated	392 668

41.4 Taxes

VAT portion of Provision for Bad Debts was not reversed during 2019/2020.

The net effect of the above-mentioned errors were as follows:

- Accumulated Surplus	Overstated	(4 596 751)

41.5 Payables from Exchange Transactions

Correction of accruals not accounted for.

The net effect of the above-mentioned errors were as follows:

- Accumulated Surplus	Understated	323 918

41.6 Accumulated Surplus

Investment Property and Property, Plant and Equipment - note 41.2	Overstated	(27 477 055)
Taxes - Note 41.4	Overstated	(4 596 751)
Payables from Exchange Transactions - Note 41.5	Understated	323 918
Total		**(31 749 889)**

Figures in Rand		2023	2022
42	**NET CASH FROM OPERATING ACTIVITIES**		
	Net Deficit for the year	(71 760 520)	(90 860 045)
	Adjusted for:		
	Non-cash revenue included in Net Surplus	(6 845 670)	-
	Actuarial Gains	(4 595 670)	-
	Contributed Assets	(2 250 000)	-
	Non-cash expenditure included in Net Surplus	107 435 807	111 180 904
	Employee Related Costs - Contributions towards	8 057 131	7 612 925
	Post Retirement Medical Benefits	813 000	710 000
	Long Service Awards	560 000	599 000
	Bonuses	4 985 599	4 716 607
	Staff Leave	1 664 270	1 553 056
	Shortfall in Cape Joint Pension Fund	34 262	34 262
	Debt Impairment	48 527 264	42 942 657
	Depreciation, Amortisation and Impairment	38 847 545	49 069 484
	Finance Charges	11 222 140	8 960 341
	Post Retirement Medical Benefits	2 766 000	2 044 000
	Long Service Awards	759 000	644 000
	Provision for Rehabilitation of Landfill-sites	7 697 140	6 272 341
	Actuarial Losses	-	1 419 000
	Loss on disposal of Non-Monetary Assets	781 727	1 176 497
	Cash expenditure not included in Net Surplus	(8 094 257)	(8 129 681)
	Post Retirement Medical Benefits	(804 282)	(472 000)
	Long Service Awards	(650 049)	(787 000)
	Bonuses	(4 996 248)	(4 847 650)
	Staff Leave	(1 643 679)	(2 023 031)
	Operating Surplus before changes in working capital	20 735 360	12 191 179
	Movement in working capital	(8 963 271)	(2 201 373)
	Receivables	(47 493 451)	(44 625 164)
	Inventory	48 088	(1 057 041)
	Consumer Deposits	164 455	238 968
	Payables from exchange transactions	49 320 303	41 763 332
	Unspent Conditional Government Grants	(2 094 532)	(4 342 047)
	Taxes	(8 908 135)	5 820 579
	Cash Flow from Operating Activities	**11 772 089**	**9 989 805**

		2023	2022
43	**CASH AND CASH EQUIVALENTS**		
	Cash and Cash Equivalents comprise out of the following:		
	Primary Bank Account	4 883 312	1 178 993
	Call and Notice Deposits	41 860 241	23 320 843
	Cash Floats	26 792	17 150
	Total	**46 770 344**	**24 516 987**

Refer to note 2 for more details relating to cash and cash equivalents.

Figures in Rand	2023	2022

44 BUDGET COMPARISONS

44.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	51 448 145	-	51 448 145
Service Charges - Electricity Revenue	100 767 815	-	100 767 815
Service Charges	100 254 283		
Availability Charges	513 532		
Service Charges - Water Revenue	42 869 484	-	42 869 484
Service Charges	42 416 694		
Availability Charges	452 791		
Service Charges - Sanitation Revenue	14 227 961	-	14 227 961
Service Charges	14 022 847		
Availability Charges	205 114		
Service Charges - Refuse Revenue	16 273 486	-	16 273 486
Rental of Facilities and Equipment	3 951 902	(1 186 965)	2 764 937
Interest Earned - External Investments	2 713 645	-	2 713 645
Interest Earned - Outstanding Debtors	21 431 101	-	21 431 101
Fines	1 487 437	-	1 487 437
Licences and Permits	1 165 952	131 949	1 297 901
Agency Services	288 330	-	288 330
Transfers Recognised - Operational	64 198 145	-	64 198 145
Other Revenue	4 129 291	1 055 016	5 184 307
Gains	4 595 670	-	4 595 670
Actuarial Gains	4 595 670		
Total Revenue (excluding capital transfers)	**329 548 363**	**-**	**329 548 363**

44 BUDGET COMPARISONS (CONTINUED)

	Actuals per Statement of Financial Performance R	Reclassification due mSCOA vs GRAP classification R	Actuals per Budget Comparison R
EXPENDITURE			
Employee Related Costs	99 116 182	3 525 000	102 641 182
Remuneration of Councillors	6 758 975	-	6 758 975
Debt Impairment	48 527 264	-	48 527 262
Depreciation and Asset Impairment	38 847 545	-	38 847 547
Finance Charges	22 280 388	(3 525 000)	18 755 388
Bulk purchases	102 578 148	-	102 578 148
Inventory consumed	42 657 281	-	42 657 281
Contracted Services	-	14 646 752	14 646 752
Other Expenditure	44 162 539	(14 646 752)	29 515 787
Losses	9 072 948	9	9 072 956
Loss on disposal of Non-Monetary Assets	781 727		
Inventory Write Off	8 291 221		
Total Expenditure	**414 001 270**	**9**	**414 001 278**
Surplus/(Deficit)	**(84 452 907)**	**(9)**	**(84 452 915)**
Transfers and subsidies - capital (monetary) - Government	10 442 387	-	10 442 387
Transfers and subsidies - capital (monetary) - Other	-	-	-
Transfers and subsidies - capital (in-kind)	2 250 000	-	2 250 000
Surplus/(Deficit) for the year	**(71 760 520)**	**(9)**	**(71 760 528)**

The items reclassified can be summarised as follow:

Item	**GRAP Classification**	**Budget Classification**	**Amount**
Grazing Fees	Rentals of Facilities and Equipment	Other Revenue	1 055 016
Grazing Fees	Rentals of Facilities and Equipment	Licences and Permits	131 949
Employee Benefits	Finance Charges	Employee Related Costs	3 525 000
Catering Services	Other Expenditure	Contracted Services	411 710
Audit Committee	Other Expenditure	Contracted Services	127 420
External Personnel and Labour	Other Expenditure	Contracted Services	1 215 254
Electrical	Other Expenditure	Contracted Services	4 184 661
Legal Cost	Other Expenditure	Contracted Services	979 750
Infrastructure and Planning	Other Expenditure	Contracted Services	168 738
Medical Health Services	Other Expenditure	Contracted Services	7 842
Valuer and Assessors	Other Expenditure	Contracted Services	485 594
Contractors Equipment	Other Expenditure	Contracted Services	2 031 816
Accounting and Auditing	Other Expenditure	Contracted Services	3 556 328
Building Contractors	Other Expenditure	Contracted Services	62 199
Contractors Other Assets	Other Expenditure	Contracted Services	464 243
Security Services	Other Expenditure	Contracted Services	478 682
Laboratory Services	Other Expenditure	Contracted Services	275 363
Business and Financial Management	Other Expenditure	Contracted Services	197 152
			-

<u>Cash Flow Statement</u>

The Cash Flow Statement is presented on a comparable basis in all material aspects.

44 BUDGET COMPARISONS (CONTINUED)

44.2 Statement of Financial Position

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2021/22.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	Increase in Trade and Other Payables accrued, but not yet paid on 30 June 2023.
Consumer debtors	Significant levels of debt impairment incurred during the year.
Other Receivables	Increase in Input VAT receivable due to the increase in Trade and Other Payables accrued, but not yet paid. Input VAT is can only be claimed after the payment is made.
Long-term receivables	Incorrect alignment of mSCOA accounts on the financial system relating to long-term receivables
Investment property	Adjustment figures based on previous AFS figures corrections was done with the current year AFS and actual figures .
Property, plant and equipment	Adjustment figures based on previous AFS figures corrections was done with the current year AFS and actual figures.
Borrowing	Management assessed that the assumptions used for the calculation of rehabilitation of the landfill sites were not appropriate in terms of the Standards of GRAP.
Trade and other payables	The Municipality planned to resolve creditors it has not resulted as planned.
Provisions and Employee Benefits	Management assessed that the assumptions used for the calculation of rehabilitation of the landfill sites were not appropriate in terms of the Standards of GRAP.

44.3 Statement of Financial Performance

Adjustments to Original Budget

Interest Earned - Outstanding Debtors	Budget was increased due to the prime rate from 8.25% to 11.25%. Interest on outstanding debtors are being charged at prime +1%.
Employee Related Costs	Budget was reduced due to vacancies that was not budgeted for during the adjustments budget
Depreciation and Asset Impairment	Depreciation was increased to align it with the actual outcome based on the previous financial year's AFS which aligned with the current asset register.
Other Expenditure	Due to unforeseen expenditure on some accounts, adjustments was needed to avoid unauthorized expenditure.
Losses	Losses was reduced to align it with the actual outcome based on the previous financial year's AFS.

Virements

All virement were done in line with the approved virement policy of the Municipality where funds are transferred from one line item to another within a specific vote. No material virements were made.

44 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue	The Municipality is struggling with losses especially related to faulty meters, this is in the process of being corrected with meter replacements
Service Charges - Water Revenue	Municipality is struggling to collect monies in areas where Eskom supplies electricity as credit control cannot be effectively implemented
Service Charges - Sanitation Revenue	This is a result of sanitation being over budgeted and the free basic services component not correctly allocated in the budget figures
Service Charges - Refuse Revenue	This is a result of refuse removal being over budgeted and the free basic services component not correctly allocated in the budget
Gains	Item was not included in the budgeting
Debt Impairment	Budgeted amount based on AFS figure of the previous financial year.
Depreciation and Asset Impairment	Budgeted amount based on the AFS figure of the previous financial year that included the amount for Land fill sites, correction was process in this financial year actual figures.
Finance Charges	Includes interest to Eskom that cannot be budgeted for.
Bulk purchases - electricity	The Municipality is operating with an unfunded budget, The Municipality is required to table a funded budget, part of the exercise of tabling an unfunded budget is to cut down on expenses, this results in the Municipality overspending on expenditure items where there is a month-to-month obligation.
Inventory consumed	The Municipality was not able to adhere to all the required payments from Bloem Water therefore the budget is more than the actual.
Contracted Services	Due to financial constraints the municipality was not able to spend the budgeted amounts
Other Expenditure	Due to financial constraints the municipality was not able to spend the budgeted amounts
Transfers and subsidies - capital (monetary) - Government	This relates to unspent grants as well as monies already deduct from National treasury

44.4 Cash Flow Statement

Adjustments to Original Budget

Net Increase/(Decrease) In Cash Held	Net decrease as a result of reason supplied under Statement of Financial Position and Statement of Financial Performance.

Actual Amounts vs Final Budget

Net Increase/(Decrease) In Cash Held	Net increase as a result of reason supplied under Statement of Financial Position and Statement of Financial Performance.

Figures in Rand	2023	2022

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

45.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

	2023	2022
Opening balance	461 024 630	443 284 235
Unauthorised expenditure current year - operating	62 800 071	17 740 395
Unauthorised expenditure current year - capital	-	-
Approved by Council	(67 859 262)	-
Unauthorised expenditure awaiting further action	**455 965 439**	**461 024 630**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Executive Mayor And Council (10: Ie)	8 997 158	11 728 640	-	-
Vote 2 - Municipal Manager (11: Ie)	14 242 231	14 438 004	-	-
Vote 3 - Corporate Services (13: Ie)	35 671 866	41 358 246	-	-
Vote 4 - Financial Services (15: Ie)	97 002 743	34 202 672	62 800 071	-
Vote 5 - Community Services: Comm Dev (16: Ie)	25 775 798	61 418 995	-	-
Vote 6 - Community Services: Publsafety (17: Ie)	9 870 358	11 116 734	-	-
Vote 7 - Infrastructure,Eng And Technical (18: Ie)	222 441 116	273 591 583	-	-
Total	**414 001 270**	**447 854 874**	**62 800 071**	**-**

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 8 - Executive Mayor And Council (20: Cs)	8 575 519	25 000 000	-	-
Vote 9 - Municipal Manager (21: Cs)	974 839	1 311 625	-	-
Vote 10 - Corporate Services (23: Cs)	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	9 080 337	45 500 000	-	-
Total	**18 630 695**	**71 811 625**	**-**	**-**

45.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

	2023	2022
Opening balance	52 148 121	56 864 513
Fruitless and wasteful expenditure incurred - prior years	-	-
Fruitless and wasteful expenditure incurred - current year	12 475 563	7 222 752
Recovered from Employees	-	-
Approved by Council	(8 625 583)	(11 939 144)
Fruitless and wasteful expenditure awaiting further action	**55 998 101**	**52 148 121**

Figures in Rand	2023	2022

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of fruitless and wasteful expenditure incurred

	2023	2022
(a) Creditors interest paid prior to 1 July 2021	43 529 360	34 009 964
(b) SA Post Office interest paid	19 272	8 673
(c) MH Office machines interest paid	-	97
(d) Eskom penalties and interest paid	10 274 939	17 982 326
(e) Telkom interest paid	-	30 783
(f) Namaqua Gas interest paid	710	60
(g) Auditor General interest paid	23 180	73 388
(h) Compensation Fund	-	57
(i) ABSA Card Services	14 177	10 350
(j) TGIS	608	2 585
(k) Driver's Licence Card interest	-	504
(l) ABCO	-	1 894
(m) LA retirement Fund	-	34 262
(n) Cape Joint Retirement fund	34 262	-
(o) Cape Retirement Fund	1 064	-
Total	**53 897 573**	**52 154 943**

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred due to the fact that no criminal offence occurred.

45.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

	2023	2022
Opening balance	285 277 434	274 050 243
Correction of prior period	(33 865 273)	-
Restated balance	251 412 161	274 050 243
Irregular expenditure incurred - current year	17 340 619	14 680 012
Approved by Council	(6 976 216)	(3 452 821)
Irregular expenditure awaiting further action	**261 776 564**	**285 277 434**

Details of irregular expenditure incurred

	2023	2022
(a) Deviations from SCM regulations - 3 quotations not obtained	1 419 104	1 117 237
(b) Deviations from SCM regulations	15 921 515	13 562 775
Total	**17 340 619**	**14 680 012**

Details of irregular expenditure awaiting further action:

	2023	2022
(a) Deviations from SCM regulations - 3 quotations not obtained	635 381	1 117 237
(b) Deviations from SCM regulations	9 729 022	13 562 775
(c) Irregular expenditure prior to 1 July 2021	251 412 162	270 597 422
Total	**261 776 564**	**285 277 434**

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

Figures in Rand	2023	2022

46 MATERIAL LOSSES

46.1 Water distribution losses

Kilo litres disinfected/purified/purchased	2 070 183	1 978 019
Kilo litres sold and free basic services	1 667 340	1 638 038
Kilo litres lost during distribution	402 843	339 981
Percentage lost during distribution	19.46%	17.19%
Distribution loss (Rand Value)	8 383 163	6 643 229

Water losses can mainly be ascribed to a combination of major pipe bursts, field leakages and ageing meter infrastructure.

46.2 Electricity distribution losses

Units purchased (Kwh)	54 746 458	62 742 123
Units sold, free basic services and standard friction losses	44 278 652	50 929 159
Units lost during distribution (Kwh)	10 467 806	11 812 964
Percentage lost during distribution	19.12%	18.83%
Distribution loss (Rand Value)	11 339 861	10 596 767

Electricity losses are due to electricity theft on pre-paid meters and illegal connections.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	235 401	291 648
Expenditure incurred	1 077 645	1 105 271
Payments - current year	(614 599)	(869 870)
Payments - previous year	(235 401)	(291 648)
Payments in advance	**463 046**	**235 401**

47.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	6 769 250	7 412 218
Expenditure incurred	3 901 924	5 631 890
External Audit - Auditor-General	3 774 504	5 561 791
Audit Committee	127 420	70 099
Payments - current year	-	(4 184 929)
Payments - previous year	(4 869 306)	(2 089 929)
Outstanding Balance	**5 801 868**	**6 769 250**

47.3 VAT [MFMA 125 (1)(c)]

Opening balance	(490 816)	6 115 750
Net amount claimed / (declared) during the year	3 780 926	3 189 923
Net amount paid / (received) during the year	(3 079 825)	(9 796 489)
Outstanding Balance	**210 285**	**(490 816)**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2023	2022

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

	2023	2022
Opening balance	-	
Payroll deductions and Council Contributions during the year	(16 708 292)	16 363 151
Payments	16 707 722	(16 363 151)
Outstanding Balance	**(569)**	**-**

47.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

	2023	2022
Opening balance	-	-
Payroll deductions and Council Contributions during the year	(21 029 806)	19 788 033
Payments made to pension and medical fund	21 029 806	(19 788 033)
Outstanding Balance	**-**	**-**

47.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2023	2022
SJ Cloete	-	10 702
CE Gertze	-	1 388
SH Ruiter-Gastehuis	-	104 645
WS Jordaan (Wonick)	97 041	39 194
Total	**97 041**	**155 929**

47.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

	2023	2022
Section 36(1)(a)(i) - Emergencies	112 111	1 736 380
Section 36(1)(a)(ii) - Single provider	-	103 160
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	4 229 023	4 996 712
Total	**4 341 134**	**6 836 252**

All the deviations were ratified by the Municipal Manager and reported to Council.

48 CAPITAL COMMITMENTS

	2023	2022
Approved and contracted for	**8 541 455**	**14 518 916**
Infrastructure	8 541 455	14 518 916
This expenditure will be financed from:		
Government Grants	8 541 455	14 518 916
Total	**8 541 455**	**14 518 916**

Capital Commitments are disclosed inclusive of Value Added Tax (VAT).

Figures in Rand	2023	2022

49 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

49.1 Credit Risk

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.

The following financial assets are exposed to credit risk:

	2023	2022
Cash and Cash Equivalents	46 743 553	24 499 837
Receivables from exchange transactions	29 913 489	28 941 220
Receivables from non-exchange transactions	91 063	174 845
Long-term Receivables	-	-
Total	**76 748 105**	**53 615 901**

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 6 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

	2023	2022
Electricity	3 797 738	4 113 171
Water	7 972 576	-
Refuse	1 713 251	2 155 905
Sewerage	957 486	1 403 802
Property Rentals	355 921	-
Other	1 263 230	1 365 465
Availability Charges	-	40 798
Total	**16 060 201**	**9 079 140**

Figures in Rand	2023	2022

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

49.2 Currency risk (Market Risk)

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.

The financial instruments of the Municipality is not directly exposed to any currency risk.

49.3 Interest rate risk (Market Risk)

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.

The following balances are exposed to interest rate fluctuations:

	2023	2022
Cash and Cash Equivalents (excluding cash on hand)	46 743 553	24 499 837
Long-term Liabilities (including current portion)	(24 508 454)	-
Net balance exposed	**22 235 099**	**24 499 837**

Potential effect of changes in interest rates on surplus and deficit for the year:

	2023	2022
0.5% (2022 - 0.5%) increase in interest rates	111 175	122 499
0.5% (2022 - 0.5%) decrease in interest rates	(111 175)	(122 499)

49.4 Liquidity risk

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.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2023				
Annuity Loans	6 608 350	25 332 010	-	31 940 360
Finance Lease Liabilities	519 726	259 863	-	779 589
Payables from exchange transactions	456 410 641	-	-	456 410 641
Total	**463 538 717**	**25 591 873**	**-**	**489 130 590**
30 JUNE 2022				
Finance Lease Liabilities	519 726	779 589	-	1 299 315
Payables from exchange transactions	408 515 116	-	-	408 515 116
Total	**409 034 842**	**779 589**	**-**	**409 814 431**

49.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

Figures in Rand	2023	2022

50 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets		
Cash and Cash Equivalents	46 743 553	24 499 837
Bank Accounts	4 883 312	1 178 993
Investment Deposits	41 860 241	23 320 843
Receivables from Exchange Transactions	29 913 489	28 941 220
Electricity	10 282 521	15 221 557
Water	11 867 291	5 251 555
Refuse	3 506 301	3 715 820
Sewerage	2 262 868	2 540 496
Property Rentals	504 257	619 342
Other	1 490 251	1 592 450
Receivables from Non-Exchange Transactions	91 063	174 845
Availability Charges	91 063	174 845
Long-term Receivables	-	-
Receivables with repayment arrangements	-	-
Total	**76 748 105**	**53 615 901**
Financial Liabilities		
Payables from exchange transactions	456 410 641	408 515 116
Trade Payables	452 499 778	405 144 120
Retentions	1 572 712	1 119 252
Other Payables	2 338 151	2 251 744
Long-term Liabilities	25 239 378	1 170 460
Annuity Loans	24 508 454	-
Finance Lease Liabilities	730 924	1 170 460
Total	**481 650 019**	**409 685 576**

51 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	11 034 868	13 100 954
Rates	10 861 275	13 023 460
Fines	173 594	77 494
Taxes - VAT Claimable from SARS	236 532	-
Total	**11 271 400**	**13 100 954**

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 19 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 4 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Figures in Rand	2023	2022

51 STATUTORY RECEIVABLES (CONTINUED)

Refer to note 4 for determining the recoverability of property rates and traffic fines.

	2023	2022
Property Rates		
- Past due at the reporting date, and which have been impaired	63 476 449	51 334 311
- Past due that have not been impaired	6 949 042	8 673 544

52 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

52.1 Principal in other Principal-Agent Arrangements (non-material)

Nama Khoi Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their

The following information is disclosed in aggregate:

	2023	2022
Compensation paid for agency activities:		
Commission - Prepaid Electricity - note 36	1 247 326	1 253 054

There are no resources under the custodianship of the agents, nor have they been recognised as such.

52.2 Agent in arrangement with Provincial Department of Transport

Nama Khoi Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

	2023	2022
Compensation received for agency activities:		
Agency Services - note 28	288 330	379 203

Nama Khoi municipality was paid a commission fee by Provincial Department of Transport for acting as an agent on its behalf during the financial year.

	2023	2022
Reconciliation of Agency Funds and Disbursements:		
Total agency funds received	288 330	379 203
Amount remitted to the principal	(288 330)	(379 203)
Variance between amounts received and amounts remitted	-	-

53 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

54 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

Figures in Rand		2023	2022
55	**PRIVATE PUBLIC PARTNERSHIPS (PPP's)**		
	The Municipality did not enter into any PPP's in the current and prior year.		
56	**CONTINGENT LIABILITIES**		
	The municipality is currently engaged in the following litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.		
56.1	**Nama Khoi Municipality / Cornelissen Inc (obo Schreuders Attorneys)**	1 000 000	1 800 000
	Legal fees charged to the Municipality which was not sanctioned by Council. Management's estimate of financial exposure, including costs and disbursements is estimated at R1.8 million		
56.2	**IMATU obo RC Hartley / Nama Khoi Municipality (Neville Cloete Attorneys Inc)**	160 000	400 000
	Claim for allegedly unpaid Acting Allowance as Acting Head of Department of Community services. Estimated costs exposure approximately R400 000.		
56.3	**Nama Khoi Municipality / Okiep Copper Company (Pty) Ltd (obo Webber Wentzel Attorneys)**	500 000	500 000
	This matter involves a summons issued by the Municipality against O'Okiep Copper Company (Pty) Ltd (OCC) for the transfer of the Springbok airfield pursuant to a written sale agreement entered into between the Municipality and the OCC in 1994 in terms of which Springbok Municipality (Nama Khoi Local Municipality's predecessor) bought the airfield from the OCC. The OCC is defending the action, and has also instituted a counter-claim and as a consequence thereof was claiming (1) an order declaring that the Municipality must vacate the airfield, (2) that the Municipality must pay rental income for the period the Municipality occupied the airfield, and (3) that the Municipality must pay rehabilitation costs for the repair and maintenance of the airfield. The OCC has now amended its plea and as a consequence has done away with it counter-claim for rental and rehabilitation costs. Management's estimate of financial exposure is estimated at R500 000.		
56.4	**Nama Khoi Municipality / Afriforum NPC (obo Webber Wentzel Attorneys)**	200 000	200 000
	This matter involves an application by Afriforum NPC against the Municipality for declaratory relief pertaining to the appointment of the Head of Department: Technical services. The Municipality has opposed the matter, however the parties are currently attempting to resolve the matter amicably. In the event that the matter can not be resolved amicably and the application is proceeded with, the estimate of financial exposure including legal costs and disbursements will be approximately R200 000 in the event that the application is successful.		
56.5	**Nama Khoi Municipality / Eskom SOC Limited, (Bossr Inc Cape Town)**	700 000	700 000
	Nama Khoi Municipality and Eskom is currently engaged in Court Proceedings. Nama Khoi Municipality currently holds an Court Order prohibiting Eskom to disconnect the electricity. Litigation on going. Eskom's claim approximately R113 million. Possible claim of the Municipality to be quantified. Estimated costs exposure approximately R700 000.		
56.6	**Nama Khoi Municipality / Illegal Miners - Kleinzee (Bossr Inc Cape Town)**	300 000	300 000
	Review in court over eviction of illegal miners from Kleinzee by De Beers. Currently in discussions and negotiations with De Beers Consolidated mines. De Beers and Municipality currently in negotiations. Estimate costs exposure approximately R300 000.		
56.7	**Nama Khoi Municipality / Sedibeng Water (Bossr Inc Cape Town)**	200 000	200 000
	Possible claim against Sedibeng Water for electricity usage and other charges. Interdicting Sedibeng Water from disconnecting the water supply and to institute a claim against Sedibeng Water. Sedibeng is currently undergoing a disestablishment under Bloem Water. Estimate costs exposure approximately R200 000.		

Figures in Rand		2023	2022
56.8	**Nama Khoi Municipality / William Bowers (Ettienne Vermaak)**	50 000	-
	Disciplinary hearing of Mr William Bowers. Current status postphoned in order to get public protector to testify in hearing. As this is a disciplinary hearing and not a court case, no amount is claimed by Mr Bowers.		
56.9	**Nama Khoi Municipality / Brandon Love (Ettienne Vermaak)**	50 000	-
	Disciplinary hearing of Mr Brandon Love. Current status postphoned due to his ill health. As this is a disciplinary hearing and not a court case, no amount is claimed by Mr Love.		
56.10	**Nama Khoi Municipality / Land sale dispute_Li-Ju Klaasen (Bower & Kie Attorneys)**	-	No amount stated
	Li Ju Klaase put in an application to buy a portion of municipal land in Springbok. Klaase is approaching the court to enforce the sale of the portion of land.		
56.11	**Nama Khoi Municipality / Department Labour- Employment Equity (Bower & Kie Attorneys)**	-	No amount stated
	NKM's did not have an approved employment equity plan. The Department of Labour approached the high court to have NKM fined for contravention of the Employment Equity Act.		
56.12	**Total**	**3 160 000**	**4 100 000**

57 RELATED PARTIES

57.1 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.

57.2 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

57.3 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 30 and 31.

57.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

Figures in Rand | 2023 | 2022

58 OTHER TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

The following awards were made where immediate family members are in the service of the State:

Company Name	Employee of the State (Service Capacity) / Relationship	Amount	Amount
FR Mining Engineering and Construction (Pty) Ltd	Micheal Raymond (Commonage Officer - Nama Khoi Municipality) Brother of Director	225 541	133 380
Supplies Ablaze	Harold Roberts (Regional Director - Dept Roads and Public Works) Parent of Director	-	235 083
BVI Raadgewende Ingenieurs	Elaxzan Cloete (HR Officer - Dept of Roads and Public Works) Spouse of Director	-	850 850
Springbok A-Z Repair cc	Petronella Cloete (SAPS) Spouse of Director	9 174	-
Xhoebies Richveld Mining	E Cloete and B Damon (HR - Dept Health and ICT - Nama Khoi Mun) Spouse of Director and Sister of Director	23 250	-
Total		**257 965**	**1 219 313**

59 FINANCIAL SUSTAINABILITY

Nama Khoi municipality operates with a Funded Budget Plan and implements cost containment measures rigorously, as it has limited available revenue compared to its extensive expenditure needs. The municipality initiated a cost of supply studies for water, electricity, and sewerage services and will be implementing the finding starting with the 2024-25 Budget. The municipality manage its income and expenditure on a month-to-month basis as to ensure the municipality meets its financial obligations.

The going concern remained a challenge for Nama Khoi municipality as debtors and creditors kept on increasing during the financial year, however, it must be noted that the municipality commenced initiatives to address the issues. In terms of creditors the municipality applied for the Debt Write-off initiative from National Treasury, and in relation to debtors the municipality embarked on Revenue Enhancement Project that includes the replacement of pre-paid electricity meters, whilst pre-paid water meters currently in the pilot phase.

Basic Services is the main source of income for Nama Khoi, with operational grants in the form of Equitable Shares closely second. Many households within the municipal region are also social grant dependent with 5000+ registered indigents out of the 11 500 + households. At this stage, it will be extremely difficult for the municipality to operate without government grants, as it does not have funds for Capital Projects and solely rely on MIG, WSIG, EPWP, and INEP.

External experts assisted Nama Khoi municipality to revise its current policies and to align them with the latest legislation and best practice industry standards. The municipality does financial reporting monthly and has an active Institutional Economic and Finance Committee where matters such as the collection of cash, outstanding debtors, and new revenue enhancement initiatives are discussed. The municipality also reports monthly on all reporting requirements to National Treasury.

Revenue enhancement initiatives currently implemented to change the municipality's financial sustainability include the following:
- The reduction of non-revenue water – the initiative is in collaboration with DBSA.
- Initiatives in collaboration with Syntell and it includes:
    - Replacement of prepaid electricity meters,
    - Introduction of pre-paid water meters,
    - The TID rollover that will also include a debtor’s audit, upfront payment of large powers users, etc.

Service Delivery remains a challenge due to vast distances and aged infrastructure, however, the municipality acquired a loan and has managed to purchase the fleet previously on lease, and currently has a saving on the payment while having more funds available to add to the fleet while also addressing certain service relating issues. A panel of consultants and service providers was appointed in the previous financial year to assist the municipality with the implementation of projects, while also giving the small business owners the opportunity to be actively involved in the municipality.

The municipality received many proposals on alternative energy throughout the financial year and the outcome will have an impact on the electricity usage by default having a saving for the municipality. Mining activities are about to be revived in the area bringing much hope to the community and the possibility of new revenue streams for the municipality.

60 CONTINGENT ASSET

The Municipality is not aware of any contingent assets.

61 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

62 SEGMENT REPORTING

62.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Figures in Rand	2023	2022

62 SEGMENT REPORTING (CONTINUED)

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Executive and Council	Supply of overall governance and oversight
2	Municipal Manager	Supply of overall governance and administration
3	Corporate Services	Supply of support functions
4	Financial Services	Supply of financial management functions and management of property rates
5	Community Services	Facilitation of community services including cemetries, halls, health, parks, libraries and sport facilities, and public safety including traffic control, fire fighting, disaster management and pounds.
6	Technical Services	Planning and development and maintenance of roads
7	Energy sources	Electricity services
8	Water management	Water services
9	Waste water management	Sewerage services
10	Waste management	Refuse removal

62.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

62.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

62.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

62 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2023											
REVENUE											
External Revenue from Non-Exchange Transactions	**-**	**1 143 617**	**-**	**124 019 666**	**3 997 732**	**-**	**2 464 308**	**452 791**	**8 696 725**	**-**	**140 774 839**
Property Rates	-	-	-	51 448 145	-	-	-	-	-	-	51 448 145
Government Grants and Subsidies - Operating	-	1 143 617	-	61 710 184	1 344 343	-	-	-	-	-	64 198 145
Government Grants and Subsidies - Capital	-	-	-	-	-	-	1 950 776	-	8 491 611	-	10 442 387
Contributed Assets	-	-	-	2 250 000	-	-	-	-	-	-	2 250 000
Availability Charges	-	-	-	-	-	-	513 532	452 791	205 114	-	1 171 436
Fines, penalties and forfeits	-	-	-	-	1 487 437	-	-	-	-	-	1 487 437
Interest Earned - outstanding debtors (non-exchange)	-	-	-	4 015 667	-	-	-	-	-	-	4 015 667
Licences and Permits	-	-	-	-	1 165 952	-	-	-	-	-	1 165 952
Actuarial Gains	-	-	-	4 595 670	-	-	-	-	-	-	4 595 670
External Revenue from Exchange Transactions	**103 036**	**329 905**	**2 612 604**	**23 510 336**	**1 942 004**	**717**	**100 259 935**	**42 411 041**	**14 022 847**	**16 273 486**	**201 465 911**
Service Charges	-	-	-	-	-	-	100 259 935	42 411 041	14 022 847	16 273 486	172 967 310
Rental of Facilities and Equipment	-	-	2 438 076	-	1 513 826	-	-	-	-	-	3 951 902
Interest Earned - external investments	-	-	-	2 713 645	-	-	-	-	-	-	2 713 645
Interest Earned - outstanding debtors (exchange)	-	-	-	17 415 434	-	-	-	-	-	-	17 415 434
Agency Services	-	-	-	-	288 330	-	-	-	-	-	288 330
Other Income	103 036	329 905	174 528	3 381 257	139 848	717	-	-	-	-	4 129 291
TOTAL REVENUE	**103 036**	**1 473 522**	**2 612 604**	**147 530 002**	**5 939 737**	**717**	**102 724 243**	**42 863 832**	**22 719 572**	**16 273 486**	**342 240 750**
EXPENDITURE											
Employee Related Costs	-	11 204 781	11 690 114	18 658 759	15 713 667	11 605 250	7 099 920	7 789 569	7 642 542	7 711 582	99 116 182
Remuneration of Councillors	6 758 975	-	-	-	-	-	-	-	-	-	6 758 975
Debt Impairment	-	-	-	48 527 262	-	-	-	-	-	-	48 527 262
Depreciation, Amortisation and Impairment	-	-	2 104 108	211 412	3 686 135	7 019 947	8 598 404	4 651 831	6 531 749	6 043 961	38 847 547
Finance Charges	-	-	3 525 000	18 755 388	-	-	-	-	-	-	22 280 388
Bulk Purchases	-	-	-	-	-	-	102 578 148	-	-	-	102 578 148
Other Expenditure	2 238 184	2 255 722	17 900 298	10 941 864	2 406 239	1 763 456	5 422 840	1 089 998	143 939	-	44 162 539
Loss on disposal of Non-Monetary Assets	-	781 728	-	-	-	-	-	-	-	-	781 728
Inventory Consumed	-	-	452 346	-	63 244	7 206 820	-	34 675 658	237 883	21 329	42 657 281
Inventory Write Off	-	-	-	(91 942)	-	-	-	8 383 163	-	-	8 291 221
Total Expenditure	**8 997 158**	**14 242 231**	**35 671 866**	**97 002 743**	**21 869 285**	**27 595 472**	**123 699 311**	**56 590 219**	**14 556 113**	**13 776 871**	**414 001 270**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(8 894 122)**	**(12 768 709)**	**(33 059 262)**	**50 527 259**	**(15 929 548)**	**(27 594 756)**	**(20 975 068)**	**(13 726 387)**	**8 163 459**	**2 496 615**	**(71 760 520)**
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	(1 950 776)	-	(8 491 611)	-	(10 442 387)
Less: Contributed Assets	-	-	-	(2 250 000)	-	-	-	-	-	-	(2 250 000)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(8 894 122)**	**(12 768 709)**	**(33 059 262)**	**48 277 259**	**(15 929 548)**	**(27 594 756)**	**(22 925 844)**	**(13 726 387)**	**(328 152)**	**2 496 615**	**(84 452 907)**
CAPITAL EXPENDITURE FOR THE YEAR	**5 782 474**	**974 839**	**-**	**-**	**-**	**-**	**1 696 327**	**4 660 857**	**2 723 153**	**-**	**15 837 650**

62 SEGMENT REPORTING (CONTINUED)

	Executive and Council R	Municipal Manager R	Corporate Services R	Financial Services R	Community Services R	Technical Services R	Energy sources R	Water management R	Waste water management R	Waste management R	Total R
2022											
REVENUE											
External Revenue from Non-Exchange Transactions	**-**	**1 169 000**	**-**	**110 218 809**	**3 553 937**	**-**	**604 188**	**9 861 912**	**5 489 179**	**-**	**130 897 026**
Property Rates	-	-	-	51 698 616	-	-	-	-	-	-	51 698 616
Government Grants and Subsidies - Operating	-	1 169 000	-	55 964 969	1 692 218	-	-	-	-	-	58 826 187
Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	9 435 012	5 310 469	-	14 745 481
Availability Charges	-	-	-	-	-	-	462 529	426 900	178 711	-	1 068 140
Fines, penalties and forfeits	-	-	-	-	628 614	-	141 659	-	-	-	770 272
Interest Earned - outstanding debtors (non-exchange)	-	-	-	2 555 223	-	-	-	-	-	-	2 555 223
Licences and Permits	-	-	-	-	1 233 105	-	-	-	-	-	1 233 105
External Revenue from Exchange Transactions	**277 242**	**382 042**	**2 569 798**	**13 103 033**	**1 842 004**	**4 057**	**103 329 848**	**37 380 480**	**12 348 551**	**14 124 560**	**185 361 617**
Service Charges	-	-	-	-	-	-	103 329 848	37 373 000	12 348 551	14 124 560	167 175 961
Rental of Facilities and Equipment	-	-	2 298 560	-	1 335 594	-	-	-	-	-	3 634 155
Interest Earned - external investments	-	-	-	1 330 026	-	-	-	-	-	-	1 330 026
Interest Earned - outstanding debtors (exchange)	-	-	-	10 649 188	-	-	-	-	-	-	10 649 188
Agency Services	-	-	-	-	379 203	-	-	-	-	-	379 203
Other Income	277 242	382 042	271 238	1 123 819	127 207	4 057	-	7 480	-	-	2 193 085
TOTAL REVENUE	**277 242**	**1 551 042**	**2 569 798**	**123 321 842**	**5 395 941**	**4 057**	**103 934 036**	**47 242 393**	**17 837 730**	**14 124 560**	**316 258 643**
EXPENDITURE											
Employee Related Costs	124 344	9 897 794	11 522 204	17 674 975	16 630 425	12 534 679	6 639 296	6 559 757	8 651 403	8 468 825	98 703 702
Remuneration of Councillors	6 708 122	-	-	-	-	-	-	-	-	-	6 708 122
Debt Impairment	-	-	-	42 942 657	-	-	-	-	-	-	42 942 657
Depreciation, Amortisation and Impairment	-	-	2 715 147	250 409	9 189 583	8 495 739	9 573 361	14 020 822	7 286 898	-2 462 483	49 069 476
Finance Charges	-	-	2 688 000	13 997 323	-	-	-	-	-	-	16 685 323
Bulk Purchases	-	-	-	-	-	-	104 477 113	-	-	-	104 477 113
Other Expenditure	2 291 084	1 823 567	10 858 653	12 247 575	3 310 788	2 271 990	5 075 476	907 673	228 423	395 358	39 410 587
Actuarial Losses	-	-	1 653 000	-234 000	-	-	-	-	-	-	1 419 000
Loss on disposal of Non-Monetary Assets	-	391 134	71 290	714 074	-	-	-	-	-	-	1 176 497
Inventory Consumed	-	-	623 440	-	130 843	6 867 558	-	31 941 610	258 211	21 918	39 843 580
Inventory Write Off	-	-	-	39 393	-	-	-	6 643 229	-	-	6 682 622
Total Expenditure	**9 123 550**	**12 112 495**	**30 131 733**	**87 632 406**	**29 261 640**	**30 169 966**	**125 765 247**	**60 073 091**	**16 424 935**	**6 423 617**	**407 118 680**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(8 846 308)**	**(10 561 452)**	**(27 561 935)**	**35 689 436**	**(23 865 699)**	**(30 165 910)**	**(21 831 211)**	**(12 830 698)**	**1 412 795**	**7 700 943**	**(90 860 037)**
Less: Government Grants and Subsidies - Capital	-	-	-	-	-	-	-	(9 435 012)	(5 310 469)	-	(14 745 481)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(8 846 308)**	**(10 561 452)**	**(27 561 935)**	**35 689 436**	**(23 865 699)**	**(30 165 910)**	**(21 831 211)**	**(22 265 710)**	**(3 897 673)**	**7 700 943**	**(105 605 517)**
CAPITAL EXPENDITURE FOR THE YEAR	**-**	**76 196**	**-**	**-**	**-**	**1 072 652**	**-**	**5 467 086**	**6 283 628**	**176 518**	**13 076 080**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2022	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2023
Annuity Loans							
Nedbank	12042023	11.30%	01/05/2028	-	25 000 000	(491 546)	24 508 454
Total Annuity Loans				**-**	**25 000 000**	**(491 546)**	**24 508 454**
Finance Lease Liabilities							
Nashua Ltd	000055 MAJ	8.25%	31/12/2024	1 170 460	-	(439 536)	730 924
Total Finance Lease Liabilities				**1 170 460**	**-**	**(439 536)**	**730 924**
TOTAL LONG-TERM LIABILITIES				**1 170 460**	**25 000 000**	**(931 082)**	**25 239 378**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2023

NATIONAL GOVERNMENT	OPENING BALANCE R	GRANTS RECEIVED R	GRANTS REPAID R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	CLOSING BALANCE R
Equitable Share	-	58 610 000	-	(58 610 000)	-	-
Finance Management Grant (FMG)	184	3 100 000	-	(3 100 184)	-	-
Municipal Infrastructure Grant (MIG)	11 187 804	10 905 000	(11 187 941)	-	(6 259 190)	4 645 673
Expanded Public Works Programme (EPWP)	887	1 212 000	-	(1 143 617)	-	69 270
Integrated National Electrification Programme (INEP)	1 780 000	2 000 000	(1 780 000)	-	(1 950 776)	49 223
Water Service Infrastructure Grant (WSIG)	2 013 059	10 000 000	(2 013 059)	-	(2 232 421)	7 767 579
Total	**14 981 934**	**85 827 000**	**(14 981 000)**	**(62 853 802)**	**(10 442 387)**	**12 531 745**
PROVINCIAL GOVERNMENT						
Libraries, Archives and Museums	-	1 500 000	-	(1 314 303)	-	185 697
Department of Water Affairs - WSACDBP	510 747	-	-	-	-	510 747
LG SETA	228 576	-	-	-	-	228 576
Department Sport, Arts and Culture	308 500	-	-	-	-	308 500
Swimming Pool	450 000	-	-	-	-	450 000
World Cup 2010	52 139	-	-	-	-	52 139
Municipal Disaster Recovery Grant	817 356	-	-	-	-	817 356
Fire Equipment	52 264	-	-	-	-	52 264
Housing	1 095 313	200 000	-	(30 040)	-	1 265 273
Total	**3 514 895**	**1 700 000**	**-**	**(1 344 343)**	**-**	**3 870 552**
OTHER GRANT PROVIDERS						
Wade Project	40 362	-	-	-	-	40 362
Total	**40 362**	**-**	**-**	**-**	**-**	**40 362**
ALL SPHERES OF GOVERNMENT	**18 537 191**	**87 527 000**	**(14 981 000)**	**(64 198 145)**	**(10 442 387)**	**16 442 659**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Financial Performance						
Property rates	55 529 192	(480 581)	55 048 611	51 448 145	(3 600 466)	51 698 616
Service charges	225 383 781	117 501	225 501 282	174 138 746	(51 362 536)	168 251 580
Investment revenue	1 362 992	616 775	1 979 767	2 713 645	733 878	1 330 026
Transfers and subsidies - operational	64 422 000	-	64 422 000	64 198 145	(223 855)	58 826 187
Other own revenue	18 778 685	7 469 298	26 247 983	37 049 682	10 801 699	21 406 751
Total Operating Revenue (excluding capital transfers)	**365 476 650**	**7 722 993**	**373 199 643**	**329 548 363**	**(43 651 280)**	**301 513 161**
Employee costs	110 696 742	(9 888 047)	100 808 695	102 641 182	1 832 487	101 157 702
Remuneration of councillors	6 758 975	1 186 623	7 945 598	6 758 975	(1 186 623)	6 708 122
Debt impairment	20 879 058	-	20 879 058	48 527 262	27 648 204	42 942 657
Depreciation and asset impairment	41 400 782	36 373 904	77 774 686	38 847 547	(38 927 139)	49 069 476
Finance charges	1 964 233	(1 883 233)	81 000	18 755 388	18 674 388	13 997 323
Bulk purchases	90 000 000	-	90 000 000	102 578 148	12 578 148	104 477 113
Inventory consumed	58 199 558	1 433 204	59 632 762	42 657 281	(16 975 481)	39 843 580
Contracted Services	42 297 557	563 708	42 861 265	14 646 752	(28 214 513)	18 141 966
Transfers and grants	-	-	-	-	-	-
Other expenditure	31 144 555	8 930 448	40 075 003	29 515 787	(10 559 216)	21 339 911
Losses	12 796 807	(5 000 000)	7 796 807	9 072 948	1 276 141	9 440 829
Total Expenditure	**416 138 267**	**31 716 607**	**447 854 874**	**414 001 270**	**(33 853 604)**	**407 118 680**
Surplus/(Deficit)	**(50 661 617)**	**(23 993 614)**	**(74 655 231)**	**(84 452 907)**	**(9 797 676)**	**(105 605 519)**
Transfers and subsidies - capital (monetary) - Government	41 070 000	-	41 070 000	10 442 387	(30 627 613)	14 745 481
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	2 250 000	2 250 000	-
Surplus/(Deficit) for the year	**(9 591 617)**	**(23 993 614)**	**(33 585 231)**	**(71 760 520)**	**(38 175 289)**	**(90 860 038)**
Capital expenditure & funds sources						
Capital expenditure	**71 420 000**	391 625	**71 811 625**	**15 837 651**	(55 973 974)	**13 076 080**
Transfers recognised - capital	41 070 000	-	41 070 000	6 287 293	(34 782 707)	12 999 883
Borrowing	25 000 000	-	25 000 000	8 575 519	(16 424 481)	-
Internally generated funds	5 350 000	391 625	5 741 625	974 839	(4 766 786)	76 196
Total sources of capital funds	**71 420 000**	**391 625**	**71 811 625**	**15 837 651**	**(55 973 974)**	**13 076 080**
Cash flows						
Net cash from (used) operating	18 533 248	5 914 349	24 447 597	11 607 642	(12 839 955)	9 750 838
Net cash from (used) investing	(71 420 000)	(391 625)	(71 811 625)	(13 587 651)	58 223 974	(15 758 230)
Net cash from (used) financing	20 809 273	(20 809 273)	-	24 233 374	24 233 374	(1 996 991)
Net Cash Movement for the year	(32 077 479)	(15 286 549)	(47 364 028)	22 253 365	69 617 393	(8 004 384)
Cash/cash equivalents at beginning of year	32 480 222	(7 963 486)	24 516 736	24 516 979	243	32 521 370
Cash/cash equivalents at the year end	**402 743**	**(23 250 035)**	**(22 847 292)**	**46 770 344**	**69 617 636**	**24 516 987**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 879 564	-	1 879 564	1 573 428	(306 136)	1 825 893
Finance and administration	133 775 317	6 589 101	140 364 418	150 145 735	9 781 317	125 894 032
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	2 949 237	172 991	3 122 228	2 863 358	(258 870)	3 024 596
Sport and recreation	62 287	55 000	117 287	86 913	(30 374)	70 469
Public safety	-	-	-	195 593	195 593	211 826
Economic and environmental services						
Planning and development	-	-	-	-	-	-
Road transport	1 088 328	718 400	1 806 728	2 794 589	987 861	2 093 107
Trading services						
Energy sources	134 681 149	-	134 681 149	102 724 243	(31 956 906)	103 934 036
Water management	49 718 036	(12 000)	49 706 036	42 863 832	(6 842 204)	47 242 393
Waste water management	57 168 479	60 001	57 228 480	22 719 572	(34 508 908)	17 837 730
Waste management	25 062 282	69 500	25 131 782	16 273 486	(8 858 296)	14 124 560
Other	161 971	70 000	231 971	-	(231 971)	-
Total Revenue - Standard	**406 546 650**	**7 722 993**	**414 269 643**	**342 240 750**	**(72 028 893)**	**316 258 642**
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	20 944 393	3 047 046	23 991 439	21 537 738	(2 453 701)	19 713 844
Finance and administration	91 271 272	5 144 595	96 415 867	148 308 469	51 892 602	135 821 780
Internal audit	2 030 206	(752 232)	1 277 974	1 043 974	(234 000)	1 093 419
Community and public safety						
Community and social services	8 611 351	(2 054 843)	6 556 508	4 672 497	(1 884 011)	6 852 670
Sport and recreation	6 013 469	7 631 938	13 645 407	7 324 564	(6 320 843)	12 241 029
Public safety	3 393 832	(35 570)	3 358 262	2 456 469	(901 793)	3 165 625
Economic and environmental services						
Planning and development	2 044 633	(470 556)	1 574 077	1 426 093	(147 984)	1 303 942
Road transport	24 287 096	(4 382 725)	19 904 371	18 608 952	(1 295 419)	18 239 481
Trading services						
Energy sources	131 465 958	(277 939)	131 188 019	123 699 311	(7 488 708)	125 765 247
Water management	79 997 619	2 702 822	82 700 441	56 590 219	(26 110 222)	60 073 091
Waste water management	27 344 377	(1 224 409)	26 119 968	14 556 113	(11 563 855)	16 424 935
Waste management	18 734 061	22 388 480	41 122 541	13 776 871	(27 345 670)	6 423 617
Other	-	-	-	-	-	-
Total Expenditure - Standard	**416 138 267**	**31 716 607**	**447 854 874**	**414 001 270**	**(33 853 604)**	**407 118 680**
Surplus/(Deficit) for the year	**(9 591 617)**	**(23 993 614)**	**(33 585 231)**	**(71 760 520)**	**(38 175 289)**	**(90 860 038)**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive Mayor And Council (10: Ie)	301 838	-	301 838	103 036	(198 802)	277 242
Vote 2 - Municipal Manager (11: Ie)	51 296 604	(49 716 139)	1 580 465	1 473 522	(106 943)	1 551 042
Vote 3 - Corporate Services (13: Ie)	3 002 027	(82 990)	2 919 037	2 612 604	(306 433)	2 569 798
Vote 4 - Financial Services (15: Ie)	130 768 208	6 653 194	137 421 402	147 530 002	10 108 600	123 321 842
Vote 5 - Community Services: Comm Dev (16: Ie)	28 149 913	314 491	28 464 404	19 289 717	(9 174 687)	17 302 294
Vote 6 - Community Services: Publsafety (17: Ie)	1 174 192	788 400	1 962 592	2 923 505	960 913	2 218 208
Vote 7 - Infrastructure,Eng And Technical (18: Ie)	191 853 868	49 766 037	241 619 905	168 308 364	(73 311 541)	169 018 216
Total Revenue by Vote	**406 546 650**	**7 722 993**	**414 269 643**	**342 240 750**	**(72 028 893)**	**316 258 642**
EXPENDITURE						
Vote 1 - Executive Mayor And Council (10: Ie)	9 081 129	2 647 511	11 728 640	8 997 158	(2 731 482)	9 123 550
Vote 2 - Municipal Manager (11: Ie)	95 192 542	(80 754 538)	14 438 004	14 242 231	(195 773)	12 112 495
Vote 3 - Corporate Services (13: Ie)	35 783 096	5 575 150	41 358 246	35 671 866	(5 686 380)	30 131 733
Vote 4 - Financial Services (15: Ie)	35 211 714	(1 009 042)	34 202 672	97 002 743	62 800 071	87 632 406
Vote 5 - Community Services: Comm Dev (16: Ie)	33 386 075	28 032 920	61 418 995	25 775 798	(35 643 197)	25 670 874
Vote 6 - Community Services: Publsafety (17: Ie)	11 153 935	(37 201)	11 116 734	9 870 358	(1 246 376)	10 014 383
Vote 7 - Infrastructure,Eng And Technical (18: Ie)	196 329 776	77 261 807	273 591 583	222 441 124	(51 150 459)	232 433 238
Total Expenditure by Vote	**416 138 267**	**31 716 607**	**447 854 874**	**414 001 278**	**(33 853 596)**	**407 118 679**
Surplus/(Deficit) for the year	**(9 591 617)**	**(23 993 614)**	**(33 585 231)**	**(71 760 528)**	**(38 175 297)**	**(90 860 037)**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	55 529 192	(480 581)	55 048 611	51 448 145	(3 600 466)	51 698 616
Service charges - electricity revenue	129 504 984	(12 000)	129 492 984	100 767 815	(28 725 169)	103 761 208
Service charges - water revenue	49 718 036	-	49 718 036	42 869 484	(6 848 552)	37 838 550
Service charges - sanitation revenue	21 098 479	60 001	21 158 480	14 227 961	(6 930 519)	12 527 261
Service charges - refuse revenue	25 062 282	69 500	25 131 782	16 273 486	(8 858 296)	14 124 560
Rental of facilities and equipment	3 013 982	63 190	3 077 172	2 764 937	(312 235)	2 545 994
Interest earned - external investments	1 362 992	616 775	1 979 767	2 713 645	733 878	1 330 026
Interest earned - outstanding debtors	12 041 135	6 505 000	18 546 135	21 431 101	2 884 966	13 204 411
Fines, penalties and forfeits	333 872	195 653	529 525	1 487 437	957 912	770 272
Licences and permits	1 135 020	371 500	1 506 520	1 297 901	(208 619)	1 334 269
Agency services	174 003	205 700	379 703	288 330	(91 373)	379 203
Transfers and subsidies - Operating	64 422 000	-	64 422 000	64 198 145	(223 855)	58 826 187
Other revenue	2 080 673	128 255	2 208 928	5 184 307	2 975 379	3 172 602
Gains	-	-	-	4 595 670	4 595 670	-
Total Revenue (excl capital transfers)	**365 476 650**	**7 722 993**	**373 199 643**	**329 548 363**	**(43 651 280)**	**301 513 161**
EXPENDITURE BY TYPE						
Employee related costs	110 696 742	(9 888 047)	100 808 695	102 641 182	1 832 487	101 157 702
Remuneration of councillors	6 758 975	1 186 623	7 945 598	6 758 975	(1 186 623)	6 708 122
Debt impairment	20 879 058	-	20 879 058	48 527 262	27 648 204	42 942 657
Depreciation and asset impairment	41 400 782	36 373 904	77 774 686	38 847 547	(38 927 139)	49 069 476
Finance charges	1 964 233	(1 883 233)	81 000	18 755 388	18 674 388	13 997 323
Bulk purchases - electricity	90 000 000	-	90 000 000	102 578 148	12 578 148	104 477 113
Inventory consumed	58 199 558	1 433 204	59 632 762	42 657 281	(16 975 481)	39 843 580
Contracted Services	42 297 557	563 708	42 861 265	14 646 752	(28 214 513)	18 141 966
Transfers and grants	-	-	-	-	-	-
Other expenditure	31 144 555	8 930 448	40 075 003	29 515 787	(10 559 216)	21 339 911
Losses	12 796 807	(5 000 000)	7 796 807	9 072 956	1 276 149	9 440 829
Total Expenditure	**416 138 267**	**31 716 607**	**447 854 874**	**414 001 278**	**(33 853 596)**	**407 118 680**
Surplus/(Deficit)	**(50 661 617)**	**(23 993 614)**	**(74 655 231)**	**(84 452 915)**	**(9 797 684)**	**(105 605 519)**
Transfers and subsidies - Capital (monetary) - Government	41 070 000	-	41 070 000	10 442 387	(30 627 613)	14 745 481
Transfers and subsidies - Capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - Capital (in-kind)	-	-	-	2 250 000	2 250 000	-
Surplus/(Deficit) for the year	**(9 591 617)**	**(23 993 614)**	**(33 585 231)**	**(71 760 528)**	**(38 175 297)**	**(90 860 038)**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 8 - Executive Mayor And Council (20: Cs)	-	-	-	-	-	-
Vote 9 - Municipal Manager (21: Cs)	-	-	-	-	-	-
Vote 10 - Corporate Services (23: Cs)	-	-	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	-	-	-	-	-	-
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	-	-	-	-	-	-
Total Multi-year expenditure	**-**	**-**	**-**	**-**	**-**	**-**
Single-year expenditure						
Vote 8 - Executive Mayor And Council (20: Cs)	25 000 000	-	25 000 000	5 782 475	(19 217 525)	-
Vote 9 - Municipal Manager (21: Cs)	270 000	1 041 625	1 311 625	974 839	(336 786)	76 196
Vote 10 - Corporate Services (23: Cs)	-	-	-	-	-	-
Vote 11 - Community Services: Comm Dev (26: Cs)	1 000 000	(1 000 000)	-	-	-	176 518
Vote 12 - Infrastructure,Eng And Technical (28: Cs)	45 150 000	350 000	45 500 000	9 080 337	(36 419 663)	12 823 366
Total Single-year expenditure	**71 420 000**	**391 625**	**71 811 625**	**15 837 651**	**(55 973 974)**	**13 076 080**
Total Capital Expenditure by Vote	**71 420 000**	**391 625**	**71 811 625**	**15 837 651**	**(55 973 974)**	**13 076 080**
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	25 000 000	-	25 000 000	5 782 475	(19 217 525)	-
Finance and administration	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic and environmental services						
Planning and development	270 000	1 041 625	1 311 625	974 839	(336 786)	76 196
Road transport	80 000	-	80 000	-	(80 000)	1 072 652
Trading services						
Energy sources	7 000 000	350 000	7 350 000	1 696 327	(5 653 673)	-
Water management	6 070 000	1 090 857	7 160 857	4 660 857	(2 500 000)	5 467 086
Waste water management	32 000 000	(1 090 857)	30 909 143	2 723 153	(28 185 990)	6 283 628
Waste management	1 000 000	(1 000 000)	-	-	-	176 518
Total Capital Expenditure - Standard	**71 420 000**	**391 625**	**71 811 625**	**15 837 651**	**(55 973 974)**	**13 076 080**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	41 070 000	-	41 070 000	6 287 293	(34 782 707)	12 999 883
Provincial Government	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-
Transfers recognised - capital	41 070 000	-	41 070 000	6 287 292.56	(34 782 707)	12 999 883
Borrowing	25 000 000	-	25 000 000	8 575 519	(16 424 481)	-
Internally generated funds	5 350 000	391 625	5 741 625	974 839	(4 766 786)	76 196
Total Capital Funding	**71 420 000**	**391 625**	**71 811 625**	**15 837 651**	**(55 973 974)**	**13 076 080**

NAMA KHOI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	49 892 836	(432 523)	49 460 313	41 468 192	(7 992 121)	42 827 090
Service charges	237 267 756	5 111 500	242 379 256	153 889 353	(88 489 903)	145 756 694
Other revenue	7 112 741	961 299	8 074 040	6 281 773	(1 792 267)	13 968 580
Government - operating	22 650 031	1	22 650 032	62 103 613	39 453 581	54 484 141
Government - capital	41 070 000	-	41 070 000	10 442 387	(30 627 613)	14 745 481
Interest	1 362 992	616 775	1 979 767	2 713 653	733 886	1 330 026
Payments						
Suppliers and employees	(338 858 875)	(2 225 936)	(341 084 811)	(254 233 081)	86 851 730	(255 636 192)
Finance charges	(1 964 233)	1 883 233	(81 000)	(11 058 248)	(10 977 248)	(7 724 982)
NET CASH FROM OPERATING ACTIVITIES	**18 533 248**	**5 914 349**	**24 447 597**	**11 607 642**	**(12 839 955)**	**9 750 838**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	-
Payments		-				
Capital assets	(71 420 000)	(391 625)	(71 811 625)	(13 587 651)	58 223 974	(15 758 230)
NET CASH USED IN INVESTING ACTIVITIES	**(71 420 000)**	**(391 625)**	**(71 811 625)**	**(13 587 651)**	**58 223 974**	**(15 758 230)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	25 000 000	(25 000 000)	-	25 000 000	25 000 000	-
Increase (decrease) in consumer deposits	-	-	-	164 455	164 455	238 968
Payments						
Repayment of borrowing	(4 190 727)	4 190 727	-	(931 081)	(931 081)	(2 235 959)
NET CASH FROM FINANCING ACTIVITIES	**20 809 273**	**(20 809 273)**	**-**	**24 233 374**	**24 233 374**	**(1 996 991)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(32 077 479)**	**(15 286 549)**	**(47 364 028)**	**22 253 365**	**69 617 393**	**(8 004 384)**
Cash/cash equivalents at the year begin:	32 480 222	(7 963 486)	24 516 736	24 516 987	251	32 521 371
Cash/cash equivalents at the year end:	402 743	(23 250 035)	(22 847 292)	46 770 344	69 617 636	24 516 987