HANTAM
MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

HANTAM MUNICIPALITY

Index

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

GENERAL INFORMATION

NATURE OF BUSINESS

Hantam Municipality is a local municipality performing the functions as set out in the Constitution of the republic of South Africa (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, (Act no 117 of 1998) read with section 155(1) of the Constitution of the republic of South Africa (Act 108 of 1996).

JURISDICTION

The Hantam Municipality includes the following areas:
Calvinia
Brandvlei
Loeriesfontein
Nieuwoudtville

EXECUTIVE MAYOR

LL OLYN

SPEAKER

SG KOOPMAN

CHIEF WHIP

K ALEXANDER

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*LL OLYN*
Executive Councillor	*AJE CLAASSEN*
Executive Councillor	*H DEWEE*

MUNICIPAL MANAGER

JI SWARTZ

CHIEF FINANCIAL OFFICER

W JONKER

REGISTERED OFFICE

Private Bag X14
Calvinia
8190

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

GENERAL INFORMATION

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Louw & Muller
Groenewaldt & Symington

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE HANTAM MUNICIPALITY

WARD	COUNCILLOR
1	SG KOOPMAN
2	H DE WEE
3	LL OLYN
4	G VYVER
5	F FARAO
6	K ALEXANDER
7	AJE CLAASSEN
Proportional	JH WILSCHUT
Proportional	F BANTOM
Proportional	K KLAZEN
Proportional	J PALM
Proportional	A FRITZ
Proportional	G DE VRIES

HANTAM MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 5 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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 2023 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

JI SWARTZ	31 August 2022
Municipal Manager	**Date**

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R	2021 R
ASSETS			
Non-Current Assets		**510 159 074**	**477 958 949**
Property, Plant and Equipment	**2**	469 140 962	437 908 849
Agricultural	**3**	13 500	13 500
Investment Property	**4**	37 734 130	37 681 441
Intangible Assets	**5**	1 628 400	673 543
Heritage Assets	**6**	1 618 055	1 618 055
Non-Current Receivables from Exchange Transactions	**7**	19 343	52 945
Non-Current Receivables from Non-Exchange Transactions	**8**	4 684	10 615
Current Assets		**21 645 393**	**27 895 524**
Inventory	**9**	50 860	104 627
Receivables from Exchange Transactions	**10**	8 385 753	6 636 639
Receivables from Non-exchange Transactions	**11**	6 881 928	6 617 535
Taxes	**20.3**	3 171 229	5 246 477
Current Portion of Non-Current Receivables	**7 & 8**	38 132	57 732
Cash and Cash Equivalents	**12.1**	3 117 492	9 232 516
Total Assets		**531 804 467**	**505 854 473**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**51 941 952**	**51 273 827**
Long-term Borrowings	**13**	22 357	270 468
Non-current Provisions	**14**	16 594 287	16 792 673
Non-current Employee Benefits	**15**	16 678 000	16 355 000
Trade and Other Payables from Exchange Transactions	**18**	18 647 308	17 855 686
Current Liabilities		**27 591 448**	**34 017 204**
Consumer Deposits	**16**	1 299 386	1 187 997
Current Employee Benefits	**17**	5 721 028	5 619 577
Trade and Other Payables from Exchange Transactions	**18**	20 322 923	24 568 909
Unspent Transfers and Subsidies	**19**	-	2 426 272
Current Portion of Long-term Borrowings	**13**	248 111	214 449
Total Liabilities		**79 533 399**	**85 291 031**
Net Assets		**452 271 068**	**420 563 442**
Revaluation Reserve	**21**	2 551 323	2 551 323
Accumulated Surplus/(Deficit)		449 719 745	418 012 120
Total Net Assets and Liabilities		**531 804 467**	**505 854 473**

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 R
REVENUE			
Revenue from Non-exchange Transactions		**108 017 283**	**138 330 015**
Taxation Revenue		**17 632 592**	**15 902 740**
Property Rates	22	16 304 324	14 941 961
Interest Earned - Non-Exchange Transactions	29	1 328 268	960 779
Transfer Revenue		**55 304 121**	**111 797 015**
Government Grants and Subsidies	23	55 253 121	111 475 759
Public Contributions and Donations		51 000	321 256
Other Revenue		**35 080 570**	**10 630 260**
Actuarial Gains	15	418 794	209 472
Availability Charges	24	5 945 675	4 946 812
Fines, Penalties and Forfeits		27 660	24 742
Contributed Property, Plant and Equipment	2.11	26 217 334	2 900 088
Operational Revenue	30	2 471 108	2 549 147
Revenue from Exchange Transactions		**51 769 034**	**44 107 458**
Service Charges	25	48 582 886	41 102 894
Sales of Goods and Rendering of Services	26	541 626	452 487
Rental from Fixed Assets	27	216 550	141 649
Interest Earned - External Investments	28	472 403	772 307
Interest Earned - Exchange Transactions	29	1 434 298	1 110 929
Licences and Permits		337 680	327 923
Agency Services		107 247	121 628
Operational Revenue	30	76 344	77 642
Total Revenue		**159 786 318**	**182 437 474**
EXPENDITURE			
Employee Related Costs	31	(34 412 392)	(34 157 658)
Remuneration of Councillors	32	(4 562 917)	(3 137 092)
Bad Debts Written Off		(3 476 900)	(4 939 658)
Depreciation and Amortisation	33	(9 651 474)	(9 709 578)
Actuarial Losses	15	-	(1 146 977)
Finance Costs	34	(3 546 870)	(3 178 417)
Bulk Purchases	35	(25 838 632)	(21 953 735)
Inventory Consumed	9.1	(10 336 202)	(9 696 123)
Operating Leases		(30 478)	(188 108)
Transfers and Subsidies	36	(216 720)	(148 129)
Operational Costs	37	(19 031 654)	(16 807 425)
Total Expenditure		**(111 104 240)**	**(105 062 899)**
Operating Surplus/(Deficit) for the Year		**48 682 078**	**77 374 574**
Inventories: Write-down to Net Realisable Value	9.2	(35 216)	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(11 394 106)	(4 691 650)
Gains/(Loss) on Sale of Fixed Assets	39	(2 740 529)	(549 428)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-
Profit/(Loss) on Fair Value Adjustments	40	52 689	1 648 441
Gains/(Loss) on Water Inventory	41	(2 857 290)	(2 269 429)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**31 707 625**	**71 512 509**

HANTAM MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2020	**2 551 323**	**346 238 963**	**348 790 286**
Correction of Error - Note 43.6	-	260 647	260 647
Restated balance at 1 July 2020	**2 551 323**	**346 499 611**	**349 050 934**
Net Surplus for the year	-	71 512 509	71 512 509
Net Surplus previously reported	-	71 755 572	71 755 572
Effects of Correction of Errors - Note 43.7	-	(243 063)	(243 063)
Restated balance at 30 June 2021	**2 551 323**	**418 012 120**	**420 563 443**
Net Surplus for the year	-	31 707 625	31 707 625
Balance at 30 June 2022	**2 551 323**	**449 719 745**	**452 271 068**

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

		2022 R	2021 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		10 891 116	11 301 932
Service Charges	*	46 020 365	39 113 784
Other Revenue		3 740 059	3 897 320
Government - Operating		29 775 850	34 695 031
Government - Capital		23 051 000	79 207 000
Interest		472 403	772 307
Cash payments			
Suppliers and Employees		(91 376 706)	(83 025 004)
Finance Charges		(204 841)	(81 648)
Net Cash from Operating Activities	**44**	**22 369 246**	**85 880 722**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(27 354 371)	(77 345 617)
Purchase of Intangible Assets		(974 583)	(21 294)
Decrease/(Increase) in Non-Current Receivables		59 133	(101 120)
Net Cash from Investing Activities		**(28 269 822)**	**(77 468 032)**
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits	*	-	-
Repayment of Borrowing		(214 449)	(170 947)
Net Cash from Financing Activities		**(214 449)**	**(170 947)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6 115 024)**	**8 241 744**
Cash and Cash Equivalents at the beginning of the year		9 232 516	990 771
Cash and Cash Equivalents at the end of the year	**45**	3 117 492	9 232 516
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(6 115 024)**	**8 241 744**

* *The movement in consumer deposits was previously recognised under Cash Flow from Financing activities. The amounts are however related to the municipality's operations and therefore the cash movement is included in Cash Flow from Operating Activities*

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2022	Outcome as % of Final Budget
		R	R	R	R	%
ASSETS						
Current Assets						
Cash		10 176 384	(8 548 536)	1 627 848	3 117 492	91.51%
Call Investment Deposits		-	-	-	-	
Consumer Debtors		16 805 427	(83 908)	16 721 519	15 267 681	-8.69%
- Receivables from Exchange Transactions		-	-	-	*8 385 753*	-
- Receivables from Non-exchange Transactions		-	-	-	*6 881 928*	-
Other Debtors		9 139 680	(2 716 323)	6 423 357	3 171 229	-50.63%
- Taxes		-	-	-	*3 171 229*	-
Current Portion of long-term receivables		-	-	-	38 132	100.00%
Inventory		432 583	(264 483)	168 100	50 860	-69.74%
Total Current Assets	**48.2.1**	**36 554 074**	**(11 613 250)**	**24 940 824**	**21 645 393**	**-13.21%**
Non-Current Assets						
Long-term Receivables		6 011	(6 011)	-	24 027	0.00%
Investment Property		36 033 000	3 366 117	39 399 117	37 734 130	-4.23%
Property, Plant and Equipment		452 519 922	(5 597 830)	446 922 092	469 140 962	4.97%
Biological Assets		13 500	(13 500)	-	13 500	0.00%
- Agricultural		-	-	-	*13 500*	-
Intangible Assets		663 065	118 369	781 434	1 628 400	108.39%
Other Non-Current Assets		1 618 055	-	1 618 055	1 618 055	0.00%
- Heritage Assets		-	-	-	*1 618 055*	-
Total Non-Current Assets	**48.2.2**	**490 853 553**	**(2 132 855)**	**488 720 698**	**510 159 074**	**4.39%**
TOTAL ASSETS		**527 407 627**	**(13 746 105)**	**513 661 522**	**531 804 467**	**3.53%**

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2022	Outcome as % of Final Budget
		R	R	R	R	%
LIABILITIES						
Current Liabilities						
Borrowing		-	214 449	214 449	248 111	15.70%
Consumer Deposits		1 095 561	92 436	1 187 997	1 299 386	9.38%
Trade and Other Payables		33 722 985	(13 496 666)	20 226 319	20 322 923	0.48%
- Trade and Other Payables from Exchange Transactions		-	-	-	*20 322 923*	-
- Unspent Transfers and Subsidies		-	-	-	-	-
Provisions		4 900 426	(650 053)	4 250 374	5 721 028	34.60%
- Current Employee Benefits		-	-	-	*5 721 028*	-
Total Current Liabilities	**48.2.3**	**39 718 972**	**(13 839 834)**	**25 879 139**	**27 591 448**	**6.62%**
Non-Current Liabilities						
Borrowing		20 643 923	(197 822)	20 446 101	18 669 665	-8.69%
- Long-term Borrowings		-	-	-	*22 357*	-
- Trade and Other Payables from Exchange Transactions		-	-	-	*18 647 308*	-
Provisions		37 956 711	(253 381)	37 703 330	33 272 287	-11.75%
- Non-current Provisions		-	-	-	*16 594 287*	-
- Non-current Employee Benefits		-	-	-	*16 678 000*	-
Total Non-Current Liabilities	**48.2.4**	**58 600 634**	**(451 203)**	**58 149 431**	**51 941 952**	**-10.68%**
TOTAL LIABILITIES		**98 319 606**	**(14 291 037)**	**84 028 570**	**79 533 399**	**-5.35%**
NET ASSETS						
Accumulated Surplus/(Deficit)		426 536 696	544 934	427 081 630	449 719 745	5.30%
Reserves		2 551 325	(3)	2 551 323	2 551 323	0.00%
TOTAL NET ASSETS	**48.2.5**	**429 088 021**	**544 932**	**429 632 953**	**452 271 068**	**5.27%**

Denotes classification per Statement of Financial Position

* - *budget adjustments done in terms of section 28 and section 31 of the MFMA*

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2022	Outcome as % of Final Budget
		R	R	R	R	%
REVENUE						
Property Rates		16 829 931	122 000	16 951 931	16 304 324	-3.82%
Service Charges - Electricity Revenue		34 426 726	(2 749 910)	31 676 816	32 334 571	2.08%
Service Charges - Water Revenue		14 338 297	(4 419 869)	9 918 428	10 021 163	1.04%
- Service Charges - Water Revenue		-	-	-	*4 075 488*	-
- Availability Charges		-	-	-	*5 945 675*	-
Service Charges - Sanitation Revenue		9 018 000	(3 561 642)	5 456 358	6 166 291	13.01%
Service Charges - Refuse Revenue		8 818 598	(3 157 351)	5 661 247	6 006 536	6.10%
Rental of Facilities and Equipment		745 030	(560 015)	185 015	216 550	17.04%
- Rental from Fixed Assets		-	-	-	*216 550*	-
Interest Earned - External Investments		625 200	(84 585)	540 615	472 403	-12.62%
Interest Earned - Outstanding Debtors		1 097 011	1 073 105	2 170 116	2 762 567	27.30%
- Interest Earned - Exchange Transactions		-	-	-	*1 434 298*	-
- Interest Earned - Non-Exchange Transactions		-	-	-	*1 328 268*	-
Fines		30 218	(4 437)	25 781	27 660	7.29%
- Fines, Penalties and Forfeits		-	-	-	*27 660*	-
Licences and Permits		280 593	281	280 874	337 680	20.22%
Agency Services		260 500	(77 104)	183 396	107 247	-41.52%
Transfers Recognised - Operational		31 997 000	-	31 997 000	32 253 121	0.80%
- Government Grants and Subsidies - Operating	**23**	-	-	-	*32 202 121*	-
- Public Contributions and Donations		-	-	-	*51 000*	-
Other Revenue		180 064	2 960 546	3 140 610	3 089 079	-1.64%
- Operational Revenue (Exchange)		-	-	-	*76 344*	-
- Operational Revenue (Non-Exchange)		-	-	-	*2 471 108*	-
- Sales of Goods and Rendering of Services		-	-	-	*541 626*	-
Gains		-	1 717 676	1 717 676	471 483	-72.55%
- Actuarial Gains		-	-	-	*418 794*	-
- Profit/(Loss) on Fair Value Adjustments		-	-	-	*52 689*	-
Total Revenue (excluding capital transfers and contributions)	**48.2.6**	**118 647 168**	**(8 741 305)**	**109 905 863**	**110 570 673**	**0.60%**

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2022	Outcome as % of Final Budget
		R	R	R	R	%
EXPENDITURE						
Employee Related Costs		48 492 365	(6 559 010)	41 933 355	34 412 392	-17.94%
Remuneration of Councillors		3 781 279	863 750	4 645 029	4 562 917	-1.77%
Debt Impairment		10 903 660	(506 573)	10 397 087	14 871 005	43.03%
- Bad Debts Written Off		-	-	-	*3 476 900*	-
- Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	-	-	*11 394 106*	-
Depreciation and Asset Impairment		10 476 625	5 168 030	15 644 655	9 651 474	-38.31%
- Depreciation and Amortisation		-	-	-	*9 651 474*	-
- Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-	-	-	-
Finance Charges		2 407 843	(370 309)	2 037 534	3 546 870	74.08%
Bulk Purchases		23 116 860	1 151 785	24 268 645	25 838 632	6.47%
Inventory Consumed		2 550 230	(1 400 764)	1 149 466	10 336 202	799.22%
Transfers and Grants		60 000	94 351	154 351	216 720	40.41%
Total Contracted Services and Other Expenditure		20 393 804	2 673 332	23 067 136	19 062 132	-17.36%
- Contracted Services (per budget schedule)		10 888 289	3 089 970	13 978 259	-	-
- Other Expenditure (per budget schedule)		9 505 515	(416 638)	9 088 877	19 062 132	-
- Operating Leases		-	-	-	*30 478*	-
- Operational Costs		-	-	-	*19 031 654*	-
Losses		-	572 504	572 504	5 597 819	877.78%
- Actuarial Losses		-	-	-	-	-
- Gains/(Loss) on Water Inventory		-	-	-	*2 857 290*	-
- Gains/(Loss) on Sale of Fixed Assets		-	-	-	*2 740 529*	-
Total Expenditure	**48.2.7**	**122 182 666**	**1 687 096**	**123 869 762**	**128 096 165**	**3.41%**
Surplus/(Deficit)		**(3 535 498)**	**(10 428 401)**	**(13 963 899)**	**(17 525 492)**	**25.51%**
Transfers Recognised - Capital	**23**	23 051 000	-	23 051 000	23 051 000	0.00%
Contributed Assets	**48.2.8**	-	-	-	26 217 334	100.00%
Surplus/(Deficit) for the year		**19 515 502**	**(10 428 401)**	**9 087 101**	**31 742 842**	**249.32%**

Denotes the classification per Statement of Financial Performance

* - *budget adjustments done in terms of section 28 and section 31 of the MFMA*

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome	Outcome as % of Final Budget
		R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Taxation		13 463 944	97 600	13 561 544	10 891 116	-19.69%
Service Charges		54 158 906	(11 073 849)	43 085 057	46 020 365	6.81%
Other Revenue		1 496 405	2 109 799	3 606 204	3 740 059	3.71%
Government - Operating		31 997 000	-	31 997 000	29 775 850	-6.94%
Government - Capital		23 051 000	-	23 051 000	23 051 000	0.00%
Interest		625 200	(84 585)	540 615	472 403	-12.62%
Payments						
Suppliers and Employees		(95 128 549)	(3 027 108)	(98 155 657)	(91 376 706)	-6.91%
Finance costs		(524 065)	438 988	(85 077)	(204 841)	140.77%
Transfers and Grants		(60 000)	(94 351)	(154 351)	-	-100.00%
Net Cash from/(used) Operating Activities	**48.2.8**	**29 079 841**	**(11 633 506)**	**17 446 335**	**22 369 246**	**28.22%**
CASH FLOW FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Fixed and Intangible Assets		-	-	-	-	0.00%
Decrease/(Increase) in Non-Current Receivables		-	-	-	59 133	0.00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	0.00%
Payments						
Capital Assets		(25 201 000)	150 000	(25 051 000)	(28 328 955)	13.09%
- Purchase of Property, Plant and Equipment		-	-	-	*(27 354 371)*	-
- Purchase of Intangible Assets		-	-	-	*(974 583)*	-
Net Cash from/(used) Investing Activities	**48.2.9**	**(25 201 000)**	**150 000**	**(25 051 000)**	**(28 269 822)**	**12.85%**
CASH FLOW FROM FINANCING ACTIVITIES						
Receipts						
Short Term Loans		-	-	-	-	0.00%
Borrowing long term/refinancing		-	-	-	-	0.00%
Increase/(Decrease) in Consumer Deposits		-	-	-	-	0.00%
Payments						
Repayment of Borrowing		-	-	-	(214 449)	0.00%
Net Cash from/(used) Financing Activities		**-**	**-**	**-**	**(214 449)**	**0.00%**
NET INCREASE/(DECREASE) IN CASH HELD		**3 878 841**	**(11 483 506)**	**(7 604 665)**	**(6 115 024)**	**-19.59%**
Cash and Cash Equivalents at beginning of the year:		6 297 543	2 934 971	9 232 514	9 232 516	0.00%
Cash and Cash Equivalents at the end of the year:		**10 176 384**	**(8 548 535)**	**1 627 849**	**3 117 492**	**91.51%**

Denotes the classification per Cash Flow Statement

* - *budget adjustments done in terms of section 28 and section 31 of the MFMA*

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. 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 Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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.

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

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. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand and no foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW 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. For the financial year, no new standards became effective.

1.6. 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 operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Management has determined materiality for the purposes of explaining variances between the final budget and actual amounts in the annual financial statements, as R1 000 000 <u>and</u> a variance of more than 10%.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

A reconciliation is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements. Management considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R1,000,000. All variances less than R1,000,000 is considered immaterial.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 25	**<u>Employee benefits</u>** The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The municipality might need to revise the recognition and measurement of employee benefits.	1 April 2023

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	Unknown
iGRAP 7	**The limit on a defined benefit asset, minimum funding requirement and their interaction** This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. No significant impact is expected as the Municipality does not hold any plan assets.	Unknown
iGRAP 21	**The Effect of Past Decisions on Materiality** This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore, it is a guide on materiality. The municipality might need to revise its application of materiality.	1 April 2023
Guideline	**Landfill sites** No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. The municipality may have to revise their currently policy on materiality to include additional factors.	Unknown

1.9. RESERVES

1.9.1. Revaluation Reserve

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment, Investment Property or Intangible Assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, Plant and Equipment, Investment Property or Intangibles Assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The 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 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. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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.

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.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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.

1.14. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) Staff Leave

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

Accumulated 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.

(d) Staff Bonuses

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

(e) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

(f) Other Short-term Employee Benefits

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

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

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by 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.

The following items are regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;

- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose.

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

Where an asset is acquired by the municipality for no or nominal consideration (i.e., a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

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 assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

Subsequent to initial recognition, Land and Buildings are carried at a revalued amount, being its fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.3. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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 associated with the asset.

1.15.4. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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 management.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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

Infrastructure	**Useful Lives (Years)**
Roads and Stormwater	1-100
Electricity	1-80
Water Supply	1-80
Sanitation	5-20
Solid Waste	2-80
Community Assets	
Community Facilities	3-50
Outdoor Sport and Recreational Facilities	3-10
Other Assets	
Land	Indefinite
Buildings	3-50
Computer equipment	1-10
Furniture and Office Equipment	1-20
Machinery and Equipment	1-20
Transport Assets	1-15
Finance lease assets	
Office equipment	1-3

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge is recognised in the Statement of Financial Performance. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Changes to the useful life and residual value of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment 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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.15.5. 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.

1.15.6. Landfill Site rehabilitation and restoration costs

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as " Provisions for the rehabilitation of Landfill Sites"'.

The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.15.7. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

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

The Municipality recognises an intangible asset in its Statement of Financial Position 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.

An asset meets the criteria of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;

- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, 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:

Intangible Assets	Useful life (Years)
Computer Software	2-12

The amortisation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

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 charged to 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 impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

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.

1.17. INVESTMENT PROPERTY

1.17.1. 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 to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e., where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

1.17.2. Subsequent Measurement – Fair Value Model

Subsequent to initial recognition, investment property is measured at fair value. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

1.17.3. De-recognition/Disposal

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

1.17.4. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.18. AGRICULTURE

1.18.1. Initial Recognition

A biological asset is a living animal or plant that is used by the Municipality in an agricultural activity.

A biological asset is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.18.2. Subsequent Measurement

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

1.19. HERITAGE ASSETS

1.19.1. 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, and only 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.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

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 impairment is recognised in the Statement of Financial Performance.

1.19.4. 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.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset’s recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in usable condition;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only 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. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, 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. Redundant and slow-moving inventories are identified and written down.

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument 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.

1.22.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and interest-bearing loans. They are categorised as financial liabilities held at amortised cost, 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.

1.22.2.3. *Cash and Cash Equivalents*

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

1.22.3. Derecognition

1.22.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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.

1.23. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition- and recognition criteria of an asset.

1.23.2. **Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

a) interest or other charges that may have accrued on the receivable;
b) impairment losses; and
c) amounts derecognised.

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.

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

a) the rights to the cash flows from the receivable are settled, expire or are waived;
b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

   i. derecognise the receivable; and

   ii. recognise separately any rights and obligations created or retained in the transfer.

1.23.4. Transitional Provision

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1. 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.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

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 raised 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 without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fines Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the

Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue, once approved by council. This policy is in line with prescribed debt principle as enforced by the law.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and 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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.24.2. 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.

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services rendered is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

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

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.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

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 imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

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

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

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Application of the acquisition method requires:

a) identifying the acquirer (Municipality);
b) determining the acquisition date;
c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26. ACCOUNTING BY PRINCIPLES AND AGENTS

A principal-agent arrangement exists where there is 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).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.27. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial Recognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it is not an existing asset of the municipality.

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the municipality accounts for the liability as a financial liability.

The municipality allocates the payments to the operator and account for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

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

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

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

a) identifying the acquirer (Municipality);
b) determining the acquisition date;
c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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.

The following are regarded as related parties of the Municipality:

a) A person or a close member of that person’s family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity?

b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

a) are married or live together in a relationship similar to a marriage; or
b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

a) all members of the governing body of the Municipality;
b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager.

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.

1.30. 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).

1.31. 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 excludes unauthorised expenditure.

Irregular expenditure excludes unauthorised expenditure.

1.32. 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.

1.33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities represent 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 fully 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 fully 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.

Management judgement is required when recognising and measuring contingent liabilities and assets.

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Post-retirement medical obligations and long service awards

The cost of post-retirement medical obligations and long service awards and 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. Major assumptions used are disclosed in note 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors 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.

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 historic information available.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings 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 estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Current cost of items of a similar nature in the open market;
- Cost as supplied by suppliers.

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.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. 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.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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

Investment Property

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

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

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.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

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 best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance. Changes in market values are capitalised while the unwinding of interest is recognised as a Finance Charges in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave and bonuses

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.

The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

The leave and staff bonus liabilities are estimates. However, the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

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.

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 around year-end, which is still unused at year-end.

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.

Revenue Recognition

Accounting Policy on Revenue from Exchange and Non-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 set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses, assets and payables 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 as part of receivables in the Statement of Financial Position.

1.36. CAPITAL COMMITMENTS

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

1.37. 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:

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

1.38. SEGMENT REPORTING

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2022

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying
	Opening Balance	WIP Additions	Additions/ iGRAP 2	Contributed PPE	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	Value
Infrastructure													
Roads & Storm Water	52 692 961	8 051 577	865 025	-	(588 997)	61 020 567	12 822 545	-	1 461 189	-	(134 100)	14 149 635	46 870 932
Electricity	61 130 631	2 608 696	427 405	161 991	-	64 328 723	12 547 633	-	1 331 275	-	-	13 878 907	50 449 816
Water Supply	277 872 387	1 368 800	-	25 928 815	(5 178 501)	299 991 502	29 347 467	-	6 500 243	-	(2 908 525)	32 939 185	267 052 316
Sanitation	62 957 042	8 728 310	-	-	-	71 685 352	6 870 863	-	1 761 447	-	-	8 632 310	63 053 042
Solid Waste	10 205 275	-	(670 257)	-	-	9 535 019	6 328 311	-	150 468	-	-	6 478 778	3 056 240
	464 858 296	**20 757 383**	**622 174**	**26 090 806**	**(5 767 498)**	**506 561 162**	**67 916 819**	**-**	**11 204 621**	**-**	**(3 042 624)**	**76 078 815**	**430 482 347**
Community Assets													
Community Facilities	11 333 122	-	-	-	-	11 333 122	2 659 986	-	484 441	-	-	3 144 427	8 188 694
Sport and Recreation Facilities													
Outdoor Facilities	23 882 095	-	-	-	-	23 882 095	3 208 811	-	974 345	-	-	4 183 156	19 698 939
	35 215 216	**-**	**-**	**-**	**-**	**35 215 216**	**5 868 798**	**-**	**1 458 786**	**-**	**-**	**7 327 583**	**27 887 633**
Other Assets													
Other Immovable Assets													
Other Land	1 785 411	-	-	-	-	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	5 572 939	-	-	-	-	5 572 939	4 125 079	-	95 175	-	-	4 220 255	1 352 684
	7 358 349	**-**	**-**	**-**	**-**	**7 358 349**	**4 125 079**	**-**	**95 175**	**-**	**-**	**4 220 255**	**3 138 094**
Other Movable Assets													
Computer Equipment	2 068 446	-	504 220	126 528	(16 441)	2 682 753	834 038	-	130 975	-	(15 684)	949 329	1 733 424
Furniture and Office Equipment	3 209 372	-	12 616	-	(88 672)	3 133 316	2 512 029	-	135 431	-	(81 697)	2 565 763	567 553
Machinery and Equipment	2 400 953	-	87 594		(55 919)	2 432 627	1 058 662	-	758 308	-	(48 017)	1 768 953	663 674
Transport Assets	12 054 817	-	-	-	(3 500)	12 051 317	7 396 637	-	226 761	-	(3 479)	7 619 919	4 431 399
	19 733 588	**-**	**604 430**	**126 528**	**(164 532)**	**20 300 013**	**11 801 365**	**-**	**1 251 475**	**-**	**(148 876)**	**12 903 964**	**7 396 049**
Leases													
Furniture and Office Equipment	655 863	-	-	-	-	655 863	200 403	-	218 621	-	-	419 024	236 840
	655 863	**-**	**-**	**-**	**-**	**655 863**	**200 403**	**-**	**218 621**	**-**	**-**	**419 024**	**236 840**
Total	**527 821 313**	**20 757 383**	**1 226 604**	**26 217 334**	**(5 932 030)**	**570 090 604**	**89 912 463**	**-**	**14 228 679**	**-**	**(3 191 501)**	**100 949 642**	**469 140 962**

2.2 30 JUNE 2021

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying
	Opening Balance	Correction of Error	Additions/WIP iGRAP 2	Contributed PPE	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	Value
Infrastructure													
Roads & Storm Water	44 851 845	428 880	4 757 829	2 654 407	-	52 692 961	11 384 263	18 466	1 419 816	-	-	12 822 545	39 870 416
Electricity	31 547 113	278 025	29 140 276	171 358	(6 141)	61 130 631	11 446 609	37 527	1 068 436	-	(4 940)	12 547 633	48 582 998
Water Supply	253 383 276	(2 192 220)	27 173 293	-	(491 961)	277 872 387	19 424 093	4 093 073	5 869 496	-	(39 195)	29 347 467	248 524 920
Sanitation	54 921 856	1 513 867	6 521 318	-	-	62 957 042	9 190 965	(3 640 131)	1 320 029	-	-	6 870 863	56 086 179
Solid Waste	13 401 314	-	(3 196 039)	-	-	10 205 275	6 152 843	-	175 468	-	-	6 328 311	3 876 964
	398 105 405	**28 552**	**64 396 677**	**2 825 765**	**(498 102)**	**464 858 296**	**57 598 772**	**508 935**	**9 853 246**	**-**	**(44 134)**	**67 916 819**	**396 941 478**
Community Assets													
Community Facilities	11 561 513	-	-	-	(228 391)	11 333 122	2 214 868	-	626 080	-	(180 961)	2 659 986	8 673 135
Sport and Recreation Facilities													
Outdoor Facilities	22 280 399	178 401	1 451 283	-	(27 988)	23 882 095	2 248 139	3 616	973 584	-	(16 527)	3 208 811	20 673 283
	33 841 912	**178 401**	**1 451 283**	**-**	**(256 379)**	**35 215 216**	**4 463 007**	**3 616**	**1 599 664**	**-**	**(197 489)**	**5 868 798**	**29 346 419**
Other Assets													
Other Immovable Assets													
Other Land	1 785 411	-	-	-	-	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	5 572 939	-	-	-	-	5 572 939	4 026 129	-	98 950	-	-	4 125 079	1 447 859
	7 358 349	**-**	**-**	**-**	**-**	**7 358 349**	**4 026 129**	**-**	**98 950**	**-**	**-**	**4 125 079**	**3 233 270**
Other Movable Assets													
Computer Equipment	1 514 572	22 092	621 808	-	(90 027)	2 068 446	780 163	2 209	122 238	-	(70 573)	834 038	1 234 408
Furniture and Office Equipment	2 933 880	10 571	316 572	-	(51 651)	3 209 372	2 425 574	710	133 721	-	(47 977)	2 512 029	697 343
Machinery and Equipment	1 643 129	2 290	733 300	74 322	(52 088)	2 400 953	882 636	229	215 427	-	(39 630)	1 058 662	1 342 291
Transport Assets	10 447 622	-	1 626 695	-	(19 500)	12 054 817	6 667 567	-	747 588	-	(18 518)	7 396 637	4 658 180
	16 539 204	**34 953**	**3 298 375**	**74 322**	**(213 267)**	**19 733 588**	**10 755 940**	**3 149**	**1 218 974**	**-**	**(176 697)**	**11 801 365**	**7 932 222**
Leases													
Furniture and Office Equipment	-	-	655 863	-	-	655 863	-	-	200 403	-	-	200 403	455 461
	-	**-**	**655 863**	**-**	**-**	**655 863**	**-**	**-**	**200 403**	**-**	**-**	**200 403**	**455 461**
Total	**455 844 870**	**241 905**	**69 802 198**	**2 900 088**	**(967 748)**	**527 821 313**	**76 843 848**	**515 700**	**12 971 236**	**-**	**(418 321)**	**89 912 463**	**437 908 849**

		2022 R	2021 R
2.3	**Property, Plant and Equipment which is in the process of being constructed or developed:**		
	Infrastructure Assets	**26 021 574**	**16 389 942**
	Roads	9 795 843	4 757 829
	Electricity	2 608 696	4 775 187
	Water Supply	2 365 323	4 333 523
	Sanitation	11 251 713	2 523 403
	Other Assets	-	329 500
	Total Property, Plant and Equipment under construction	**26 021 574**	**16 719 442**
	The movements for the year can be reconciled as follows:		
	Balance at beginning of year	16 719 442	111 033 572
	Expenditure during the year	22 654 244	69 601 288
	Donated Assets	26 217 334	2 900 088
	Assets unbundled during the year	(39 569 445)	(166 815 506)
	Balance at end of year	**26 021 574**	**16 719 442**

2.4 No construction or development of Property, Plant and Equipment is taking a significantly longer period of time to complete than expected.

2.5 No construction or development of Property, Plant and Equipment where construction or development has been halted.

		2022 R	2021 R
2.6	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	Other materials	1 123 583	1 169 291
	Contracted Services	5 886 381	5 341 194
	Previously reported	-	8 455 690
	Correction of balance previously reported	-	(3 114 496)
	Other Expenditure	-	11 170
	Total Repairs and Maintenance	**7 009 963**	**6 521 655**

2.7 Assets pledged as security:

Leased Property, Plant and Equipment with a carrying value of R 236,840 (2021: R 455,461) is secured for leases as set out in Note 13.

2.8 Details of Valuation

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, HCB Property Valuations, HC Botha and P le Roux . The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

	2022 R	2021 R
Reconciliation of Revaluation Surplus:		
Opening balance	2 551 323	2 551 323
Movement for the period	-	-
Closing balance	**2 551 323**	**2 551 323**

		2022 R	2021 R
2.9	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for:	**18 664 707**	**7 954 408**
	Infrastructure	18 664 707	7 954 408
	Total	**18 664 707**	**7 954 408**
	This expenditure will be financed from:		
	Government Grants	18 664 707	7 954 408
	Total	**18 664 707**	**7 954 408**

Contractual commitments are disclosed inclusive of VAT.

	2022 R	2021 R

	2022 R	2021 R

2.10 Properties held for strategic purposes:

Properties are classified as held for strategic purposes when the Municipality has not made a firm decision on the use of the property, but the property is likely to be used to fulfil its mandate. The only properties currently held for strategic purposes are vacant land which are included in Other Land.

2.11 Contributed Property, Plant and Equipment:

The Municipality received donated assets amounting to R26,217,334 (2021: R2,900 088) during the financial year. Cost of the donated assets was confirmed with invoices from the donor. The donated assets are included in Property, Plant and Equipment (Note 2.1) and is reported per individual asset class.

Donated Assets consists of the development of boreholes and pipelines by Sedibeng Water and computer hardware received from Barzani IT Solutions.

3. AGRICULTURAL

3.1 Biological Assets that from part on an agricultural activity:

Consumable Biological Asset	Quantity (Units)	Fair Value	2022 R	2021 R
Springbuck	30	450	13 500	13 500
Total Biological Assets		**450**	**13 500**	**13 500**

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

	2022 R	2021 R
Balance beginning of year	13 500	13 500
Additions	-	-
Disposals	-	-
Transfers	-	-
Other changes	-	-
Balance end of year	**13 500**	**13 500**

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities around biological assets are as follows:
- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:
- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

4. INVESTMENT PROPERTY

	2022 R	2021 R
4.1 Net Carrying amount at 1 July	**37 681 441**	**36 033 000**
Fair Value	37 681 441	36 033 000
Gains arising from changes in fair value	52 689	1 648 441
Net Carrying amount at 30 June	**37 734 130**	**37 681 441**
Fair Value	37 734 130	37 681 441

4.2 Revenue from Investment Property

	2022 R	2021 R
Revenue derived from the rental of Investment Property	193 215	139 242

No Investment Property is in the process of being constructed or developed.

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

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

	2022 R	2021 R

Fair value of Investment Properties was determined on 30 June 2022 by taking current property sales and current market conditions into consideration. Valuations were performed by independent valuers, HCB Property Valuations. The fair value of properties not located in the Municipal demarcation is confirmed with the external values contained in the latest published valuation roll for the specific area.

	2022 R	2021 R

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

5. INTANGIBLE ASSETS

		2022 R	2021 R
5.1	**Net Carrying amount at 1 July**	**673 543**	**663 065**
	Cost	694 035	672 741
	Accumulated Amortisation	(20 492)	(9 676)
	Additions	974 583	21 294
	Amortisation	(19 727)	(10 816)
	Net Carrying amount at 30 June	**1 628 400**	**673 543**
	Cost	1 668 618	694 035
	Accumulated Amortisation	(40 219)	(20 492)

5.2 Intangible Assets which is in the process of being constructed or developed:

	2022 R	2021 R
Servitudes	575 194	575 194
Total	**575 194**	**575 194**

Loeriesfontein Servitude is still in progress and finalisation is pending.

No intangible asset were assessed as having an indefinite useful life.

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets are pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

6. HERITAGE ASSETS

		2022 R	2021 R
6.1	**Net Carrying amount at 1 July**	**1 618 055**	**1 618 055**
	Cost	1 618 055	1 618 055
	Net Carrying amount at 30 June	**1 618 055**	**1 618 055**
	Cost	1 618 055	1 618 055

Heritage Assets consists of :

	2022 R	2021 R
Historic Buildings		
Calvinia Museum	1 300 000	1 300 000
Loeriesfontein Museum Erven 355	282 500	282 500
Kerkstraat Erven 301 & 302	10 000	10 000
Conservation areas		
Akkerendam Nature Reserve	25 556	25 556
	1 618 056	**1 618 056**

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

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

	2022 R	2021 R
No Heritage Assets are pledged as security for liabilities.		
No Heritage Assets are used for more than one purpose.		
There was no expenditure incurred for repairs and maintenace of Heritage Assets.		

7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Receivables with repay arrangements - At amortised cost	51 756	100 190
Electricity	-	2 137
Water	16 317	30 851
Waste Management	10 825	20 617
Waste Water Management	10 008	18 136
Other Service Charges	14 607	28 450
Less: Current Portion of Non-Current Receivables	(32 413)	(47 245)
Total Non-Current Receivables from Exchange Transactions	**19 343**	**52 945**

8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
Rates	10 403	21 102
Less: Current Portion of Non-Current Receivables	(5 719)	(10 487)
Total Non-Current Receivables from Non-Exchange Transactions	**4 684**	**10 615**

9. INVENTORY

	2022 R	2021 R
Water	50 860	104 627
Total Inventory	**50 860**	**104 627**

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

9.1 Inventories recognise as an expense during the year:

	2022 R	2021 R
Materials and Supplies	1 160 134	1 084 813
Water	9 176 068	8 611 310
Previously reported	-	-
Correction of Error - Note 43.4	-	8 611 310
Total	**10 336 202**	**9 696 123**

9.2 Inventories write-down to Net Replacement Value (NRV):

	2022 R	2021 R
Water	35 216	-

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022 R	2021 R
Electricity	8 854 385	7 560 303
Water	11 611 302	9 926 769
Previously reported	-	6 841 155
Correction of Error - Note 43.2	-	3 085 614
Property Rentals	-	-
Waste Management	14 155 671	12 049 629
Previously reported	-	12 071 245
Correction of Error - Note 43.2	-	(21 615)
Waste Water Management	9 315 466	7 497 965
Other Arrears	3 747 667	3 670 580
Interest	2 344 258	2 054 268
Other	1 403 409	1 616 312
Total: Receivables from exchange transactions (before provision)	**47 684 491**	**40 705 246**
Less: Provision for Debt Impairment	(39 298 738)	(34 068 608)
Total: Receivables from exchange transactions (after provision)	**8 385 753**	**6 636 638**

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 consumer debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of receivables approximate their carrying value.

Debtors with a total outstanding balance of R51,756 (2021: R100,190) have arranged to settle their account over an re-negotiated period. Total payments to the value of R19,343 (2021: R52,945) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Ageing of Receivables from Exchange Transactions:

	2022 R	2021 R
(Electricity): Ageing		
Current (0 - 30 days)	3 259 854	1 994 380
31 - 60 Days	314 040	379 802
61 - 90 Days	244 188	309 531
+ 90 Days	5 036 304	4 876 590
Total	**8 854 385**	**7 560 303**
(Water): Ageing		
Current (0 - 30 days)	554 870	621 998
31 - 60 Days	223 794	312 818
61 - 90 Days	278 797	398 525
+ 90 Days	10 553 841	8 593 427
Total	**11 611 302**	**9 926 769**

	2022 R	2021 R
(Waste Management): Ageing		
Current (0 - 30 days)	946 652	812 453
31 - 60 Days	352 958	296 008
61 - 90 Days	340 583	275 939
+ 90 Days	12 515 477	10 665 230
Total	**14 155 671**	**12 049 629**
(Waste Water Management): Ageing		
Current (0 - 30 days)	941 513	715 620
31 - 60 Days	309 538	255 939
61 - 90 Days	303 320	221 970
+ 90 Days	7 761 095	6 304 436
Total	**9 315 466**	**7 497 965**
(Other): Ageing		
Current (0 - 30 days)	237 458	226 686
31 - 60 Days	90 434	105 762
61 - 90 Days	63 168	91 639
+ 90 Days	3 356 607	3 246 493
Total	**3 747 667**	**3 670 580**
(Total): Ageing		
Current (0 - 30 days)	5 940 347	4 371 136
31 - 60 Days	1 290 764	1 350 329
61 - 90 Days	1 230 056	1 297 604
+ 90 Days	39 223 325	33 686 177
Total	**47 684 491**	**40 705 246**

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	34 068 608	31 839 531
Previously reported	-	28 835 054
Correction of Error - Note 43.2	-	3 004 477
Contribution to provision	4 592 210	1 938 328
VAT on provision	637 920	290 749
Balance at end of year	**39 298 738**	**34 068 608**

The total amount of this provision is R39,298,738 (2021: R34,068,608) and consists of:

Services	39 298 738	34 068 608
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	**39 298 738**	**34 068 608**

Ageing of amounts past due but not impaired:

1 month past due	1 290 764	1 350 329
2+ months past due	1 154 642	915 173
	2 445 406	**2 265 502**

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	25 349 183	19 785 354
Availability Charges	8 976 448	7 412 522
Previously reported	-	10 498 136
Correction of Error - Note 43.3	-	(3 085 614)
Other Receivables	1 148 039	1 058 883
	35 473 670	**28 256 758**

	2022 R	2021 R
Less: Provision for Debt Impairment	(28 591 741)	(21 639 224)
Total Receivables from non-exchange transactions	**6 881 928**	**6 617 535**

Rates 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 rates debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of other receivables approximate their carrying value.

Debtors with a total outstanding balance of R10,403 (2021: R21,102) have arranged to settle their account over an re-negotiated period. Total payments to the value of R4,684 (2021: R10,615) have been deferred beyond 12 months after year end and subsequently included as part of long-term debtors.

Ageing of Rates and Availability Charges:

(Availability Charges): Ageing

	2022	2021
Current (0 - 30 days)	875 395	646 140
31 - 60 Days	338 663	243 894
61 - 90 Days	326 219	228 701
+ 90 Days	7 436 171	6 293 787
Total	**8 976 448**	**7 412 522**

(Rates): Ageing

	2022 R	2021 R
Current (0 - 30 days)	1 441 759	1 278 338
31 - 60 Days	429 710	389 422
61 - 90 Days	406 663	353 306
+ 90 Days	23 071 051	17 764 288
Total	**25 349 183**	**19 785 354**

Summary of Debtors (Rates) by Customer Classification

30 June 2022	**Residential**	**Industrial/ Commercial**	**National and Provincial Government**
Current (0 - 30 days)	1 143 560	284 000	14 199
31 - 60 Days	376 496	49 379	3 835
61 - 90 Days	358 363	44 548	3 753
+ 90 Days	20 135 143	1 324 250	1 611 658
Sub-total	**22 013 561**	**1 702 177**	**1 633 444**
Less: Provision for Debt Impairment	(17 853 510)	(1 380 505)	(1 324 761)
Total debtors by customer classification	**4 160 051**	**321 672**	**308 683**

Summary of Debtors (Rates) by Customer Classification

30 June 2021	**Residential**	**Industrial/ Commercial**	**National and Provincial Government**
Current (0 - 30 days)	1 071 088	175 251	31 999
31 - 60 Days	348 738	35 333	5 352
61 - 90 Days	316 362	31 636	5 308
+ 90 Days	15 326 034	979 146	1 459 108
Sub-total	**17 062 222**	**1 221 366**	**1 501 767**
Less: Provision for Debt Impairment	(12 436 716)	(890 258)	(1 094 643)
Total debtors by customer classification	**4 625 506**	**331 108**	**407 123**

Reconciliation of Provision for Debt Impairment

	2022	2021
Balance at beginning of year	21 639 224	18 703 212
Previously reported	-	21 707 689
Correction of Error - Note 43.3	-	(3 004 477)
Contribution to provision	6 801 896	2 753 322
VAT on provision	150 622	182 690
Balance at end of year	**28 591 741**	**21 639 224**

The total amount of this provision is R 28,591,741 (2021: R 21,639,224) and consists of:

	2022	2021
Taxes	20 558 777	14 421 617
Availability Charges	8 032 965	7 217 607
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**28 591 741**	**21 639 224**

Ageing of Rates amounts past due but not impaired:

	2022	2021
1 month past due	429 710	389 422
2+ months past due	2 918 937	3 695 977

	2022 R	2021 R
	3 348 647	**4 085 399**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

12. BANK ACCOUNTS

12.1 Cash and Cash Equivalents

Current Accounts	745 808	3 131 227
Call Deposits and Investments	2 370 184	6 099 789
Cash On-hand	1 500	1 500
Total Cash and Cash Equivalents - Assets	**3 117 492**	**9 232 516**

	2022 R	2021 R
The municipality has the following bank accounts:		
Current Accounts		
Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	214 945	240 460
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	523 679	2 716 225
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	7 184	174 541
	745 808	**3 131 227**
Call Deposits and Investments		
Call Deposit CRR - Standard Bank Account No. 088673669021:	2 547	32 505
Financial Management Grant - Standard Bank Account No. 088673669024:	2 511	6 007
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	1 845 780	3 005 998
Hantam DBSA - Standard Bank Account No. 088673669025:	68 252	357 022
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	444 199	2 510 634
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	3 309	24 900
Hantam EPWP - Standard Bank Account No. 088673669027:	1 176	1 166
Hantam INEP - Standard Bank Account No. 088673669028:	2 409	161 556
	2 370 184	**6 099 789**

Details of current accounts are as follow:

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):		
Cash book balance at beginning of year	240 460	(186 161)
Cash book balance at end of year	214 945	240 460
Bank statement balance at beginning of year	216 119	119 779
Bank statement balance at end of year	199 283	216 119
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):		
Cash book balance at beginning of year	2 716 225	18 338
Cash book balance at end of year	523 679	2 716 225
Bank statement balance at beginning of year	2 744 162	216 681
Bank statement balance at end of year	590 075	2 744 162
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section		
Cash book balance at beginning of year	174 541	6 627
Cash book balance at end of year	7 184	174 541
Bank statement balance at beginning of year	174 541	6 627
Bank statement balance at end of year	7 184	174 541

Details of call investment accounts are as follow:

Call Deposit CRR - Standard Bank Account No. 088673669021:		
Cash book balance at beginning of year	32 505	34 105
Cash book balance at end of year	2 547	32 505
Bank statement balance at beginning of year	32 505	34 105
Bank statement balance at end of year	2 547	32 505
Financial Management Grant - Standard Bank Account No. 088673669024:		
Cash book balance at beginning of year	6 007	14 280
Cash book balance at end of year	2 511	6 007
Bank statement balance at beginning of year	6 007	14 280

	2022 R	2021 R
Bank statement balance at end of year	2 511	6 007
Water Services Infrastructure Grant - Standard Bank Account No. 088673669023:		
Cash book balance at beginning of year	3 005 998	3 709
Cash book balance at end of year	1 845 780	3 005 998
Bank statement balance at beginning of year	3 005 998	3 709
Bank statement balance at end of year	1 845 780	3 005 998
Hantam DBSA - Standard Bank Account No. 088673669025:		
Cash book balance at beginning of year	357 022	26 217
Cash book balance at end of year	68 252	357 022
Bank statement balance at beginning of year	357 022	26 217
Bank statement balance at end of year	68 252	357 022
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:		
Cash book balance at beginning of year	2 510 634	5 001
Cash book balance at end of year	444 199	2 510 634
Bank statement balance at beginning of year	2 510 634	5 001
Bank statement balance at end of year	444 199	2 510 634

	2022 R	2021 R
Hantam Surplus Cash - Standard Bank Account No. 088673669026:		
Cash book balance at beginning of year	24 900	1 063 902
Cash book balance at end of year	3 309	24 900
Bank statement balance at beginning of year	24 900	1 063 902
Bank statement balance at end of year	3 309	24 900
Hantam EPWP - Standard Bank Account No. 088673669027:		
Cash book balance at beginning of year	1 166	1 160
Cash book balance at end of year	1 176	1 166
Bank statement balance at beginning of year	1 166	1 160
Bank statement balance at end of year	1 176	1 166
Hantam INEP - Standard Bank Account No. 088673669028:		
Cash book balance at beginning of year	161 556	2 093
Cash book balance at end of year	2 409	161 556
Bank statement balance at beginning of year	161 556	2 093
Bank statement balance at end of year	2 409	161 556

13. LONG-TERM BORROWINGS

	2022 R	2021 R
Capitalised Lease Liability - At amortised cost	270 468	484 916
Less: Current Portion of Long-term Borrowings	(248 111)	(214 449)
Capitalised Lease Liability - At amortised cost	(248 111)	(214 449)
Total Long-term Borrowings	**22 357**	**270 468**

13.1 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	271 565	271 565
Payable within two to five years	22 630	294 196
	294 196	**565 761**
Less: Future finance obligations	(23 728)	(80 844)
Present value of finance lease obligations	**270 468**	**484 916**

The capitalised lease liability consist out of the following contracts:

	2022 R	2021 R

Supplier	Description of item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
CJJ Business Solutions (ta Nashua)	Copiers/Printers	15%	0%	3 Years	2023/07/31

Refer to Appendix A for descriptions, maturity dates and effective interest rates.

Finance Leases are secured by property, plant and equipment - Note 2.

14. NON-CURRENT PROVISIONS

	2022 R	2021 R
Provision for Rehabilitation of Landfill-sites	16 594 287	16 792 673
Total Non-current Provisions	**16 594 287**	**16 792 673**

14.1 *Landfill Sites*

	2022 R	2021 R
Balance 1 July	16 792 673	19 117 155
Contribution for the year	1 896 242	1 777 790
Change in Provision for Rehabilitation Cost	(2 094 628)	(4 102 271)
Total provision 30 June	**16 594 287**	**16 792 673**
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	**16 594 287**	**16 792 673**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation volume (m³)	31 069	33 017	7 153	3 791
Preliminary and general (R)	1 777 308	2 091 987	491 844	305 065
Site Clearance and Preparation	41 632	44 243	9 585	5 080
Storm water control measures (R)	1 580 905	1 594 906	718 629	564 574
Capping (R)	8 740 946	9 138 999	2 016 139	1 069 114
Gas Management (R)	-	-	-	-
Leachate Management (R)	561 458	576 795	270 042	226 220
Fencing (R)	12 336	1 518 825	12 336	12 336
Environmental Authorisation Closing License (R)	410 800	410 800	410 800	410 800
Technical ROD (R)	208 260	208 260	208 260	208 260
Install Groundwater Monitoring Boreholes with locable caps (R)	246 021	192 453	201 808	208 294
Landscape Architects (R)	139 472	144 490	141 803	140 843
Water use licence (R)	35 000	35 000	35 000	35 000
Topographical Survey (R)	7 842	8 334	7 155	7 155
Contingencies (R)	1 271 458	1 496 575	351 857	218 239
Engineering: Professional Fees (R)	1 469 500	1 729 510	473 972	297 595
Site Supervision (Engineer's Representative) (R)	381 784	436 785	219 681	154 300
Site Supervision (Environmental Control Officer & OHS Agent) (R)	105 123	181 573	130 825	101 725

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost and date of decommission of the sites are as follows:

Location	Estimated decommission date	Post-closure monitoring period	2022 R	2021 R
Brandvlei	2051	None	73 493 890	64 686 475
Calvinia	2035	2041 - 2070	38 779 517	33 432 515
Loeriesfontein	2043	None	16 460 810	17 530 844
Nieuwoudtville	2035	None	7 644 175	7 237 327
			136 378 392	**122 887 161**

Post closure monitoring of the Calvinia landfill site is required in terms of the permit requirements of Hantam Municipality. Post closure monitoring is required for a period not exeeding 30 years and is expected to commence in 2041.

15. NON-CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Provision for Post Retirement Health Care Benefits	14 758 000	14 508 000
Provision for Long Service Awards	1 920 000	1 847 000
Total Non-current Employee Benefits	**16 678 000**	**16 355 000**

Post Retirement Health Care Benefits

	2022 R	2021 R
Balance 1 July	15 542 000	14 028 000
Contribution for the year	1 668 000	1 515 000
Expenditure for the year	(1 007 721)	(1 147 977)
Actuarial Loss/(Gain)	(417 279)	1 146 977

	2022 R	2021 R
Total provision 30 June	**15 785 000**	**15 542 000**
Less: Transfer of Current Portion to Current Provisions - Note 17	(1 027 000)	(1 034 000)
Balance 30 June	**14 758 000**	**14 508 000**

Long Service Awards

	2022 R	2021 R
Balance 1 July	2 256 000	2 160 000
Contribution for the year	379 000	354 000
Expenditure for the year	(457 485)	(48 528)
Actuarial Gain	(1 515)	(209 472)
Total provision 30 June	**2 176 000**	**2 256 000**
Less: Transfer of Current Portion to Current Provisions - Note 17	(256 000)	(409 000)
Balance 30 June	**1 920 000**	**1 847 000**

15.1 Provision for Post Retirement Health Care Benefits

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

	2022	2021
In-service (employee) members	28	23
In-service (employee) non-members	91	94
Continuation members (e.g. Retirees, widows, orphans)	15	15
Total Members	**134**	**132**

The liability in respect of past service has been estimated to be as follows:

	2022 R	2021 R
In-service members	4 166 000	3 463 000
In-service non-members	331 000	306 000
Continuation members	11 288 000	11 773 000
Total Liability	**15 785 000**	**15 542 000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2020 R	2019 R	2018 R
In-service members	3 896 000	4 073 242	5 291 229
In-service non-members	-	-	-
Continuation members	10 132 000	11 413 861	10 353 572
Total Liability	**14 028 000**	**15 487 103**	**15 644 801**

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

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The current-service cost for the ensuing year is estimated to be R220 000, whereas the interest cost for the next year is estimated to be R1 448 000.

Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	11.50%	9.63%
Health Care Cost Inflation Rate	8.16%	6.52%
Net Effective Discount Rate	3.09%	2.92%

ii) Mortality rates

The PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010 was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years.

iv) Expected rate of salary increases

2021/2022 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2022.

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

	2022	2021
Present value of fund obligations	15 785 000	15 542 000

	2022 R	2021 R
Fair value of plan assets	-	-
	15 785 000	**15 542 000**
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**15 785 000**	**15 542 000**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	15 542 000	14 028 000
Total expenses	**660 279**	**367 023**
Current service cost	220 000	193 000
Interest Cost	1 448 000	1 322 000
Benefits Paid	(1 007 721)	(1 147 977)
Actuarial (gains)/losses	(417 279)	1 146 977
Present value of fund obligation at the end of the year	**15 785 000**	**15 542 000**

Reconciliation of fair value of plan assets:	2022 R	2021 R
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Accrued Liability on 30 June 2022:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	4.497	11.288	15.785

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	5.376	12.313	17.689	12%
Health care inflation	-1%	3.791	10.390	14.181	-10%
Post-employment mortality	+1 yr	4.375	10.884	15.259	-3%
Post-employment mortality	-1 yr	4.618	11.694	16.312	3%
Average retirement age	-1 yr	4.896	11.288	16.184	3%
Withdrawal Rate	-10%	3.924	11.288	15.212	-4%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022:

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	220 000	1 448 000	1 668 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	+1%	273 000	1 632 000	1 905 000	14%
Health care inflation	-1%	178 000	1 294 000	1 472 000	-12%
Post-retirement mortality	+1 yr	214 000	1 398 000	1 612 000	-3%
Post-retirement mortality	-1 yr	226 000	1 499 000	1 725 000	3%
Average retirement age	-1 yr	235 000	1 484 000	1 719 000	3%
Withdrawal Rate	-10%	192 000	1 402 000	1 594 000	-4%

Experience adjustments were calculated as follows:	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	(0.104)	(0.320)
Assets: Gain / (loss)	–	–

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

		2022 R	2021 R
	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	0.046	(0.464)	(0.297)
Assets: Gain / (loss)	-	-	-

Impact on COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

	2022 R	2021 R

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 117 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R196 000 whereas the Interest Cost for the next year is estimated to be R183 000.

Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	10.87%	8.89%
General Salary Inflation (long-term)	7.33%	5.77%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.30%	2.95%

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

Present value of fund obligations	2 176 000	2 256 000
Fair value of plan assets	-	-
	2 176 000	**2 256 000**
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**2 176 000**	**2 256 000**

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2 256 000	2 160 000
Total expenses	(78 485)	305 472
Current service cost	196 000	205 000
Interest Cost	183 000	149 000
Benefits Paid	(457 485)	(48 528)
Actuarial (gains)/losses	(1 515)	(209 472)
Present value of fund obligation at the end of the year	**2 176 000**	**2 256 000**

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Accrued Liability on 30 June 2022:

Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions	-	2.176	-
General salary inflation	+1%	2.291	5%
General salary inflation	-1%	2.070	-5%
Average retirement age	+2 yrs	2.364	9%
Average retirement age	-2 yrs	1.913	-12%
Withdrawal rates	x2	1.832	-16%
Withdrawal rates	x0,5	2.406	11%

	2022 R	2021 R

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022:

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	196 000	183 000	196 000

	2022 R	2021 R

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	211 000	193 000	404 000	106%
General earnings inflation rate	-1%	184 000	173 000	357 000	82%
Discount rate	+1%	185 000	192 000	377 000	92%
Discount rate	-1%	209 000	172 000	381 000	94%
Average retirement age	+2 yrs	211 000	198 000	409 000	109%
Average retirement age	-2 yrs	178 000	162 000	340 000	73%
Withdrawal Rate	x2	149 000	152 000	301 000	54%
Withdrawal Rate	x0,5	231 000	203 000	434 000	121%

Experience adjustments were calculated as follows:

	2022 Rm	2021 Rm
Liabilities: (Gain) / loss	0.545	(0.221)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	(0.112)	0.102	0.132
Assets: Gain / (loss)	-	-	-

Impact of COVID-19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

15.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is 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.

Contributions paid recognised in the Statement of Financial Performance

	2022 R	2021 R
Consolidated Retirement Fund	3 361 374	3 469 365
Municipal Workers Retirement Fund	647 351	676 303
	4 008 725	**4 145 668**

16. CONSUMER DEPOSITS

	2022 R	2021 R
Electricity	1 207 453	1 099 888
Rental Properties	91 933	88 109
Total Consumer Deposits	**1 299 386**	**1 187 997**

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

17. CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Performance Bonuses	431 665	431 665
Staff Bonuses	1 131 195	1 119 152
Staff Leave	2 875 167	2 625 759
Current Portion of Non-Current Provisions	1 283 000	1 443 000

	2022 R	2021 R
Current Portion of Post Retirement Benefits - Note 15	1 027 000	1 034 000
Current Portion of Long-Service Provisions - Note 15	256 000	409 000
Total Current Employee Benefits	**5 721 028**	**5 619 577**

The movement in current provisions are reconciled as follows:

	2022 R	2021 R

17.1 *Performance Bonuses*

	2022	2021
Balance at beginning of year	431 665	431 030
Contribution to current portion	396 219	396 854
Expenditure incurred	(396 219)	(396 219)
Balance at end of year	**431 665**	**431 665**

Performance bonuses are paid to the Municipal Manager and Senior Managers after an evaluation of performance by the council.

17.2 *Staff Bonuses*

	2022	2021
Balance at beginning of year	1 119 152	1 211 416
Contribution to current portion	1 815 819	1 926 800
Expenditure incurred	(1 803 777)	(2 019 063)
Balance at end of year	**1 131 195**	**1 119 152**

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

17.3 *Staff Leave*

	2022	2021
Balance at beginning of year	2 625 759	2 573 010
Contribution to current portion	339 500	368 897
Expenditure incurred	(90 091)	(316 148)
Balance at end of year	**2 875 167**	**2 625 759**

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

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2022	2021
Trade Payables	13 116 171	11 002 593
Advance Payments	1 010 001	1 025 530
Control, Clearing and Interface Accounts	-	-
Department of Transport	18 647 308	17 855 686
Previously reported	-	18 375 633
Correction of Error - Note 43.4	-	(519 947)
Other Payables	3 865 399	3 863 547
Retentions	2 331 352	8 677 239
Previously reported	-	8 439 244
Correction of Error - Note 43.4	-	237 996
Total Trade Payables	**38 970 231**	**42 424 595**

<u>Disclosed as follows:</u>

	2022	2021
Trade and Other Payables	20 322 923	24 568 909
Non-Current Trade and Other Payables	18 647 308	17 855 686
Total Trade Payables	**38 970 231**	**42 424 595**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. 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 payables on initial recognition is not deemed necessary.

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

All payables are unsecured.

19. UNSPENT TRANSFERS AND SUBSIDIES

	2022	2021
Unspent Transfers and Subsidies	-	2 426 272
National Government Grants	-	2 426 272
Total Unspent Transfers and Subsidies	**-**	**2 426 272**

Refer to appendix "D" for reconciliation of grants.

		2022 R	2021 R
	The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		

		2022 R	2021 R
20.	**TAXES**		
20.1	VAT Payable	-	-
	VAT Output in Suspense	(5 626 763)	(4 182 190)
	Less: Contribution to Provision for Doubtful Debt Impairment	4 514 871	3 726 330
	Total VAT Payable	**(1 111 891)**	**(455 861)**
20.2	VAT Receivable	30 275	1 534 101
	VAT Input in Suspense	4 252 845	4 137 194
	Correction of Error - Note - 43.5	-	31 043
	Total VAT Receivable	**4 283 120**	**5 702 338**
20.3	**Net VAT Receivable**	**3 171 229**	**5 246 477**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

21. NET ASSET RESERVES

	2022 R	2021 R
RESERVES	2 551 323	2 551 323
Revaluation Reserve	2 551 323	2 551 323
Total Net Asset Reserve and Liabilities	**2 551 323**	**2 551 323**

The Reserve is created by surplus arising from the revaluation of property, plant and equipment.

22. PROPERTY RATES

Actual

	2022 R	2021 R
Rateable Land and Buildings	**22 578 461**	**20 818 312**
Business and Commercial Property	3 710 395	3 178 770
Public Benefit Organisations	1 005 927	932 246
Residential Properties	10 839 582	10 278 810
State-owned Properties	2 911 444	2 775 367
Agricultural Property	4 111 113	3 653 120
Less: Revenue Forgone	(6 274 137)	(5 876 351)
Total Property Rates	**16 304 324**	**14 941 961**

Valuations - 1 July 2021

	2022 R	2021 R
Rateable Land and Buildings	**4 715 154 300**	**4 677 823 600**
Business and Commercial Property	313 307 000	281 723 000
Farm Properties	446 000	446 000
Industrial Property	2 056 000	1 539 000
Municipal Properties	22 240 000	37 693 000
Public Benefit Organisations	9 925 000	9 925 000
Public Service Infrastructure Properties	3 063 000	3 063 000
Residential Properties	653 030 300	651 301 600
State-owned Properties	151 960 000	179 796 000
Agricultural Property	3 476 438 000	3 464 684 000
Other Categories	82 689 000	47 653 000
Total Assessment Rates	**4 715 154 300**	**4 677 823 600**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate	**2022**	**2021**
Brandvlei - Land and buildings	1,6362427c/R	1,1543625c/R
Calvinia - Land and buildings	1,6362427c/R	1,1543625c/R
Loeriesfontein - Land and buildings	1,6362427c/R	1,1543625c/R
Nieuwoudtville - Land and buildings	1,6362427c/R	1,1543625c/R
Agriculture Properties	0,1115666c/R	0,1052514c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential -	The first R41 000 on the valuation is exempted.
Agriculture -	50% Discount

	2022 R	2021 R
Government - 20% Discount		

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission to the amount of R6,274,137(2021: R5,876,351).

23. GOVERNMENT GRANTS AND SUBSIDIES

	2022 R	2021 R
Government Grants and Subsidies - Operating	32 202 121	34 695 031
Equitable Share	27 160 272	29 896 000
Expanded Public Works Programme Integrated Grant	1 567 000	1 704 000
Local Government Financial Management Grant	1 920 000	1 900 000
Libraries, Archives and Museums	1 350 000	1 150 000
Capacity Building	204 850	45 031
Government Grants and Subsidies - Capital	23 051 000	76 780 728
Integrated National Electrification Programme Grant	-	1 500 000
Municipal Infrastructure Grant	10 051 000	11 180 728
Energy Efficiency and Demand Side Management Grant	3 000 000	-
Water Services Infrastructure Grant	10 000 000	33 000 000
Regional Bulk Infrastructure Grant	-	31 100 000
Total Government Grants and Subsidies	**55 253 121**	**111 475 759**

Included in above are the following grants and subsidies received:

	2022 R	2021 R
Unconditional	27 160 272	29 896 000
Equitable Share	27 160 272	29 896 000
Conditional	28 092 850	81 579 759
Local Government Financial Management Grant	1 920 000	1 900 000
Municipal Infrastructure Grant	10 051 000	11 180 728
Integrated National Electrification Programme Grant	-	1 500 000
Energy Efficiency and Demand Side Management Grant	3 000 000	-
Regional Bulk Infrastructure Grant	-	31 100 000
Expanded Public Works Programme	1 567 000	1 704 000
Municipal Water Infrastructure Grant	10 000 000	33 000 000
Libraries, Archives and Museums	1 350 000	1 150 000
LGSETA - Capacity Building	204 850	45 031
Total Government Grants and Subsidies	**55 253 121**	**111 475 759**

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2022 R	2021 R
Equitable share	27 160 272	29 896 000
Executive and council	1 877 197	2 066 000
Finance and Administration	15 647 888	16 830 331
Community and social services	4 448 397	1 257 000
Sport and recreation	6 193 813	6 321 726
Road Transport	4 566 199	5 630 002
Energy Sources	1 181 028	2 800 000
Water Management	12 984 776	67 382 000
Waste Water Management	5 291 912	5 825 000
Waste Management	3 061 912	3 363 700
Total Government Grants and Subsidies	**55 253 121**	**111 475 759**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

23.1 Equitable Share

	2022 R	2021 R
Grants received	24 734 000	29 896 000
Repaid to National Revenue Fund	2 426 272	-
Conditions met - Operating	(27 160 272)	(29 896 000)
Conditions still to be met	-	-

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.

23.2 Local Government Financial Management Grant (FMG)

	2022 R	2021 R
Opening balance	-	-
Grants received	1 920 000	1 900 000
Conditions met - Operating	(1 920 000)	(1 900 000)
Conditions still to be met	-	-

	2022 R	2021 R

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3 Municipal Infrastructure Grant (MIG)

	2022 R	2021 R
Opening balance	2 426 272	-
Grants received	10 051 000	13 607 000
Repaid to National Revenue Fund	(2 426 272)	-
Conditions met - Capital	(10 051 000)	(11 180 728)
Conditions still to be met	**-**	**2 426 272**

The Grant was used to upgrade municipal infrastructure in previously disadvantaged areas.

23.4 Integrated National Electrification Grant

	2022 R	2021 R
Opening balance	-	-
Grants received	-	1 500 000
Conditions met - Capital	-	(1 500 000)
Conditions still to be met	**-**	**-**

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

23.5 Library Grant

	2022 R	2021 R
Opening balance	-	-
Grants received	1 350 000	1 150 000
Conditions met - Operating	(1 350 000)	(1 150 000)
Conditions still to be met	-	-

The grant was used to finance library activities.

23.6 Regional Bulk Infrastructure Grant

	2022 R	2021 R
Opening balance	-	-
Grants received	-	31 100 000
Conditions met - Capital	-	(31 100 000)
Conditions still to be met	-	-

The Grant was utilised to upgrade Bulk infrastructure in previously disadvantaged areas.

23.7 Expanded Public Works Programme

	2022 R	2021 R
Opening balance	-	-
Grants received	1 567 000	1 704 000
Conditions met - Operating	(1 567 000)	(1 704 000)
Conditions still to be met	-	-

The grant was used for job creation.

23.8 Municipal Water Infrastructure Grant

	2022 R	2021 R
Opening balance	-	-
Grants received	10 000 000	33 000 000
Conditions met - Capital	(10 000 000)	(33 000 000)
Conditions still to be met	-	-

The grant was used for drought relief projects.

23.9 Energy Efficiency and Demand Side Management Grant

	2022 R	2021 R
Opening balance	-	-
Grants received	3 000 000	-
Conditions met - Capital	(3 000 000)	-
Conditions still to be met	-	-

The grant was used for energy related infrastructure

23.10 Capacity Building

	2022 R	2021 R
Opening balance	-	-
Grants received	204 850	45 031
Conditions met - Operating	(204 850)	(45 031)
Conditions still to be met	-	-

The grant was used for various training needs for employees of the Municipality.

23.11 Total Grants

	2022 R	2021 R
Opening balance	2 426 272	-
Grants received	52 826 850	113 902 031
Conditions met - Operating	(32 202 122)	(34 695 031)
Conditions met - Capital	(23 051 000)	(76 780 728)
Conditions still to be met	**-**	**2 426 272**

	2022 R	2021 R
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	-	2 426 272
Unpaid Conditional Government Grants and Receipts	-	-
Total	**-**	**2 426 272**

24. AVAILABILITY CHARGES

Water	5 945 675	7 006 024
Correction of Error - Water charges incorrectly included - Note 43.7	-	(2 059 212)
Total Availiability Charges	**5 945 675**	**4 946 812**

25. SERVICE CHARGES

Electricity	32 334 571	26 783 476
Water	4 075 488	3 922 020
Previously Reported	-	1 862 808
Correction of Error - Water charges included under Availability Charges - Note 43.7	-	2 059 212
Waste Water Management	6 166 291	4 964 340
Total Service Charges	**48 582 886**	**41 102 894**

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission R 9,889,118 (2021: R 9,637 522).

26. SALES OF GOODS AND RENDERING OF SERVICES

Building Plan Approval	96 981	67 587
Building Plan Clause Levy	28 291	61 717
Camping Fees	349 382	266 283
Cemetery and Burial	19 902	18 261
Clearance Certificates	35 640	30 523
Photocopies and Faxes	5 002	2 605
Sale of Goods	27	453
Valuation Services	6 402	5 057
Total Sales of Goods and Rendering of Services	**541 626**	**452 487**

27. RENTAL FROM FIXED ASSETS

Investment Property	193 215	139 242
Property, Plant and Equipment	23 334	2 407
Total Rental from Fixed Assets	**216 550**	**141 649**

28. INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	472 403	772 307
Total Interest Earned - External Investments	**472 403**	**772 307**

29. INTEREST EARNED

Interest Earned - Exchange Transactions	1 434 298	1 110 929
Interest Earned - Non-Exchange Transactions	1 328 268	960 779
Total Interest Earned - Outstanding Receivables	**2 762 567**	**2 071 707**

30. OPERATIONAL REVENUE

Administrative Handling Fees	76 344	77 642
Debt Relief - Auditor-General	2 471 108	1 404 454
Unknown deposits recognised as revenue	-	1 144 693
Total Operational Revenue	**2 547 452**	**2 626 790**
Disclosed as follows:		
Revenue from Exchange Transactions	76 344	77 642
Revenue from Non-Exchange Transactions	2 471 108	2 549 147
Total Operational Revenue	**2 547 452**	**2 626 790**

	2022 R	2021 R

		2022 R	2021 R
31.	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	24 275 882	27 946 597
	Pension and UIF Contributions	4 125 683	4 684 941
	Medical Aid Contributions	776 449	462 465
	Overtime	1 541 528	1 542 627
	Bonuses	1 573 175	2 323 654
	Motor Vehicle Allowance	1 031 126	913 244
	Cell Phone Allowance	137 950	134 118
	Housing Allowances	242 708	217 629
	Other benefits and allowances	13 984	6 516
	Payments in lieu of leave	339 500	368 897
	Workmen's Compensation Fund	7 169	-
	Post-retirement Benefit Obligations	347 239	547 000
	Correction of Error - Note 43.4	-	(4 990 032)
	Total Employee Related Costs	**34 412 392**	**34 157 658**

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2022 R	2021 R
Remuneration of the Municipal Manager - Mr JI Swartz		
Basic Salary	652 286	652 286
Performance Bonus	152 200	152 200
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	491 729	500 319
Total	**1 366 415**	**1 375 005**
Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker		
Basic Salary	489 038	489 038
Performance Bonus	114 109	114 109
Motor Vehicle Allowance	72 000	72 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	371 266	340 826
Total	**1 056 612**	**1 026 173**
Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk		
Basic Salary	556 755	556 755
Performance Bonus	129 910	129 910
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	431 601	419 067
Total	**1 188 467**	**1 175 932**

		2022 R	2021 R
32.	**REMUNERATION OF COUNCILLORS**		
	RN Swartz	309 678	850 464
	R van Wyk	107 990	190 156
	HC Steenkamp	106 708	299 496
	AJE Claasen	354 989	299 496
	H De Wee	354 989	299 496
	K Alexander	354 989	299 496
	G Gous	107 990	299 496
	JE Steenkamp	107 990	299 496
	JHN Klaaste	107 990	299 496
	LL Olyn (Elected as from 01 November 2021)	540 500	-
	SM Koopman (Elected as from 01 November 2021)	439 572	-
	JH Wilschut (Elected as from 01 November 2021)	213 628	-
	G Vyver (Elected as from 01 November 2021)	239 165	-
	F Faroa (Elected as from 01 November 2021)	195 557	-
	K Klazen (Elected as from 01 November 2021)	195 559	-
	G De Vries (Elected as from 01 November 2021)	195 559	-
	A Fritz (Elected as from 01 November 2021)	239 165	-
	F Bantom (Elected as from 01 November 2021)	195 341	-
	J Palm (Elected as from 01 November 2021)	195 559	-
	Total Councillors' Remuneration	**4 562 917**	**3 137 092**

Remuneration paid to Councillors can be summarised as follow:

	2022 R				2021 R
	Salary	**Travel Allowance**	**Other Allowances**	**Contributions**	**Total**
Mayor	801 316	-	42 000	-	843 316

				2022 R	2021 R
Speaker	413 381	-	26 191	-	439 572
Chief Whip	314 189	-	40 800	-	354 989
Executive Committee Members	628 378	-	81 600	-	709 978
Section 79 Committee Chairperson	419 401	-	54 782	-	474 183
Councillors	1 489 214	26 572	225 092	-	1 740 878
Total Councillors' Remuneration	**4 065 881**	**26 572**	**470 465**	**-**	**4 562 917**

In-kind Benefits

Both the Mayor and Speaker are full-time councillors and are provided with an office and secretarial support at the cost of the Municipality.

33. DEPRECIATION AND AMORTISATION

	2022 R	2021 R
Property, Plant and Equipment	9 651 474	13 484 578
Intangible Assets	-	10 816
Correction of Error - Note 43.4	-	(3 785 816)
Total Depreciation and Amortisation	**9 651 474**	**9 709 578**

34. FINANCE COSTS

	2022 R	2021 R
Long-term Borrowings	54 905	77 988
Non-current Provisions	1 896 242	1 777 790
Non-current Employee Benefits	1 448 000	1 322 000
Payables	147 724	3 660
Correction of Error - Note 43.4	-	(3 020)
Total Finance Costs	**3 546 870**	**3 178 417**

35. BULK PURCHASES

	2022 R	2021 R
Electricity	25 838 632	21 953 735
Total Bulk Purchases	**25 838 632**	**21 953 735**

36. TRANSFERS AND SUBSIDIES

	2022 R	2021 R
Operational	216 720	148 129
Allocations In-kind	216 720	148 129
Households	216 720	148 129
Total Transfers and Subsidies	**216 720**	**148 129**

37. OPERATIONAL COSTS

	2022 R	2021 R
Advertising, Publicity and Marketing	58 384	51 506
Audit Fees	3 186 842	3 011 327
Bank Charges, Facility and Card Fees	425 557	400 238
Commission	887 696	708 433
Courier and Delivery Services	12 587	26 368
Communication	402 050	482 103
Contribution to Provisions	(1 424 371)	(906 232)
Deeds	9 211	10 089
Entertainment	10 293	812
External Computer Service	8 910	31 086
Insurance Underwriting	463 574	639 033
Learnerships and Internships	302 552	667 516
Printing, Publications and Books	350 097	205 160
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	225 264	248 196
Signage	-	11 170
Skills Development Fund Levy	355 063	330 731
Travel and Subsistence	972 887	688 334
Uniform and Protective Clothing	101 113	162 509
Personnel and Labour	2 889 413	2 584 929
Business and Advisory	4 321 889	3 757 273
Laboratory Services	24 567	414 251
Legal Cost and Collection	407 728	493 741
Catering Services	70 265	48 829
Electrical	347 939	244 845
Maintenance of Buildings and Facilities	463 287	454 904
Maintenance of Equipment	178 527	581 509
Maintenance of Unspecified Assets	3 480 330	2 919 067
Pest Control and Fumigation	-	8 085
Correction of Error - Note 43.4	-	(1 968 385)
Total Operational Costs	**19 031 654**	**16 807 425**

38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES

	2022 R	2021 R
Receivables from Exchange Transactions - Note 10	4 592 210	1 938 328
Receivables from Non-exchange Revenue - Note 11	6 801 896	2 753 322

	2022 R	2021 R
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**11 394 106**	**4 691 650**

39. GAINS/(LOSS) ON SALE OF FIXED ASSETS

Property, Plant and Equipment	(2 740 529)	(549 428)
Total Loss on Sale of Fixed Assets	**(2 740 529)**	**(549 428)**

40. PROFIT/(LOSS) ON FAIR VALUE ADJUSTMENTS

Investment Property carried at fair value	52 689	1 648 441
Total Profit on Fair Value Adjustments	**52 689**	**1 648 441**

41. GAINS/(LOSS) ON INVENTORY

Gains/(Losses) on Inventory	(2 857 290)	(2 269 429)
Previously reported	-	(133 485)
Correction of Error - Note 43.4	-	(2 135 944)
Total Water Losses	**(2 857 290)**	**(2 269 429)**

42. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality aligned the items in the financial statements with the Item Segment of mSCOA. New versions of the mSCOA Chart of accounts are issued annually which requires the municipality to realign its vote structure to the updated mSCOA chart.

The process of updating the municipal chart of accounts to the applicable mSCOA chart, required no reclassification of 2021 audited amounts.

43. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from prior period errors and the implementation of GRAP:

43.1 Property, Plant and Equipment

Cost	-	**527 821 312**
Balance previously reported	-	527 579 408
First time recognition of Movable Assets identified, but not previously recognised - Note 2.2	-	34 953
Correction of Infrastructure Assets in periods prior to 1 July 2020 - Note 2	-	28 552
Correction of Community Assets in periods prior to 1 July 2020 - Note 2	-	178 400
Accumulated Depreciation and Impairment Losses	-	**(89 912 463)**
Balance previously reported	-	(89 396 763)
Backlog Accumulated Depreciation on Movable Assets identified - Note 2.2	-	(3 149)
Correction of depreciation of Infrastructure Assets prior to 1 July 2020 - Note 2.2	-	4 407
Correction of depreciation of Infrastructure Assets in 2020/2021 - Note 2.2	-	(513 341)
Correction of depreciation on Community Assets in period prior to 1 July 2020 - Note 2	-	(3 616)
Restated Balance	**-**	**437 908 849**

Correction of Property, Plant and Equipment balances incorrectly recognised in prior years.

43.2 Receivables from Exchange Transactions

Balance previously reported	-	6 577 117
Correction of Waste Water Debtors incorrectly raised in periods prior to 1 July 2020 - Note 10	-	(21 615)
Correction of Basic Water Charges included in Availability charges 2019/2020 - Note 10	-	3 085 614
Correction of Impairment of Basic Water Debtors included in Availability charges - Note 10	-	(3 004 477)
Restated Balance	**-**	**6 636 639**

Correction of service charges debtors incorrectly levied in prior periods and incorrect allocation of Basic Water debtors balances

43.3 Receivables from Non-Exchange Transactions

	2022 R	2021 R
Balance previously reported	-	6 698 672
Correction of Basic Water Charges included in Availability charges 2019/2020 - Note 11	-	(3 085 614)
Correction of Impairment of Basic Water Debtors included in Availability charges - Note 11	-	3 004 477
Restated Balance	**-**	**6 617 535**

Correction of Basic Water Debtors incorrectly included in Water Availability Debtors

	2022 R	2021 R

43.4 Trade and Other Payables from Exchange Transactions

	2022 R	2021 R
Balance previously reported	-	42 706 546
Correction of Agency fee recognised by Department of Transport in 2020/2021 - Note 18	-	(270 278)
Correction of Agency fee recognised in periods prior to 1 July 2020 - Note 18	-	(249 669)
Correction of retention not recognised in prior year - Note 18	-	237 996
Correction of Agency Fees incorrectly recognised as Licenses and Permits	-	324 654
Correction of Licenses and Permits incorrectly recognised as Agency Fees	-	(324 654)
Reallocation of Inventory consumed previously recognised by type		-
Inventory consumed recognised as Employee Related Costs		(4 990 032)
Inventory consumed recognised as Operational Costs		(1 968 385)
Inventory consumed recognised as Finance Cost		(3 020)
Inventory consumed recognised as Depreciation		(3 785 816)
Loss on Inventory incorrectly recognised previously - Note 41		2 135 944
Inventory consumed incorrectly recognised previously		8 611 310
Restated Balance	**-**	**42 424 595**

Correction of payable amounts which was not previously reported.

43.5 Taxes

	2022 R	2021 R
Balance previously reported	-	5 215 434
Correction of VAT on retention not recognised in prior periods - Note 20	-	31 043
Restated Balance	**-**	**5 246 477**

Correction of input VAT on retention not recognised previously

43.6 Accumulated Surplus/(Deficit) - 1 July 2020

	2022 R	2021 R
Correction of Waste Water Debtors incorrectly raised in periods prior to 1 July 2020 - Note 43.2	-	(21 615)
First time recognition of Movable Assets identified, but not previously recognised - Note 43.1	-	34 953
Correction of Infrastructure Assets in periods prior to 1 July 2020 - Note 43.1	-	28 552
Correction of Community Assets in periods prior to 1 July 2020 - Note 43.1	-	178 400
Correction of retention not recognised in prior year - Note 43.4	-	(237 996)
Correction of VAT on retention not recognised in prior years - Note 43.4		31 043
Recognition of agency revenue prior to 1 July 2020	-	249 669
Backlog Accumulated Depreciation on Movable Assets identified - Note 43.1	-	(3 149)
Correction of depreciation of Infrastructure Assets prior to 1 July 2020 - Note 43.1	-	4 407
Correction of depreciation on Community Assets in period prior to 1 July 2020 - Note 43.1	-	(3 616)
Total	**-**	**260 647**

43.7 Changes to Statement of Financial Performance

Movement on operating account as a result of prior period adjustments:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		14 941 961	-	14 941 961
Interest Earned - Non-Exchange Transactions		960 779	-	960 779
Government Grants and Subsidies		111 475 759	-	111 475 759
Public Contributions and Donations		321 256	-	321 256
Actuarial Gains		209 472	-	209 472
Availiability Charges	**24**	7 006 024	(2 059 212)	4 946 812
Fines, Penalties and Forfeits		24 742	-	24 742
Contributed Property, Plant and Equipment		2 900 088	-	2 900 088
Operational Revenue		2 549 147	-	2 549 147
Service Charges	**25**	39 043 682	2 059 212	41 102 894
Sales of Goods and Rendering of Services		452 487	-	452 487
Rental from Fixed Assets		141 649	-	141 649
Interest Earned - External Investments		772 307	-	772 307
Interest Earned - Exchange Transactions		1 110 929	-	1 110 929
Licences and Permits from Exchange Transactions	**43.4**	3 270	324 654	327 923
Agency Services	**43.4**	176 004	(54 376)	121 628
Operational Revenue - Exchange Transactions		77 642	-	77 642
Total		**182 167 196**	**270 278**	**182 437 474**

	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee Related Costs	**43.4**	(39 147 690)	4 990 032	(34 157 658)
Remuneration of Councillors		(3 137 092)	-	(3 137 092)
Bad Debts Written Off		(4 939 658)	-	(4 939 658)
Depreciation and Amortisation	**43.1 / 43.4**	(12 982 053)	3 272 475	(9 709 578)
Actuarial Losses		(1 146 977)	-	(1 146 977)
Finance Costs	**43.4**	(3 181 437)	3 020	(3 178 417)
Bulk Purchases		(21 953 735)	-	(21 953 735)
Inventory Consumed	**43.4**	(1 084 813)	(8 611 310)	(9 696 123)

			2022 R	2021 R
Operating Leases		(188 108)	-	(188 108)
Transfers and Subsidies		(148 129)	-	(148 129)
Operational Costs	43.4	(18 775 810)	1 968 385	(16 807 425)
Total		**(106 685 502)**	**1 622 603**	**(105 062 899)**
Gains and Losses				
Inventories: Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(4 691 650)	-	(4 691 650)
Gains/(Loss) on Sale of Fixed Assets		(549 428)	-	(549 428)
Profit/(Loss) on Fair Value Adjustments		1 648 441	-	1 648 441
Gains/(Loss) on Water Inventory	43.4	(133 485)	(2 135 944)	(2 269 429)
Total		**(3 726 122)**	**(2 135 944)**	**(5 862 065)**
Net Surplus/(Deficit) for the year		**71 755 572**	**(243 063)**	**71 512 509**

44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2022 R	2021 R
Surplus for the year	31 707 625	71 512 509
Adjustments for:		
Depreciation and Amortisation	9 651 474	9 709 438
Loss/(Gain) on Sale of Fixed Assets	2 740 529	549 428
Non-cash portion of Inventory consumed (non-cash) - Depreciation	4 596 932	3 785 816
Fair Value Adjustments	(52 689)	(1 648 441)
Contributed Property, Plant and Equipment	(26 217 334)	(2 900 088)
Government Grants and Subsidies received	52 826 850	113 902 031
Government Grants and Subsidies recognised as revenue	(55 253 121)	(111 475 759)
Contribution to provisions – Non-Current Provisions	471 871	871 558
Contribution from/to provisions - Non-Current Employee Benefits	581 794	672 495
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial (gains)/loss	(418 794)	937 505
Contribution from/to - Current Employee Benefits	261 451	(38 879)
Contribution to provisions – Bad Debt	11 394 106	4 691 650
Bad Debts written off	3 476 900	4 939 658
Operating Surplus before changes in working capital	**35 767 592**	**95 508 920**
Changes in working capital	**(13 398 346)**	**(9 628 198)**
Increase/(Decrease) in Trade and Other Payables	1 245 763	(810 865)
Increase in Taxes	2 075 248	3 733 639
Increase in Consumer Deposits	111 388	92 436
Decrease in Inventory	53 767	(54 579)
Increase in Trade Receivables from Exchange Transactions	(9 818 224)	(7 764 983)
Increase in Other Receivables from Non-Exchange Transactions	(7 066 289)	(4 823 847)
Cash generated by operations	**22 369 246**	**85 880 722**

45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2022 R	2021 R
Current Accounts - Note 12	745 808	3 131 227
Call Deposits and Investments - Note 12	2 370 184	6 099 789
Cash Floats - Note 12	1 500	1 500
Total cash and cash equivalents	**3 117 492**	**9 232 516**

46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2022 R	2021 R
Cash and Cash Equivalents - Note 45	3 117 492	9 232 516
Less:	-	(2 426 272)
Unspent Transfers and Subsidies - Note 19	-	(2 426 272)
Net cash resources available for internal distribution	3 117 492	6 806 244
Allocated to:		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Reserve	-	-
Resources available for working capital requirements	**3 117 492**	**6 806 244**

47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2022 R	2021 R
Long-term Liabilities - Note 13	270 468	484 916
Used to finance property, plant and equipment - at cost	(270 468)	(484 916)

	2022 R	2021 R
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	**-**	**-**

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

48. BUDGET INFORMATION

48.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to the continued impact of COVID-19, actuarial valuations and changes in estimates.

Final Budget and Actual Amounts: Explanation for variances greater than 10% and in excess of R1,000,000 (1% of operating expenses).

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

Call deposit on hand at year end.

Other Debtors

The budget for the non-exchage receivable is budgted in consumer debtors. Taxes receivablde was not budgeted for.

48.2.2 Non-Current Assets

No material variances

48.2.3 Current Liabilities

Provisions

Salary increases had to be taken into account as well as leave days increased of staff which was not considered.

48.2.4 Non-Current Liabilities

Provisions

Valuation done by Engineer reduced useful life of landfill sites

48.2.5 Net Assets

No material variances

Statement of Financial Performance

48.2.6 Revenue

Gains

GRAP 25 Actuarial Valuation

48.2.7 Expenditure

Debt Impairment

Under budget of debt impairment based on prior year results.

Finance Charges

Interest portion of the rehabilition of the landfill site provision increased.

Losses

Disposals of assets increased due to new assets being recognised

48.2.8 Capital Assets

Contributed Assets

Assets donations received by the municipality which was unconfirmed during budget process.

Cash Flow Statement

48.2.9 Net Cash from Operating Activities

Taxation

Due to economic climate, customers are not able to pay debtor accounts regulary as expected

Suppliers and Employees

Due to current economic climate we spend less on purchases

	2022 R	2021 R

Net Cash from Investing Activities

Capital Assets

Municipality mainly purchase assets with Grant funding, the grants allocated to this financial was substantially less than prior year.

49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

49.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2022 R	2021 R
Opening balance	11 015 091	8 767 014
Unauthorised expenditure current year - operational	4 439 140	2 011 417
Unauthorised expenditure current year - capital	-	236 660
Written-off by Council	(11 015 091)	-
Current	-	-
Prior Period	(11 015 091)	-
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	**4 439 140**	**11 015 091**

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2022	2021
Over expenditure of 2020 approved budget - Operating	*None*	-	5 464 381
Over expenditure of 2020 approved budget - Capital	*None*	-	3 302 633
Over expenditure of 2021 approved budget - Operating	*None*	-	2 011 417
Over expenditure of 2021 approved budget - Capital	*None*	-	236 660
Over expenditure of 2022 approved budget - Operating	*None*	4 439 140	-
		4 439 140	**11 015 091**

The overspending of the Budget per municipal vote can be summarised as follows:

Unauthorised expenditure current year - operating	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Vote 1 - Executive and Council	16 330 833	16 334 836	(4 003)	-
Vote 2 - Budget and Treasury Office	13 783 990	13 787 219	(3 229)	-
Vote 3 - Corporate Services	9 371 159	9 382 654	(11 495)	-
Vote 4 - Community and Social Services	2 847 170	2 856 875	(9 705)	-
Vote 5 - Sport and Recreation	1 485 068	1 512 897	(27 829)	-
Vote 6 - Public Safety	182 416	189 396	(6 980)	-
Vote 7 - Planning and Development	663 382	696 119	(32 737)	-
Vote 8 - Road Transport	9 624 062	9 672 463	(48 401)	-
Vote 9 - Electricity	37 373 544	32 934 404	4 439 140	4 439 140
Vote 10 - Water	17 794 369	17 814 309	(19 940)	-
Vote 11 - Waste Water Management	5 739 814	5 744 073	(4 259)	-
Vote 12 - Solid Waste	12 853 664	12 854 788	(1 124)	-
Vote 13 - Other	81 910	89 729	(7 819)	-
Vote 14 - Environmental Health	-	-	-	-
	128 131 381	**123 869 762**	**4 261 619**	**4 439 140**

Unauthorised expenditure current year - capital	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	-
Vote 3 - Corporate Services	1 579 013	2 000 000	(420 987)	-
Vote 4 - Community and Social Services	-	-	-	-
Vote 5 - Sport and Recreation	-	-	-	-
Vote 6 - Public Safety	-	-	-	-
Vote 7 - Planning and Development		-	-	-
Vote 8 - Road Transport	8 220 071	10 051 000	(1 830 929)	-
Vote 9 - Electricity	-	-	-	-
Vote 10 - Water	12 231 059	13 000 000	(768 941)	-
Vote 11 - Waste Water Management	-	-	-	-
Vote 12 - Solid Waste	-	-	-	-
Vote 13 - Other	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-
	22 030 143	**25 051 000**	**(3 020 857)**	**-**

	2022 R	2021 R

	2022 R	2021 R

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2022 R	2021 R
Opening balance	862 560	862 560
Fruitless and wasteful expenditure current year	-	419
Written-off by Council	-	(419)
Current	-	(419)
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	**862 560**	**862 560**

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2022 R	2021 R
Amount paid to the previous municipal manager as a result of a settlement agreement.	*Refered to council Committee for investigation*	775 000	775 000
An overpayment made to S.Domburg on retirement.	*Refered to council Committee for investigation*	7 005	7 005
An overpayment made to K.Fourie on retirement.	*Refered to council Committee for investigation*	23 555	23 555
Amount paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	*Currently under investigation by SAPS. MAS 52/06/2019*	57 000	57 000
		862 560	**862 560**

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2022 R	2021 R
Opening balance	9 959 376	22 281 470
Irregular expenditure current year	101 957	45 734 634
Written off by council	(101 957)	(58 056 729)
Current	(101 957)	(45 713 301)
Prior Period	-	(12 343 427)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	**9 959 376**	**9 959 376**

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2022 R	2021 R
Non compliance with SCM Regulations	*Refer to MPAC and Disciplinary board for investigation*	3 494 465	3 494 465
Competitive bidding process not followed.	*Refer to MPAC and Disciplinary board for investigation*	6 464 911	6 464 911
		9 959 376	**9 959 376**

Recoverability of all irregular expenditure was evaluated by Council in terms of section 32 of MFMA.
Council has yet to make a decision on recommendations of council committee that investigated these irregular Expenditure

Irregular Expenditure is disclosed exclusive of VAT. The updated MFMA Circular 68 clarifies that Irregular Expenditure disclosure should include VAT and will be implemented in the 2022/2023 financial year.

50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

	2022 R	2021 R
Opening balance	3 478 000	2 978 000
Council subscriptions	500 000	500 000
Amount paid - current year	(600 000)	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**3 378 000**	**3 478 000**

50.2 Audit fees - [MFMA 125 (1)(c)]

	2022 R	2021 R
Opening balance	3 971 712	3 347 212
Current year audit fee	4 409 944	3 699 115
External Audit - Auditor-General	4 409 944	3 699 115
Amount paid - current year	(3 490 116)	(1 459 493)

	2022 R	2021 R
Amount paid - previous year	(1 934 952)	(1 615 122)
Balance unpaid (included in creditors)	**2 956 587**	**3 971 712**

50.3 VAT - [MFMA 125 (1)(c)]

	2022	2021
Opening balance	1 534 101	3 948 258
Amounts received - previous year	(1 534 101)	(3 948 258)
Amounts received - current year	(3 245 924)	(10 427 599)
Amount paid - current year	479 813	402 191
Amounts claimed - current year	2 796 387	11 559 509
Closing balance	**30 276**	**1 534 101**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

50.4 PAYE and UIF - [MFMA 125 (1)(c)]

	2022	2021
Opening balance	-	-
Current year payroll deductions	6 367 694	5 714 595
Amount paid - current year	(5 834 916)	(5 714 595)
Balance unpaid (included in creditors)	**532 778**	**-**

50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

	2022	2021
Opening balance	-	-
Current year payroll deductions and Council Contributions	9 412 886	9 318 294
Amount paid - current year	(8 874 046)	(9 318 294)
Balance unpaid (included in creditors)	**538 840**	**-**

50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

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

	2022	2021
AJE Claasen	-	298
K Alexander	3 119	1 030
GJ de Vries	12 150	-
TF Bantom	1 439	-
G Vyver	16 510	-
JH Wilschut	973	-

50.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

		Type of Deviation			
30 June 2022	**Amount**	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	51 868	-	-	1	1
August	41 487	-	-	2	-
September	159 832	1	-	6	1
October	15 638	2	-	1	-
November	122 956	2	-	4	1
December	250 524	-	-	2	-
January	88 830	1	-	-	1
February	165 280	-	-	5	-
March	31 257	1	-	1	-
April	99 862	-	-	4	-
May	13 220	-	-	3	-
June	12 790	-	-	2	-
	1 053 545	**7**	**-**	**31**	**4**

2022 R   2021 R

		Type of Deviation			
30 June 2021	**Amount**	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	163 595	-	-	2	3
August	36 320	1	-	-	2
September	58 467	-	-	3	1
October	11 416	2	-	1	-
November	10 878	-	-	1	-
December	136 204	-	-	2	1
January	3 615	-	-	1	-
February	159 922	3	-	3	-
March	118 669	-	-	2	1
April	116 321	-	-	2	-

				2022 R	2021 R
May	305 411	3	-	7	-
June	443 734	1	-	9	-
	1 564 550	**10**	**-**	**33**	**8**

Reconciliation of SCM Deviations:

Opening balance	505 104	505 104
Deviations from SCM current year	1 053 545	1 564 550
Approved in terms of Regulation 36(1)(a) and (b)	(1 053 545)	(1 564 550)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	**505 104**	**505 104**

50.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	16 535 831	16 609 445
Units lost during distribution (Kwh)	1 668 329	2 563 905
Percentage lost during distribution	10.09%	14.20%
Distribution loss (Rand Value)	2 606 905	3 116 716

The decrease in electricity losses is mainly due to the higher number of pre-paid meters installed and improved internal control measures. Rand value of the electicity losses are based on the Eskom purchase price.

Water distribution losses

Units purchased (Kl)	657 185	641 320
Units lost during distribution (Kl)	150 337	133 485
Percentage lost during distribution	22.88%	20.81%
Distribution loss (Rand Value)	2 857 290	2 269 429

Normal pipe bursts and field leakages are responsible for water losses.

51. DISCLOSURE IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

52. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the municipality's surplus/(deficit) for the year due to changes in interest rates were as follow:	2022 R	2021 R
1% (2021: 1%) Increase in interest rates	28 455	28 455
1% (2021: 1%) Decrease in interest rates	(28 455)	(28 455)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

	2022 R	2021 R

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is 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.

All rates and services are payable within 30 days from invoice date. Refer to note 7 and 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

	2022 %	2022 R	2021 %	2021 R
Non-Current Receivables				
Repay Arrangements	100.00%	51 756	100.00%	100 190
Non-exchange Receivables				
Rates	73.85%	25 349 183	72.75%	19 785 354
Availability Charges	26.15%	8 976 448	27.25%	7 412 522
	100.00%	**34 325 630**	**100.00%**	**27 197 875**
Exchange Receivables				
Electricity	18.57%	8 854 385	18.57%	7 560 303
Water	24.35%	11 611 302	24.39%	9 926 769
Waste Management	29.69%	14 155 671	29.60%	12 049 629
Waste Water Management	19.54%	9 315 466	18.42%	7 497 965
Other	7.86%	3 747 667	9.02%	3 670 580
	100.00%	**47 684 491**	**100.00%**	**40 705 246**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2022 %	2022 R	2021 %	2021 R
Non-Current Receivables				
Repay Arrangements	0.00%	-	0.00%	-
Non-exchange Receivables				
Rates	30.28%	20 558 777	25.89%	14 421 617
Availability Charges	11.83%	8 032 965	12.96%	7 217 607
Exchange Receivables				
Services	57.89%	39 298 738	61.16%	34 068 608
	100.00%	**67 890 479**	**100.00%**	**55 707 832**

Ageing of amounts past due but not impaired are as follow:	**Exchange Receivables**	**Non-exchange Receivables**
2022		
1 month past due	1 290 764	429 710
2+ months past due	1 154 642	2 918 937
	2 445 406	**3 348 647**
2021		
1 month past due	1 350 329	389 422
2+ months past due	915 173	3 695 977
	2 265 502	**4 085 399**

	2022	2021
	R	R

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

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

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2022	2021
	R	R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	51 756	100 190
Non-Current Receivables from Non-Exchange Transactions	10 403	21 102
Receivables from exchange transactions	47 684 491	40 705 246
Receivables from non-exchange transactions	35 473 670	28 256 758
Cash and Cash Equivalents	3 115 992	9 231 016
	86 336 311	**78 314 313**

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

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

2022	**Less than 1 year**	**Between 1 and 5 years**	**Between 5 and 10 years**	**More than 10 years**
Long-term Liabilities	248 111	22 357	-	-
Consumer Deposits	1 299 386	-	-	-
Trade and Other Payables	38 970 231	-	-	-
	40 517 727	**22 357**	**-**	**-**
2021				
Long-term Liabilities	214 449	270 468	-	-
Consumer Deposits	1 187 997	-	-	-
Trade and Other Payables	42 424 595	-	-	-
	43 827 041	**270 468**	**-**	**-**

	2022	2021
	R	R

53. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

53.1 Financial Assets	**Classification**		
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	51 756	100 190
Sport Club Loans	Financial Instruments at amortised cost	10 403	21 102
Receivables from Exchange Transactions			

		2022 R	2021 R
Electricity	Financial Instruments at amortised cost	8 854 385	7 560 303
Water	Financial Instruments at amortised cost	11 611 302	9 926 769
Waste Management	Financial Instruments at amortised cost	14 155 671	12 049 629
Waste Water Management	Financial Instruments at amortised cost	9 315 466	7 497 965
Other Arrears	Financial Instruments at amortised cost	3 747 667	3 670 580
Receivables from Non-Exchange Transactions			
Water - Availability Charges	Financial Instruments at amortised cost	8 976 448	7 412 522
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	745 808	3 131 227
Call Deposits	Financial Instruments at amortised cost	2 370 184	6 099 789
Total Financial Assets		**50 862 642**	**50 057 554**
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	51 756	100 190
Long-term Receivables	Sport Club Loans	10 403	21 102
Receivables from Exchange Transactions	Electricity	8 854 385	7 560 303
Receivables from Exchange Transactions	Water	11 611 302	9 926 769
Receivables from Exchange Transactions	Waste Management	14 155 671	12 049 629
Receivables from Exchange Transactions	Waste Water Management	9 315 466	7 497 965
Receivables from Exchange Transactions	Other Arrears	3 747 667	3 670 580
Cash and Cash Equivalents	Bank Balances	745 808	3 131 227
Cash and Cash Equivalents	Call Deposits	2 370 184	6 099 789
Total Financial Assets		**50 862 642**	**50 057 554**

53.2 **Financial Liabilities** — **Classification**

Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	270 468	484 916
Consumer Deposits			
Consumer Deposits	Financial Instruments at amortised cost	1 299 386	1 187 997
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	13 116 171	11 002 593
Advance Payments	Financial Instruments at amortised cost	1 010 001	1 025 530
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	-	-
Other Payables	Financial Instruments at amortised cost	3 865 399	3 863 547
Retentions	Financial Instruments at amortised cost	2 331 352	8 677 239
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		21 892 776	**26 241 823**

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	270 468	484 916
Consumer Deposits	Consumer Deposits	1 299 386	1 187 997
Trade and Other Payables	Trade Payables	13 116 171	11 002 593
Trade and Other Payables	Advance Payments	1 010 001	1 025 530
Trade and Other Payables	Other Payables	3 865 399	3 863 547
Trade and Other Payables	Retentions	2 331 352	8 677 239
Cash and Cash Equivalents	Bank Overdraft	-	-
		21 892 776	**26 241 823**

54. STATUTORY RECEIVABLES

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

	2022 R	2021 R
Taxes		
VAT Receivable	30 275	1 534 101
Receivables from Non-Exchange Transactions	25 349 183	19 785 354
Rates	25 349 183	19 785 354
Total Statutory Receivables (before provision)	**25 379 458**	**21 319 455**
Less: Provision for Debt Impairment	(20 558 777)	(14 421 617)
Total Statutory Receivables (after provision)	**4 820 681**	**6 897 838**

Statutory Receivables arises from the following legislation:

		2022 R	2021 R
Taxes	- Value Added Tax Act (No 89 of 1991)		
Rates	- Municipal Properties Rates Act (No 6 of 2004)		
Fines	- Criminal Procedurs Act		

(Rates): Ageing

	2022 R	2021 R
Current (0 - 30 days)	1 441 759	1 278 338
31 - 60 Days	429 710	389 422
61 - 90 Days	406 663	353 306
+ 90 Days	23 071 051	17 764 288
Total	**25 349 183**	**19 785 354**

Reconciliation of Rates Provision for Debt Impairment

	2022 R	2021 R
Balance at beginning of year	14 421 617	12 823 429
Contribution to provision	6 137 160	1 598 188
Balance at end of year	**20 558 777**	**14 421 617**

Ageing of amounts past due but not impaired:

	2022 R	2021 R
1 month past due	429 710	389 422
2+ months past due	2 918 937	3 695 977
	3 348 647	**4 085 399**

55. CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Hantam Municipality v Steenkamp & Others (Case no: JR817/20):
Recission application in the Braamfontein Labour Court.
Estimated future Legal Cost of R80 000 to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 42 months since dismissal amounting to R1 048 596 plus interest.

Hantam Municipality v Bonn & Others (Case no: C88/2021):
Review application in the Cape Town Labour Court
Estimated future Legal Cost of R80 000 to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 30 months since dismissal amounting to R900 570 plus interest.

Hantam Municipality v Public Protector (Case no: 633/2021):
Matter is pending. Review application to set aside the Public Protector's finding in her report, no.4 of 2020/21.
Future Legal Cost is estimated as R250,000.

Hantam Municipality v IC Fritz (Case no: 1379/2021):
Matter is pending. Review application to have decision of Council not to alienate immovable property set aside. O.Cronje/J09939
Future Legal Cost is estimated as R70 000.

56. RELATED PARTIES

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

56.1 Related Party Transactions

Year ended 30 June 2022	Rates	Service Charges	Other	Interest	Outstanding Balance
Councillors					
JE Steenkamp	-	2 345	-	113	975
R van Wyk	862	2 369	-	16	227
H De Wee	-	6 926	-	-	(2 057)
J Klaaste	900	2 543	-	78	3 520
AJE Claasen	1 800	8 523	-	446	836
G Gouws	-	-	-	-	300
K Alexander	-	9 144	-	426	5 979
RN Swartz	1 058	2 434	-	36	895
TF Bantom	-	5 693	-	286	3 459
GJ de Vries	2 532	-352	-	742	13 520
SG Koopman	7 189	5 042	-	145	(135)
JH Wilschut	785	4 731	-	229	3 068
FJ Farao	4 887	4 622	-	-	1 015
KJ Klazen	-	4 066	-	90	(168)
JA Palm	9 363	12 570	-	178	2 755

						2022 R	2021 R
G Vyver	-	2 439	-	53	17 444		
A Fritz	-	-	-	-	(269)		
	29 375	**73 092**	**-**	**2 839**	**51 364**		

Municipal Manager and Section 57 Employees

JI Swartz	5 154	9 871	43 351	82	791
JR van Wyk	10 357	8 884	-	-	1 426
	15 512	**18 755**	**43 351**	**82**	**2 216**

Year ended 30 June 2021	**Rates**	**Service Charges**	**Other**	**Interest**	**Outstanding Balance**
Councillors					
JE Steenkamp	-	9 421	-	434	1 288
R van Wyk	1 423	4 148	-	218	1 646
H De Wee	-	6 254	-	9	(533)
J Klaaste	2 547	10 291	-	405	1 589
HC Steenkamp	-	-	-	-	-
AJE Claasen	1 698	7 947	-	476	3 867
G Gouws	-	-		2	300
K Alexander	-	6 033	-	269	5 511
RN Swartz	2 995	6 792		45	814
	8 662	**50 885**	**-**	**1 858**	**14 483**
Municipal Manager and Section 57 Employees					
JI Swartz	4 862	3 013	-	403	(4 972)
JR van Wyk	9 771	7 123		180	1 278
	14 634	**10 136**	**-**	**584**	**(3 694)**

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

Related party relationship

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

56.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

56.3 Remuneration of Councillors

On 2 June 2022 Governmemnt Gazette 46470 was published by Co-operative Governance, Department that indicated an increase of 3% of Coucillors allowances. The remuneration of councillors is set out in note 32 to the Annual Financial Statements.

56.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	**Related Party**	**Service Capacity**	**Relationship**	**2022 R**	**2021 R**
Lewis September Trading	C Barnes September	Technician: Water Service	Husband	-	1 900
				-	**1 900**

57. PRINCIPAL - AGENT ARRANGEMENTS

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

Hantam Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate as per GRAP 109 par 61.

Compensation paid for agency activities

	2022 R	2021 R
Commission - Note 37	887 696	708 433
Total Compensation	**887 696**	**708 433**

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

57.2 Agent in arrangement

	2022 R	2021 R

Hantam 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.

The municipality does not incur any expenses on behalf of the Provincial Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts).

Compensation received for agency activities

	2022 R	2021 R
Agency Fees	107 247	121 628
Total Compensation received	**107 247**	**121 628**

Hantam Municipality was paid 12% commission by the Provincial Departement of Transport for acting as an agent on its behalf during the financial year.

Reconciliation of Agency Funds and Disbursements

Principal name	Total Agency funds received	Amount remitted to the principal	Variance between amounts received and remitted	Explanation of Variance
Provincial Department of Transport	107 247	441 363	(334 116)	None
	107 247	**441 363**	**(334 116)**	

58. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast doubt about the going concern assumption are as follows:

Financial Indicators

The cost associated with the basic service delivery and Infrastructure development in communities are extremely high due to the vast distances between the various settlements coupled with the poverty-stricken socio-economic profile (high unemployment rate) of the communities results in a going concern risk for the Municipality.

Unless sustainable socio-economic growth is established, Hantam Municipality will not be able to function as a going concern indefinitely without Government Grants and Subsidies.

The municipality is still experiencing difficulty with settlement of its current obligations as its net current asset position is insufficient. The results have improvement slightly, but the current liabilities continues to exceed the current assets by R5 946 055 (2021: R6 121 680).

	2022 R	2021 R

COVID-19 - Background

On the 23rd of March 2020 President Cyril Ramaphosa announced a National State of Disaster in terms of section 27(5)(c) of the Disaster Management Act, 2002 (Act No. 57 of 2002) followed by a subsequent nationwide lockdown. The National State of Disaster has been extended on numerous occasions during the current and preceeding financial years and was only brought to an end on 4 April 2022.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. Even though the National State of Disaster has come to an end, the financial impact on our communities cannot be fully established at this stage, but is expected to have a continued negative impact by further exacerbating the prevailing socio-economic challenges.

The rapidly rising cost of living has impacted customer spending and early indications seems to highlight that even though the municipality's recovery rate is marginally lower than previous years, the services which customers prioritise are changing. Consumers are now spending a larger portion of their available income on basic essential services instead of other services and, in particular, taxes levied as Property Rates. Expansion in prepaid metering also contributed to the increased collection rate.

	2022 R	2021 R

As a results of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so. Management will amend future revenue and debt collection projections based on the latest information trends in order to maximise service delivery potential and improve the overall standard of living in all our communities.

The below illustrates how these regulations had impacted the current year financial results of the municipality.

Current Assets:	Hantam municipality's collection rate decreased.
Service Charges and Rates:	During the lock down period the municipality opened all households water even the debtors that defaulted on their accounts.
Grants Received:	No Grants was received
Expenses:	Reprioritising of expenses for Equitable share in the 2021-2022 financial year

The summary below illustrates COVID-19 expenditure response for the period ending 30 June.

<u>Type of expenditure</u>	<u>Nature of expenditure</u>	<u>Supplier</u>	2022 R	2021 R
Protective clothing and materials	Operational costs	Caprichem Saccs (Pty) Ltd	7 265	37 541
Protective clothing	Operational costs	Blue Petroleum (Pty) Ltd	-	5 000
Protective clothing and materials	Operational costs	Blue Petroleum (Pty) Ltd	-	1 996
Protective clothing and materials	Operational costs	KLK Landbou Ltd	-	1 981
Protective clothing and materials	Operational costs	Waltons Stationery	13 026	19 344
Protective clothing and materials	Operational costs	KLK Kooperasie beperk	3 366	15 857
Protective clothing and materials	Operational costs	Introstat (Pty) Ltd	-	1 635
Protective clothing	Operational costs	Sonetties	-	6 680
Protective clothing	Operational costs	Feffs Construction BK	-	3 000
Protective clothing	Operational costs	Azeema Moonisa Cassim	-	2 275
Protective clothing	Operational costs	Bokveld Providers (Pty) Ltd	-	1 300
Protective clothing	Operational costs	Elzamien Eldoret Alicia Leukes	-	800
Supplies	Operational costs	OK Grocer Franchise Divison	-	160
Protective clothing	Operational costs	F F Matthys T/A Filda Knit and Sew Enterprise	-	1 500
Repairs	Operational costs	Vredendal Build IT	-	11 530
Sanitation	Property, plant and equipment	Enjayh Properties	-	174 015
Sanitation	Property, plant and equipment	JVZ Construction	-	1 324 181
Sanitation	Property, plant and equipment	UDS Africa	-	1 543 416
Sanitation	Property, plant and equipment	Honesta	-	64 840
Sanitation	Property, plant and equipment	IMVUSA Trading 1188	-	133 594
Danger pay	Employee related costs	Hantam Municipality	-	395 411
			23 656	**3 746 056**

The Covid-19 response expenditure is funded from the following sources:

	2022 R	2021 R
Own Revenue	23 656	3 579 056
Grant Funding	-	167 000
	23 656	**3 746 056**

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

59. EVENTS AFTER REPORTING PERIOD

No other adjusting events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after to 30 June 2022.

60. REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive and Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Councilors	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury Office	2.1 - Finance General	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Accountant Revenue	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Accountant Expenditure	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Supply Chain Management	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Corporate Services	3.1 - Administration	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Property Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Community and Social Services	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cemeteries and Library services
	4.2 - Libraries	Aggregated	Community and Public Safety	Cemeteries and Library services
Vote 5 - Sport and Recreation	5.1 - Nature Reserves	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.2 - Sport Ground	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.3 - Swimming Pool	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.4 - Caravan Park	Aggregated	Community and Public Safety	Sports- and Recreation facilities
Vote 6 - Public Safety	6.1 - Civil Defence	Individually Reported	Community and Public Safety	Supporting service departments
Vote 7 - Planning and Development	7.1 - IDP Department	Individually Reported	Economic and Environmental Services	Supporting service departments
Vote 8 - Road Transport	8.1 - Roads	Aggregated	Economic and Environmental Services	Supporting service departments
	8.2 - Traffic Services	Aggregated	Economic and Environmental Services	Supporting service departments
Vote 9 - Electricity	9.1 - Electricity Distribution	Individually Reported	Trading Services	Electricity services
Vote 10 - Water	10.1 - Water Distribution	Individually Reported	Trading Services	Water management
Vote 11 - Waste Water Management	11.1 - Waste Water Management	Individually Reported	Trading Services	Waste water management
Vote 12 - Solid Waste	12.1 - Waste Removal	Individually Reported	Trading Services	Waste management services
Vote 13 - Other	13.1 - Aerodrome	Individually Reported	Other	Supporting service departments

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Function	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Sports and Recreational Centers
	Sport and recreation	Aggregated	Community and public safety	
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Supporting service departments
	Environmental protection services	Aggregated	Economic and environmental services	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management services
• Other	Air Transport	Aggregated	Other	Airfield

Grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services
Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

HANTAM MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

60.1 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Unallocated	Total
	R	R	R	R	R	R	R
External revenue from exchange transactions	**5 046 332**	**397 648**	**50 017 184**	**-**	**-**	**-**	**55 461 164**
Service Charges - Electricity Revenue	-	-	32 334 571	-	-	-	32 334 571
Service Charges - Water Revenue	-	-	4 075 488	-	-	-	4 075 488
Service Charges - Sanitation Revenue	-	-	6 166 291	-	-	-	6 166 291
Service Charges - Refuse Revenue	-	-	6 006 536	-	-	-	6 006 536
Rental of Facilities and Equipment	193 215	23 334	-	-	-	-	216 550
Interest Earned - External Investments	472 403	-	-	-	-	-	472 403
Interest Earned - Outstanding Debtors	1 328 268	-	1 434 298	-	-	-	2 762 567
Licences and Permits	337 680	-	-	-	-	-	337 680
Other Revenue - Exchange	2 714 765	374 314	-	-	-	-	3 089 079
External revenue from non-exchange transactions	**34 351 891**	**1 493 424**	**18 465 303**	**798 892**	**-**	**-**	**55 109 509**
Fines	-	3 645	-	24 015	-	-	27 660
Property Rates	16 304 324	-	-	-	-	-	16 304 324
Availability Charges	-	-	5 945 675	-	-	-	5 945 675
Agency Services	-	-	-	107 247	-	-	107 247
Transfers Recognised - Operational	17 576 084	1 489 779	12 519 628	667 630	-	-	32 253 121
Other Revenue - Non-Exchange	471 483	-	-	-	-	-	471 483
Total Segment Revenue (excluding capital transfers and contributions)	**39 398 223**	**1 891 071**	**68 482 487**	**798 892**	**-**	**-**	**110 570 673**
SEGMENT EXPENDITURE							
Employee Related Costs	16 514 880	2 272 927	10 813 023	4 811 562	-	-	34 412 392
Remuneration of Councillors	4 562 917	-	-	-	-	-	4 562 917
Debt Impairment	-	-	14 871 005	-	-	-	14 871 005
Depreciation and Asset Impairment	4 005 621	1 847 432	1 539 720	2 250 667	8 034	-	9 651 474
Finance Charges	1 629 257	19 439	1 896 242	1 932	-	-	3 546 870
Bulk Purchases	-	-	25 838 632	-	-	-	25 838 632
Other Materials	49 823	21 767	9 565 380	734 448	-	-	10 371 418
Contracted Services	5 828 785	299 955	3 685 409	2 334 796	35 000	-	12 183 944
Transfers and Grants	216 720	-	-	-	-	-	216 720
Other Expenditure	8 151 362	106 292	3 884 651	294 826	38 876	-	12 476 008
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	**40 959 366**	**4 567 812**	**72 094 062**	**10 428 232**	**81 910**	**-**	**128 131 381**
Surplus/(Deficit)	**(1 561 143)**	**(2 676 741)**	**(3 611 576)**	**(9 629 340)**	**(81 910)**	**-**	**(17 560 708)**
Transfers Recognised - Capital	-	9 152 431	10 000 000	3 898 569	-	-	23 051 000
Contributions Recognised - Capital	-	-	-	-	-	-	-
Contributed Assets	-	-	26 217 334	-	-	-	26 217 334
Surplus/(Deficit) after Capital Transfers & Contributions	**(1 561 143)**	**6 475 690**	**32 605 758**	**(5 730 771)**	**(81 910)**	**-**	**31 707 625**
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	**(1 561 143)**	**6 475 690**	**32 605 758**	**(5 730 771)**	**(81 910)**	**-**	**31 707 625**
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	531 804 467	531 804 467
Segment liabilities	-	-	-	-	-	79 533 399	79 533 399
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.2 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Unallocated	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	**3 522 577**	**290 010**	**40 154 611**	**-**	**-**	**-**	**43 967 198**
Service Charges - Electricity Revenue	-	-	26 783 476	-	-	-	26 783 476
Service Charges - Water Revenue	-	-	1 862 808	-	-	-	1 862 808
Service Charges - Sanitation Revenue	-	-	4 964 340	-	-	-	4 964 340
Service Charges - Refuse Revenue	-	-	5 433 059	-	-	-	5 433 059
Rental of Facilities and Equipment	139 242	2 407	-	-	-	-	141 649
Interest Earned - External Investments	772 307	-	-	-	-	-	772 307
Interest Earned - Outstanding Debtors	960 779	-	1 110 929	-	-	-	2 071 707
Licences and Permits	3 270	-	-	-	-	-	3 270
Other Revenue - Exchange	1 646 980	287 603	-	-	-	-	1 934 583
External revenue from non-exchange transactions	**37 162 154**	**1 302 717**	**20 776 724**	**1 196 306**	**-**	**-**	**60 437 901**
Fines	-	717	-	24 025	-	-	24 742
Property Rates	14 941 961	-	-	-	-	-	14 941 961
Availability Charges	-	-	7 006 024	-	-	-	7 006 024
Agency Services	-	-	-	446 281	-	-	446 281
Transfers Recognised - Operational	19 217 587	1 302 000	13 770 700	726 000	-	-	35 016 287
Other Revenue - Non-Exchange	3 002 606	-	-	-	-	-	3 002 606
Total Segment Revenue (excluding capital transfers and contributions)	**40 684 732**	**1 592 726**	**60 931 335**	**1 196 306**	**-**	**-**	**104 405 099**
SEGMENT EXPENDITURE							
Employee Related Costs	16 821 486	2 038 067	15 717 727	4 570 410	-	-	39 147 690
Remuneration of Councillors	3 137 092	-	-	-	-	-	3 137 092
Debt Impairment	-	-	9 631 307	-	-	-	9 631 307
Depreciation and Asset Impairment	6 280 959	-	5 281 135	1 933 301	-	-	13 495 394
Finance Charges	1 371 446	26 543	1 780 810	2 638	-	-	3 181 437
Bulk Purchases	-	-	21 953 735	-	-	-	21 953 735
Other Materials	46 150	98 949	305 348	767 851	-	-	1 218 298
Contracted Services	5 130 439	298 387	4 210 710	1 842 704	25 194	-	11 507 433
Transfers and Grants	148 129	-	-	-	-	-	148 129
Other Expenditure	8 909 675	243 943	(878 240)	824 992	52 520	-	9 152 890
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	**41 845 375**	**2 705 889**	**58 002 531**	**9 941 896**	**77 714**	**-**	**112 573 406**
Surplus/(Deficit)	**(1 160 643)**	**(1 113 163)**	**2 928 803**	**(8 745 590)**	**(77 714)**	**-**	**(8 168 307)**
Transfers Recognised - Capital	-	6 276 726	65 600 000	4 904 002	-	-	76 780 728
Contributions Recognised - Capital	-	-	-	-	-	-	-
Contributed Assets	-	-	2 900 088	-	-	-	2 900 088
Surplus/(Deficit) after Capital Transfers & Contributions	**(1 160 643)**	**5 163 563**	**71 428 891**	**(3 841 588)**	**(77 714)**	**-**	**71 512 509**
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	**(1 160 643)**	**5 163 563**	**71 428 891**	**(3 841 588)**	**(77 714)**	**-**	**71 512 509**
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	505 854 473	505 854 473
Segment liabilities	-	-	-	-	-	85 291 031	85 291 031
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.3 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management				
	R	R	R	R	R	R	R	R	R	R
External revenue from exchange transactions	**397 648**	**-**	**33 768 869**	**4 075 488**	**6 166 291**	**6 006 536**	**-**	**5 046 332**	**-**	**55 461 164**
Service Charges - Electricity Revenue	-	-	32 334 571	-	-	-	-	-	-	32 334 571
Service Charges - Water Revenue	-	-	-	4 075 488	-	-	-	-	-	4 075 488
Service Charges - Sanitation Revenue	-	-	-	-	6 166 291	-	-	-	-	6 166 291
Service Charges - Refuse Revenue	-	-	-	-	-	6 006 536	-	-	-	6 006 536
Rental of Facilities and Equipment	23 334	-	-	-	-	-	-	193 215	-	216 550
Interest Earned - External Investments	-	-	-	-	-	-	-	472 403	-	472 403
Interest Earned - Outstanding Debtors	-	-	1 434 298	-	-	-	-	1 328 268	-	2 762 567
Licences and Permits	-	-	-	-	-	-	-	337 680	-	337 680
Other Revenue - Exchange	374 314	-	-	-	-	-	-	2 714 765	-	3 089 079
External revenue from non-exchange transactions	**1 493 424**	**798 892**	**1 181 028**	**8 930 451**	**5 291 912**	**3 061 912**	**-**	**34 351 891**	**-**	**55 109 509**
Fines	3 645	24 015	-	-	-	-	-	-	-	27 660
Property Rates	-	-	-	-	-	-	-	16 304 324	-	16 304 324
Availability Charges	-	-	-	5 945 675	-	-	-	-	-	5 945 675
Agency Services	-	107 247	-	-	-	-	-	-	-	107 247
Transfers Recognised - Operational	1 489 779	667 630	1 181 028	2 984 776	5 291 912	3 061 912	-	17 576 084	-	32 253 121
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	471 483	-	471 483
Revenue from transactions with other segments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**1 891 071**	**798 892**	**34 949 897**	**13 005 939**	**11 458 203**	**9 068 448**	**-**	**39 398 223**	**-**	**110 570 673**
SEGMENT EXPENDITURE										
Employee Related Costs	2 272 927	4 811 562	1 416 404	-	2 393 638	7 002 981	-	16 514 880	-	34 412 392
Remuneration of Councillors	-	-	-	-	-	-	-	4 562 917	-	4 562 917
Debt Impairment	-	-	4 973 435	5 375 743	1 542 370	2 979 457	-	-	-	14 871 005
Depreciation and Asset Impairment	1 847 432	2 250 667	101 893	-	1 269 990	167 838	8 034	4 005 621	-	9 651 474
Finance Charges	19 439	1 932	-	-	-	1 896 242	-	1 629 257	-	3 546 870
Bulk Purchases	-	-	25 838 632	-	-	-	-	-	-	25 838 632
Other Materials	21 767	734 448	2 602	9 561 336	1 443	-	-	49 823	-	10 371 418
Contracted Services	299 955	2 334 796	1 173 782	-	424 531	2 087 097	35 000	5 828 785	-	12 183 944
Transfers and Grants	-	-	-	-	-	-	-	216 720	-	216 720
Other Expenditure	106 292	294 826	2 309 069	2 747 690	107 843	(1 279 951)	38 876	8 151 362	-	12 476 008
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	**4 567 812**	**10 428 232**	**35 815 816**	**17 684 768**	**5 739 814**	**12 853 664**	**81 910**	**40 959 366**	**-**	**128 131 381**
Surplus/(Deficit)	**(2 676 741)**	**(9 629 340)**	**(865 919)**	**(4 678 829)**	**5 718 388**	**(3 785 216)**	**(81 910)**	**(1 561 143)**	**-**	**(17 560 708)**
Transfers Recognised - Capital	9 152 431	3 898 569	-	10 000 000	-	-	-	-	-	23 051 000
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	26 217 334	-	-	-	-	26 217 334
Surplus/(Deficit) for the year	**6 475 690**	**(5 730 771)**	**(865 919)**	**5 321 171**	**31 935 722**	**(3 785 216)**	**(81 910)**	**(1 561 143)**	**-**	**31 707 625**
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	531 804 467	531 804 467
Segment liabilities	-	-	-	-	-	-	-	-	79 533 399	79 533 399
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

60.4 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management				
	R	R	R	R	R	R	R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	**23 726**	**266 283**	**27 894 404**	**1 862 808**	**4 964 340**	**5 433 059**	**-**	**3 522 577**	**-**	**43 967 198**
Service Charges - Electricity Revenue	-	-	26 783 476	-	-	-	-	-	-	26 783 476
Service Charges - Water Revenue	-	-	-	1 862 808	-	-	-	-	-	1 862 808
Service Charges - Sanitation Revenue	-	-	-	-	4 964 340	-	-	-	-	4 964 340
Service Charges - Refuse Revenue	-	-	-	-	-	5 433 059	-	-	-	5 433 059
Rental of Facilities and Equipment	2 407	-	-	-	-	-	-	139 242	-	141 649
Interest Earned - External Investments	-	-	-	-	-	-	-	772 307	-	772 307
Interest Earned - Outstanding Debtors	-	-	1 110 929	-	-	-	-	960 779	-	2 071 707
Licences and Permits	-	-	-	-	-	-	-	3 270	-	3 270
Other Revenue - Exchange	21 319	266 283	-	-	-	-	-	1 646 980	-	1 934 583
External revenue from non-exchange transactions	**1 302 717**	**1 196 306**	**1 300 000**	**10 288 024**	**5 825 000**	**3 363 700**	**-**	**37 162 154**	**-**	**60 437 901**
Fines	717	24 025	-	-	-	-	-	-	-	24 742
Property Rates	-	-	-	-	-	-	-	14 941 961	-	14 941 961
Availability Charges	-	-	-	7 006 024	-	-	-	-	-	7 006 024
Agency Services	-	446 281	-	-	-	-	-	-	-	446 281
Transfers Recognised - Operational	1 302 000	726 000	1 300 000	3 282 000	5 825 000	3 363 700	-	19 217 587	-	35 016 287
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	3 002 606	-	3 002 606
Revenue from transactions with other segments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	**1 326 443**	**1 462 590**	**29 194 404**	**12 150 832**	**10 789 340**	**8 796 759**	**-**	**40 684 732**	**-**	**104 405 099**
SEGMENT EXPENDITURE										
Employee Related Costs	2 038 067	5 813 259	1 344 306	4 990 032	2 447 414	6 935 975	-	15 578 637	-	39 147 690
Remuneration of Councillors	-	-	-	-	-	-	-	3 137 092	-	3 137 092
Debt Impairment	-	-	4 550 993	2 209 436	1 322 862	1 548 016	-	-	-	9 631 307
Depreciation and Asset Impairment	-	1 419 816	-	4 299 017	1 320 169	175 433	-	6 280 959	-	13 495 394
Finance Charges	26 543	2 638	-	3 020	-	1 777 790	-	1 371 446	-	3 181 437
Bulk Purchases	-	-	21 953 735	-	-	-	-	-	-	21 953 735
Other Materials	98 949	767 851	15 794	289 553	-	-	-	46 150	-	1 218 298
Contracted Services	281 141	1 859 949	1 029 424	1 660 219	201 550	1 319 517	25 194	5 130 439	-	11 507 433
Transfers and Grants	-	-	-	-	-	-	-	148 129	-	148 129
Other Expenditure	243 193	825 742	(141 244)	86 435	111 451	(934 882)	52 520	8 909 675	-	9 152 890
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	**2 687 893**	**10 689 256**	**28 753 008**	**13 537 713**	**5 403 447**	**10 821 848**	**77 714**	**40 602 526**	**-**	**112 573 406**
Surplus/(Deficit)	**(1 361 450)**	**(9 226 666)**	**441 396**	**(1 386 881)**	**5 385 893**	**(2 025 090)**	**(77 714)**	**82 206**	**-**	**(8 168 307)**
Transfers Recognised - Capital	6 276 726	4 904 002	1 500 000	64 100 000	-	-	-	-	-	76 780 728
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	2 900 088	-	-	-	-	2 900 088
Surplus/(Deficit) for the year	**4 915 275**	**(4 322 664)**	**1 941 396**	**62 713 119**	**8 285 981**	**(2 025 090)**	**(77 714)**	**82 206**	**-**	**71 512 509**
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	505 854 473	505 854 473
Segment liabilities	-	-	-	-	-	-	-	-	85 291 031	85 291 031
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

60.5 RECONCILIATION OF REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022:

	2022 R	2021 R
Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2022:		
Total Segment Revenue (including capital transfers and contributions)	159 839 007	184 085 915
Total Revenue as per Statement of Financial Performance	159 786 318	182 437 474
Difference	**52 689**	**1 648 441**
Reconciling items - not included in Operating revenue	**52 689**	**1 648 441**
Profit/(Loss) on Fair Value Adjustments	52 689	1 648 441
Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2022:		
Total Segment Expenditure	128 131 381	112 573 406
Total Expenditure as per Statement of Financial Performance	111 104 240	105 062 899
Difference	**17 027 141**	**7 510 506**
Reconciling items - not included in Operating expenditure	**16 991 925**	**7 510 506**
Impairment Loss on Receivables	11 394 106	4 691 650
Loss on Sale of Fixed Assets	2 740 529	549 428
Water Losses	2 857 290	2 269 429
Reconciliation of the Statement of Financial Performance as at 30 June 2022 as per the Annual Financial Statements vs the Surplus of the Segment report:		
Surplus for the year as per Segments	31 707 625	71 512 509
Surplus for the year as per Statement of Financial Performance	31 707 625	71 512 509
Difference - None	**-**	**-**
Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2022:		
Total Segment Assets	531 804 467	505 854 473
Total Assets as per Statement of Financial Position	531 804 467	505 854 473
Difference - None	**-**	**-**
Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2022:		
Total Segment Liabilities	79 533 399	85 291 031
Total Liabilities as per Statement of Financial Position	79 533 399	85 291 031
Difference - None	**-**	**-**

APPENDIX A
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance on 1 July 2021	Correction of Error	Received during the period	Redeemed / written-off during the period	Balance on 30 June 2022
LEASE LIABILITY								
Printer Nashua IMC4500	14.90%	Various	2023	71 090	-	-	(31 397)	39 693
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	14.90%	Various	2023	16 155	-	-	(7 135)	9 020
Printer Nashua IM430F	7.00%	Various	2023	14 021	-	-	(6 476)	7 545
Printer Nashua IM2702	14.90%	Various	2023	18 498	-	-	(8 170)	10 328
Printer Nashua IM550F	14.90%	Various	2023	29 652	-	-	(13 096)	16 556
Printer Nashua IMC2000	14.90%	Various	2023	40 639	-	-	(17 948)	22 690
Printer Nashua IMC2000	14.90%	Various	2023	40 639	-	-	(17 948)	22 690
Printer Nashua IMC2000	14.90%	Various	2023	40 639	-	-	(17 948)	22 690
Printer Nashua IMC2000	14.90%	Various	2023	40 639	-	-	(17 948)	22 690
Printer Nashua MP4055SP	14.90%	Various	2023	92 171	-	-	(40 708)	51 464
Total Lease Liabilities				**484 916**	**-**	**-**	**(214 449)**	**270 468**
TOTAL EXTERNAL LOANS				**484 916**	**-**	**-**	**(214 449)**	**270 468**

APPENDIX B
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			Governance and Administration			
2 275 472	(13 547 221)	(11 271 750)	Executive and council	2 295 991	(14 332 435)	(12 036 444)
38 409 260	(25 304 006)	13 105 254	Finance and administration	37 102 232	(23 323 503)	13 778 729
-	(1 751 299)	(1 751 299)	Internal audit	-	(1 998 398)	(1 998 398)
			Community and Public Safety			
1 279 036	(2 328 612)	(1 049 576)	Community and social services	4 476 973	(3 034 754)	1 442 219
6 324 133	(359 282)	5 964 851	Sport and recreation	6 217 147	(1 518 640)	4 698 508
-	-	-	Public safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
			Economic and Environmental Services			
-	(1 896 585)	(1 896 585)	Planning and development	-	(1 968 411)	(1 968 411)
6 100 453	(8 774 675)	(2 674 223)	Road transport	4 697 461	(9 764 850)	(5 067 389)
266 283	(17 995)	248 288	Environmental protection	349 382	(14 419)	334 964
			Trading Services			
30 694 404	(28 753 149)	1 941 255	Energy sources	34 949 897	(35 815 816)	(865 919)
76 250 832	(13 537 857)	62 712 975	Water management	23 005 939	(17 684 768)	5 321 171
13 689 427	(5 403 307)	8 286 121	Waste water management	37 675 536	(5 739 814)	31 935 722
8 796 759	(10 821 848)	(2 025 090)	Waste management	9 068 448	(12 853 664)	(3 785 216)
-	(77 714)	(77 714)	**Other**	-	(81 910)	(81 910)
184 086 059	**(112 573 550)**	**71 512 509**	**Sub Total**	**159 839 007**	**(128 131 381)**	**31 707 625**
-	-	-	Less Inter-Departmental Charges	-	-	-
184 086 059	**(112 573 550)**	**71 512 509**	**Total**	**159 839 007**	**(128 131 381)**	**31 707 625**

APPENDIX C
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
MUNICIPAL VOTES CLASSIFICATIONS

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			Executive and Council			
-	(3 219 628)	(3 219 628)	Municipal Manager	-	(3 986 170)	(3 986 170)
2 275 472	(12 078 892)	(9 803 421)	Councilors	2 295 991	(12 344 663)	(10 048 672)
			Budget and Treasury Office			
19 268 689	(12 201 132)	7 067 557	Finance General	19 603 592	(12 445 557)	7 158 035
1 790 953	(3 686 141)	(1 895 188)	Accountant Revenue	-	-	-
-	-	-	Accountant Expenditure	-	(506 439)	(506 439)
-	(795 964)	(795 964)	Supply Chain Management	-	(831 994)	(831 994)
			Corporate Services			
17 349 618	(8 617 946)	8 731 673	Administration	16 915 056	(4 193 706)	12 721 350
-	(2 823)	(2 823)	Human Resources	-	(2 987)	(2 987)
-	(1 242 849)	(1 242 849)	Property Services	583 584	(5 174 466)	(4 590 882)
			Community and Social Services			
125 261	(161 880)	(36 618)	Cemeteries	3 118 299	(704 268)	2 414 031
1 153 775	(2 019 747)	(865 972)	Libraries	1 358 674	(2 142 903)	(784 229)
-	-	-	Sport and Recreation	-	-	-
-	-	-	Public Safety	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Health	-	-	-
-	(146 986)	(146 986)	Disaster Management	-	-	-
			Sport and Recreation			
-	(17 995)	(17 995)	Nature Reserves	-	(14 419)	(14 419)
6 324 133	(345 540)	5 978 593	Sport Ground	6 217 147	(1 466 285)	4 750 863
-	(13 742)	(13 742)	Swimming Pool	-	(4 364)	(4 364)
-	-	-	Caravan Park	349 382	-	349 382
			Public Safety			
-	-	-	Civil Defence	-	(182 416)	(182 416)
			Planning and Development			
-	(653 736)	(653 736)	IDP Department	-	(663 382)	(663 382)
			Road Transport			
5 900 424	(7 169 172)	(1 268 747)	Roads	4 566 199	(8 133 010)	(3 566 811)
200 029	(1 605 504)	(1 405 475)	Traffic Services	131 262	(1 491 052)	(1 359 790)
			Electricity			
30 694 404	(28 753 008)	1 941 396	Electricity Distribution	34 949 897	(37 373 544)	(2 423 647)
			Water			
76 250 832	(13 537 857)	62 712 975	Water Distribution	23 005 939	(17 794 369)	5 211 570
			Waste Water Management			
13 689 427	(5 403 307)	8 286 121	Waste Water Management	37 675 536	(5 739 814)	31 935 722
			Solid Waste			
8 796 759	(10 821 989)	(2 025 230)	Waste Removal	9 068 448	(12 853 664)	(3 785 216)
			Other			
-	(77 714)	(77 714)	Aerodrome	-	(81 910)	(81 910)
-	-	-	Vehicle Account	-	-	-
			Environmental Health			
266 283	-	266 283	Environmental Health	-	-	-
181 810 587	(97 275 030)	71 512 509	Sub Total	159 839 007	(128 131 381)	31 707 625
-	-	-	Less Inter-Departmental Charges	-	-	-
181 810 587	(97 275 030)	71 512 509	**Total**	159 839 007	(128 131 381)	31 707 625

APPENDIX D
HANTAM MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2021	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2022
National Government Grants						
Equitable Share	-	24 734 000	2 426 272	(27 160 272)	-	-
Local Government Financial Management Grant	-	1 920 000	-	(1 920 000)	-	-
Municipal Infrastructure Grant	2 426 272	10 051 000	(2 426 272)	-	(10 051 000)	-
Energy Efficiency and Demand Side Management Grant	-	3 000 000	-	-	(3 000 000)	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	-
Expanded Public Works Programme	-	1 567 000	-	(1 567 000)	-	-
Municipal Water Infrastructure Grant	-	10 000 000	-	-	(10 000 000)	-
Total National Government Grants	**2 426 272**	**51 272 000**	**-**	**(30 647 272)**	**(23 051 000)**	**-**
Provincial Government Grants						
Libraries, Archives and Museums	-	1 350 000	-	(1 350 000)	-	-
Capacity Bulding	-	204 850	-	(204 850)	-	-
Total Provincial Government Grants	**-**	**1 554 850**	**-**	**(1 554 850)**	**-**	**-**
Total Grants	2 426 272	52 826 850	-	(32 202 122)	(23 051 000)	-

The municipality complied with the conditions attached to all grants received. No grants were withheld.

HANTAM MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	2021/22								2020/21			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	16 830	122	16 952	16 304		648	96.2%	96.9%				14 942
Service charges	66 602	(13 889)	52 713	54 529		(1 816)	103.4%	81.9%				39 044
Investment revenue	745	(560)	185	217		(32)	117.0%	29.1%				594
Transfers recognised - operational	261	(77)	183	107		76	58.5%	41.2%				176
Other own revenue	34 210	2 798	37 008	39 414		(2 406)	106.5%	115.2%				47 488
Total Revenue (excluding capital transfers and contributions)	**118 647**	**(11 606)**	**107 041**	**110 571**		**(3 529)**						**102 243**
Employee costs	48 492	(5 392)	43 100	34 412	–	8 688	79.8%	71.0%	–	–	–	39 148
Remuneration of councillors	3 781	(425)	3 357	4 563	–	(1 206)	135.9%	120.7%	–	–	–	3 137
Depreciation & asset impairment	10 477	5 168	15 645	9 651	–	5 993	61.7%	92.1%	–	–	–	12 982
Finance charges	2 408	(470)	1 938	3 547	–	(1 609)	183.1%	147.3%	–	–	–	3 181
Inventory consumed and bulk purchases	25 667	(29)	25 638	36 175	–	(10 537)	141.1%	140.9%	–	–	–	23 039
Transfers and grants	60	94	154	217	–	(62)	140.4%	361.2%	–	–	–	–
Other expenditure	31 297	1 594	32 891	39 531	–	(6 640)	120.2%	126.3%	–	–	–	28 925
Total Expenditure	**122 183**	**540**	**122 723**	**128 096**	**–**	**(5 373)**	**104.4%**	**104.8%**	**–**	**–**	**–**	**110 412**
Surplus/(Deficit)	**(3 535)**	**(12 146)**	**(15 682)**	**(17 525)**		**1 844**	**0.0%**	**0.0%**				**(8 168)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 051	–	23 051	23 051		–	0.0%	0.0%				76 781
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	26 217		(26 217)	#DIV/0!	#DIV/0!				2 900
Surplus/(Deficit) after capital transfers & contributions	**19 516**	**(12 146)**	**7 369**	**31 743**		**–**	**-**	**-**				**71 513**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	**19 516**	**(12 146)**	**7 369**	**31 743**		**–**	**-**	**-**				
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	23 051	–	23 051	20 451		2 600	88.7%	88.7%				68 998
Public contributions & donations	–	–	–	–		–	0.0%	0.0%				–
Borrowing	–	–	–	–		–	0.0%	0.0%				–
Internally generated funds	–	2 000	2 000	1 579		421	79.0%	0.0%				3 115
Total sources of capital funds	**23 051**	**2 000**	**25 051**	**22 030**		**3 021**	**87.9%**	**95.6%**				**72 113**
Cash flows												
Net cash from (used) operating	29 080	(11 634)	17 446	22 369		(4 923)	128.2%	76.9%				85 881
Net cash from (used) investing	(25 201)	150	(25 051)	(28 270)		3 219	112.8%	112.2%				(77 468)
Net cash from (used) financing	–	–	–	(214)		214	0.0%	0.0%				(171)
Cash/cash equivalents at the year end	**10 176**	**(8 549)**	**1 628**	**3 117**		**(1 490)**	**191.5%**	**30.6%**				**9 233**

HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2021/22								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<u>**Revenue - Standard**</u>												
Governance and administration	**35 650**	**4 062**	**39 713**	**39 398**		**314**	**0.0%**	**0.0%**				**40 685**
Executive and council	1 877	(938)	939	2 296		(1 357)	0.0%	0.0%				2 275
Finance and administration	33 773	5 000	38 773	37 102		1 671	0.0%	0.0%				38 409
Internal audit	–	–	–	–		–	0.0%	0.0%				–
Community and public safety	**7 694**	**(25)**	**7 669**	**10 694**		(3 025)	**0.0%**	**0.0%**				**7 603**
Community and social services	1 464	7	1 471	4 477		(3 006)	0.0%	0.0%				1 279
Sport and recreation	6 230	(32)	6 198	6 217		(19)	0.0%	0.0%				6 324
Public safety	–	–	–	–		–	0.0%	0.0%				–
Housing	–	–	–	–		–	0.0%	0.0%				–
Health	–	–	–	–		–	0.0%	0.0%				–
Economic and environmental services	**5 130**	**(78)**	**5 052**	**5 047**		5	**0.0%**	**0.0%**				**5 853**
Planning and development	–	–	–	–		–	0.0%	0.0%				–
Road transport	4 853	(78)	4 775	4 697		77	0.0%	0.0%				5 587
Environmental protection	277	–	277	349		(72)	0.0%	0.0%				266
Trading services	**93 223**	**(13 848)**	**79 376**	**104 700**		(25 324)	**0.0%**	**0.0%**				**129 431**
Energy sources	39 705	(2 703)	37 001	34 950		2 051	0.0%	0.0%				30 694
Water management	27 323	(4 420)	22 903	23 006		(103)	0.0%	0.0%				76 251
Waste water management	14 310	(3 562)	10 748	37 676		(26 927)	0.0%	0.0%				13 689
Waste management	11 886	(3 163)	8 723	9 068		(345)	0.0%	0.0%				8 797
Other	–	–	–	–		–	**0.0%**	**0.0%**				–
Total Revenue - Standard	**141 698**	**(9 888)**	**131 810**	**159 839**		**(28 029)**	**0.0%**	**0.0%**				**183 573**

HANTAM MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2021/22								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	**41 826**	**(4 877)**	**36 949**	**39 654**	**–**	**(2 705)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**40 603**
Executive and council	13 921	(591)	13 330	14 332	–	(1 003)	0.0%	0.0%	–	–	–	13 547
Finance and administration	25 985	(4 224)	21 761	23 324	–	(1 562)	0.0%	0.0%	–	–	–	25 304
Internal audit	1 920	(62)	1 858	1 998	–	(140)	0.0%	0.0%	–	–	–	1 751
Community and public safety	**4 510**	**30**	**4 540**	**4 553**	**–**	**(13)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**2 688**
Community and social services	3 495	(449)	3 046	3 035	–	12	0.0%	0.0%	–	–	–	2 329
Sport and recreation	1 015	479	1 494	1 519	–	(24)	0.0%	0.0%	–	–	–	359
Public safety	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Housing	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Economic and environmental services	**12 048**	**(337)**	**11 711**	**11 748**	**–**	**(37)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**10 689**
Planning and development	2 291	(271)	2 020	1 968	–	51	0.0%	0.0%	–	–	–	1 897
Road transport	9 725	(52)	9 672	9 765	–	(92)	0.0%	0.0%	–	–	–	8 775
Environmental protection	32	(13)	19	14	–	4	0.0%	0.0%	–	–	–	18
Trading services	**63 715**	**5 718**	**69 432**	**72 094**	**–**	**(2 662)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**58 003**
Electricity	30 649	2 370	33 019	35 816	–	(2 796)	0.0%	0.0%	–	–	–	28 753
Water	13 784	4 031	17 814	17 685	–	130	0.0%	0.0%	–	–	–	13 025
Waste water management	5 923	(179)	5 744	5 740	–	4	0.0%	0.0%	–	–	–	5 403
Waste management	13 358	(504)	12 855	12 854	–	1	0.0%	0.0%	–	–	–	10 822
Other	**84**	6	**90**	**82**	**–**	8	**0.0%**	**0.0%**	**–**	**–**	**–**	**78**
Total Expenditure - Standard	**122 183**	**540**	**122 723**	**128 131**	**–**	**(5 409)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**112 060**
Surplus/(Deficit) for the year	**19 516**	**(10 428)**	**9 087**	**31 708**	**–**	**(22 621)**	**0.0%**	**0.0%**	**–**	**–**	**–**	**71 513**

HANTAM MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2021/22								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	1 877	(938)	939	2 296		–	0.0%	0.0%				2 275
Vote 2 - Budget and Treasury Office	18 750	2 341	21 091	19 604		–	0.0%	0.0%				21 060
Vote 3 - Corporate Services	15 023	2 658	17 682	17 499		–	0.0%	0.0%				17 350
Vote 4 - Community and Social Services	4 464	7	4 471	4 477		–	0.0%	0.0%				1 279
Vote 5 - Sport and Recreation	6 508	(32)	6 475	6 567		–	0.0%	0.0%				6 324
Vote 6 - Public Safety	–	–	–	–		–	0.0%	0.0%				–
Vote 7 - Planning and Development	–	–	–	–		–	0.0%	0.0%				–
Vote 8 - Road Transport	4 853	(78)	4 775	4 697		–	0.0%	0.0%				5 587
Vote 9 - Electricity	36 705	(2 703)	34 001	34 950		–	0.0%	0.0%				30 694
Vote 10 - Water	27 323	(4 420)	22 903	23 006		–	0.0%	0.0%				76 251
Vote 11 - Waste Water Management	14 310	(3 562)	10 748	37 676		–	0.0%	0.0%				13 689
Vote 12 - Solid Waste	11 886	(3 163)	8 723	9 068		–	0.0%	0.0%				8 797
Vote 13 - Other	–	–	–	–		–	0.0%	0.0%				–
Vote 14 - Environmental Health	–	–	–	–		–	0.0%	0.0%				266
Total Revenue by Vote	**141 698**	**(9 888)**	**131 810**	**159 839**		**–**	**0.0%**	**0.0%**				**183 573**
***Expenditure by Vote** to be appropriated*												
Vote 1 - Executive and Council	15 841	(653)	15 188	16 331	–	–	0.0%	0.0%	–	–	–	15 299
Vote 2 - Budget and Treasury Office	17 784	(3 997)	13 787	13 784	–	–	0.0%	0.0%	–	–	–	16 683
Vote 3 - Corporate Services	9 598	(300)	9 298	9 371	–	–	0.0%	0.0%	–	–	–	9 864
Vote 4 - Community and Social Services	2 766	91	2 857	2 847	–	–	0.0%	0.0%	–	–	–	2 329
Vote 5 - Sport and Recreation	1 047	466	1 513	1 485	–	–	0.0%	0.0%	–	–	–	377
Vote 6 - Public Safety	729	(539)	189	182	–	–	0.0%	0.0%	–	–	–	–
Vote 7 - Planning and Development	894	(198)	696	663	–	–	0.0%	0.0%	–	–	–	654
Vote 8 - Road Transport	9 725	(52)	9 672	9 624	–	–	0.0%	0.0%	–	–	–	8 775
Vote 9 - Electricity	30 649	2 370	33 019	37 374	–	–	0.0%	0.0%	–	–	–	28 753
Vote 10 - Water	13 784	4 031	17 814	17 794	–	–	0.0%	0.0%	–	–	–	13 025
Vote 11 - Waste Water Management	5 923	(179)	5 744	5 740	–	–	0.0%	0.0%	–	–	–	5 403
Vote 12 - Solid Waste	13 358	(504)	12 855	12 854	–	–	0.0%	0.0%	–	–	–	10 822
Vote 13 - Other	84	6	90	82	–	–	0.0%	0.0%	–	–	–	78
Vote 14 - Environmental Health	–	–	–	–	–	–	0.0%	0.0%	–	–	–	–
Total Expenditure by Vote	**122 183**	**540**	**122 723**	**128 131**	**–**	**–**	**0.0%**	**0.0%**	**–**	**–**	**–**	**112 060**
Surplus/(Deficit) for the year	**19 516**	**(10 428)**	**9 087**	**31 708**		**–**	**0.0%**	**0.0%**				**71 513**

HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2021/22								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	16 830	122	16 952	16 304		**648**	96.2%	**96.9%**				14 942
Service charges - electricity revenue	34 427	(2 750)	31 677	32 335		**(658)**	102.1%	**93.9%**				26 783
Service charges - water revenue	14 338	(4 420)	9 918	10 021		**(103)**	101.0%	**69.9%**				1 863
Service charges - sanitation revenue	9 018	(3 562)	5 456	6 166		**(710)**	113.0%	**68.4%**				4 964
Service charges - refuse revenue	8 819	(3 157)	5 661	6 007		**(345)**	106.1%	**68.1%**				5 433
Rental of facilities and equipment	745	(560)	185	217		**(32)**	117.0%	**29.1%**				594
Interest earned - external investments	625	(85)	541	472		**68**	87.4%	**75.6%**				772
Interest earned - outstanding debtors	1 097	1 073	2 170	2 763		**(592)**	127.3%	**251.8%**				2 072
Dividends received	–	–	–	–		**–**	#DIV/0!	**#DIV/0!**				–
Fines, penalties and forfeits	30	(4)	26	28		**(2)**	107.3%	**91.5%**				25
Licences and permits	281	0	281	338		**(57)**	120.2%	**120.3%**				3
Agency services	261	(77)	183	107		**76**	58.5%	**41.2%**				176
Transfers and subsidies	31 997	–	31 997	32 253		**(256)**	100.8%	**100.8%**				34 695
Other revenue	180	1 814	1 994	3 089		**(1 095)**	154.9%	**1715.5%**				10 164
Gains	–	1 718	1 718	471		**1 246**	27.4%	**#DIV/0!**				–
Total Revenue (excluding capital transfers and contributions)	**118 647**	**(9 888)**	**108 759**	**110 571**		**(1 812)**	**101.7%**	**93.2%**				**102 486**
Expenditure By Type			–				-	-				
Employee related costs	48 492	(5 392)	43 100	34 412	–	8 688	79.8%	71.0%	–	–	–	39 148
Remuneration of councillors	3 781	(425)	3 357	4 563	–	(1 206)	135.9%	120.7%	–	–	–	3 137
Debt impairment	10 904	(507)	10 397	14 871	–	(4 474)	143.0%	136.4%	–	–	–	4 940
Depreciation & asset impairment	10 477	5 168	15 645	9 651	–	5 993	61.7%	92.1%	–	–	–	13 225
Finance charges	2 408	(470)	1 938	3 547	–	(1 609)	183.1%	147.3%	–	–	–	3 181
Bulk purchases - electricity	23 117	1 252	24 369	25 839	–	(1 470)	106.0%	111.8%	–	–	–	21 954
Inventory consumed	2 550	(1 281)	1 269	10 336	–	(9 067)	814.2%	405.3%	–	–	–	1 085
Contracted services	10 888	2 027	12 915	–	–	12 915	0.0%	0.0%	–	–	–	–
Transfers and subsidies	60	94	154	217	–	(62)	140.4%	361.2%	–	–	–	148
Other expenditure	9 506	(499)	9 006	19 062	–	(10 056)	211.7%	200.5%	–	–	–	23 837
Losses	–	573	573	5 598	–	(5 025)	977.8%	#DIV/0!	–	–	–	–
Total Expenditure	**122 183**	**540**	**122 723**	**128 096**	**–**	**(5 373)**	**104.4%**	**104.8%**	**–**	**–**	**–**	**110 655**

HANTAM MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2021/22								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	**(3 535)**	**(10 428)**	**(13 964)**	**(17 525)**		**–**	**0.0%**	**0.0%**				**(8 168)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 051	–	23 051	23 051		–	0.0%	0.0%				76 781
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–		–	0.0%	0.0%				–
Transfers and subsidies - capital (in-kind - all)	–	–	–	26 217		–	0.0%	0.0%				2 900
Surplus/(Deficit) after capital transfers & contributions	**19 516**	**(10 428)**	**9 087**	**31 743**		**–**	**0.0%**	**0.0%**				**71 513**
Taxation	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) after taxation	**19 516**	**(10 428)**	**9 087**	**31 743**		**–**	**0.0%**	**0.0%**				**71 513**
Attributable to minorities	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) attributable to municipality	**19 516**	**(10 428)**	**9 087**	**31 743**		**–**	**0.0%**	**0.0%**				**71 513**
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	**19 516**	**(10 428)**	**9 087**	**31 743**		**–**	**0.0%**	**0.0%**				**71 513**

HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2021/22								2020/21			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Executive and Council	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Budget and Treasury Office	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Sport and Recreation	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 7 - Planning and Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Road Transport	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 9 - Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 10 - Water	–	–	–	12 231		–	0%	0%	–	–	–	58 072
Vote 11 - Waste Water Management	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Solid Waste	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Environmental Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**–**	**–**	**–**	**12 231**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**58 072**
Single-year expenditure												
Vote 1 - Executive and Council	–	–	–	–		–	0%	0%	–	–	–	237
Vote 2 - Budget and Treasury Office	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Corporate Services	–	2 000	2 000	1 579		–	0%	0%	–	–	–	–
Vote 4 - Community and Social Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Sport and Recreation	6 127	(6 127)	–	–		–	0%	0%	–	–	–	5 458
Vote 6 - Public Safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 7 - Planning and Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 8 - Road Transport	3 882	6 169	10 051	8 220		–	0%	0%	–	–	–	4 264
Vote 9 - Electricity	–	–	–	–		–	0%	0%	–	–	–	1 204
Vote 10 - Water	13 000	–	13 000	–	–	–	0%	0%	–	–	–	–
Vote 11 - Waste Water Management	42	(42)	–	–		–	0%	0%	–	–	–	2 878
Vote 12 - Solid Waste	–	–	–	–		–	0%	0%	–	–	–	–
Vote 13 - Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 - Environmental Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	**23 051**	**2 000**	**25 051**	**9 799**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**14 041**
Total Capital Expenditure - Vote	**23 051**	**2 000**	**25 051**	**22 030**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**72 113**

HANTAM MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2021/22								2020/21			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	–	1 130	1 130	1 579	–	–	0%	0%	–	–	–	237
Executive and council	–	580	580	–	–	–	0%	0%	–	–	–	237
Finance and administration	–	550	550	1 579	–	–	0%	0%	–	–	–	–
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	–
Community and public safety	6 127	1 706	7 833	–	–	–	0%	0%	–	–	–	5 458
Community and social services	–	–	–	–	–	–	0%	0%	–	–	–	–
Sport and recreation	6 127	1 706	7 833	–	–	–	0%	0%	–	–	–	5 458
Public safety	–	–	–	–	–	–	0%	0%	–	–	–	–
Housing	–	–	–	–	–	–	0%	0%	–	–	–	–
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Economic and environmental services	10 009	(8 082)	1 927	8 220	–	–	0%	0%	–	–	–	4 264
Planning and development	–	–	–	–	–	–	0%	0%	–	–	–	–
Road transport	10 009	(8 082)	1 927	8 220	–	–	0%	0%	–	–	–	4 264
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	13 042	66 092	79 134	12 231	–	–	0%	0%	–	–	–	62 154
Energy sources	–	700	700	–	–	–	0%	0%	–	–	–	1 204
Water management	13 000	64 503	77 503	12 231	–	–	0%	0%	–	–	–	58 072
Waste water management	42	125	167	–	–	–	0%	0%	–	–	–	2 878
Waste management	–	764	764	–	–	–	0%	0%	–	–	–	–
Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Total Capital Expenditure - Standard	29 178	60 846	90 024	22 030	–	–	0%	0%	–	–	–	72 113
Funded by:												
National Government	23 051	–	23 051	20 451	–	–	0%	0%	–	–	–	68 998
Provincial Government	–	–	–	–	–	–	0%	0%	–	–	–	–
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	23 051	–	23 051	20 451	–	–	0%	0%	–	–	–	68 998
Public contributions & donations	–	–	–	–	–	–	0%	0%	–	–	–	–
Borrowing	–	–	–	–	–	–	0%	0%	–	–	–	–
Internally generated funds	–	2 000	2 000	1 579	–	–	0%	0%	–	–	–	3 115
Total Capital Funding	23 051	2 000	25 051	22 030	–	–	0%	0%	–	–	–	72 113