

HANTAM

MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

HANTAM MUNICIPALITY

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HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

MAYOR

LL OLYN

SPEAKER

SG KOOPMAN

CHIEF WHIP

K ALEXANDER

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor

LL OLYN

Executive Councillor

AJE CLAASSEN

Executive Councillor

H DEWEE

MUNICIPAL MANAGER

TM TLHOAELE

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 2023

GENERAL INFORMATION

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Van der Walt Incorporated

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 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 (Resigned as Councillor end of August 2022)
Proportional	C SLAMBEE (Elected as from August 2022)
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 2023, which are set out on pages 5 to 93 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.

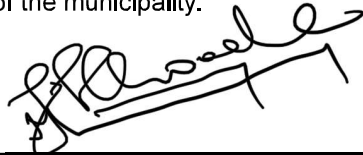
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 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.



TM TLHOAELE

Acting Municipal Manager

31 August 2023

Date

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Hantam Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Hantam Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Hantam Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 57 to the financial statements, which indicates that the municipality is experiencing difficulty with settlement of its current obligations. Current liabilities continue to exceed the current assets. Furthermore, the socio-economic profile (high unemployment rate) results in a going concern risk for the municipality and unless socio-economic growth is established the municipality will not be able to function as a going concern indefinitely without government grants and subsidies. As stated in note 57, these events or conditions indicate that

a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

9. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

An uncertainty relating to the future outcome of exceptional litigation or regulatory action

10. With reference to note 54 to the financial statements, the municipality is a defendant in a recission application in the Braamfontein Labour Court as well as a review application in the Cape Town Labour Court. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Impairments – Receivables from exchange and non-exchange transactions

11. As disclosed in note 10 to the financial statements, a provision for debt impairment of R53 832 853 (2022: R46 258 796) was provided for as a result of the municipality's assessment of the recoverability of receivables from exchange transactions.
12. As disclosed in note 11 to the financial statements, a provision for debt impairment of R25 889 690 (2022: R21 631 683) was provided for as a result of the municipality's assessment of the recoverability of receivables from non-exchange transactions

Bad debts written off

13. As disclosed in the statement of financial performance, material losses of R4 511 483 (2022: R3 476 900) was incurred as a result of a write-off of irrecoverable debtors.

Material losses - Electricity

14. As disclosed in note 49.8 to the financial statements, material electricity losses of R3 425 364 (2022: R2 606 905) was incurred, which represents 13.77% (2022: 10.09%) of total electricity purchased.

Material underspending of a vote

15. As disclosed in note 48.1 to the financial statements, the municipality materially underspent the operating budget of Vote 12 – Solid Waste by R1 966 522 and the capital budget of Vote 8 – Road Transport by R6 759 735 and Vote 10 – Water by R6 563 450.

Material underspending of government grants

16. As disclosed in note 19 to the financial statements, the municipality materially underspent on conditional grants by R5 836 035.

Other matter

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

18. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

19. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
20. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

21. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
24. I selected the following material performance indicators related to Economic Development, Infrastructure Development and Basic Service Delivery and Financial Sustainability and

Viability presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Create job opportunities to EPWP by 30 June 2023
- Number of residential properties that which are billed for water or have pre paid meters that is connected to the municipal water infrastructure network as at 30 June 2023
- Number of residential properties which are billed for electricity or have pre paid meters as at 30 June 2023(excluding Eskom areas)
- Number of residential properties connected to the municipal waste water sanitation/ sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2023
- Number of residential properties which are billed for refuse removal as at 30 June 2023
- Provide free basic water to indigent households earning less than R5290 as at 30 June 2023
- Provide free basic electricity to indigent households earning less than R5290 as at 30 June 2023
- Provide free wood and oil to indigent households earning less than R5290 as at 30 June 2023
- Provide free basic sanitation to indigent households earning less than R5290 as at 30 June 2023
- Provide free basic refuse removal to indigent households earning less than R5290 as at 30 June 2023
- The percentage of the municipal capital budget actually spent on capital projects by 30 June 2023 $(\text{Actual amount spent on capital projects} / \text{Total amount budgeted for capital projects}) \times 100$
- 95% spent of the library operational conditional grant by 30 June 2023 $\{(\text{Actual expenditure divided by the total grant received}) \times 100\}$
- Limit unaccounted for electricity to less than 12% by 30 June 2023 $\{(\text{Number of Electricity Units Purchased} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased}) \times 100\}$
- Limit unaccounted for water to less than 20% by 30 June 2023 $\{(\text{Number of Kilolitres Water Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purified}) \times 100\}$
- 90% spent of the budget for the MIG Project: Roads & Stormwater Phase 4 in terms of the grant allocation received by 30 June 2023 $\{(\text{Actual capital expenditure on the project divided by the total approved capital budget for the project})\}$

- 90% spent of the budget (part of MIG allocation) for upgrade sewerage network in Calvinia West (2nd Phase) in terms of the grant allocation received by 30 June 2023 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 100% of the MIG allocation by 30 June 2023 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% spent of the budget (WSIG) for the bulk sewerage supply, Calvinia of the grant allocation received by 30 June 2023 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% of the budget (RBIG) spent for the Calvinia bulk water supply by 30 June 2023 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project) \times 100\}$
- 90% of microbiological water quality level achieved as per SANS 241 by 30 June 2023
- Financial viability measured in terms of the municipality's ability to meet it's service debt obligations at 30 June 2023 $\{Debt\ to\ Revenue\ (Short\ Term\ Borrowing\ +\ Bank\ Overdraft\ +\ Short\ Term\ Lease\ +\ Long\ Term\ Borrowing\ +\ Long\ Term\ Lease)\ / Total\ Operating\ Revenue - Operating\ Conditional\ Grant\}$
- Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2023 $\{Net\ Service\ debtors\ to\ revenue - (Total\ outstanding\ service\ debtors\ minus\ provision\ for\ bad\ debt) / (revenue\ received\ for\ services) \times 100\}$
- Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2023 $\{Cost\ coverage\ ((Cash\ and\ Cash\ Equivalents - Unspent\ Conditional\ Grants - Overdraft) + Short\ Term\ Investment) / Monthly\ Fixed\ Operational\ Expenditure\ excluding\ (Depreciation,\ Amortisation,\ and\ Provision\ for\ Bad\ Debts,\ Impairment\ and\ Loss\ on\ Disposal\ of\ Assets))\}$

25. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

26. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported measures taken to improve performance.

27. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

28. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. The annual performance report includes information on reported achievements against planned targets and measures taken to improve performance.

Material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Economic Development and Financial Sustainability and Viability. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

32. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

33. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

34. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the

municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contact management

37. The preference point system was not applied for some of the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.

Other information in the annual report

38. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
39. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
44. The accounting officer and management did not monitor compliance with applicable legislation as non-compliance were identified that resulted in a material findings on compliance with legislation in the auditor's report.
45. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting as well as related internal controls resulted in numerous misstatements which were subsequently corrected.

Auditor General

Kimberley

14 December 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R	2022 R
ASSETS			
Non-Current Assets		567 010 665	512 471 298
Property, Plant and Equipment	2	526 079 641	471 453 186
Agricultural	3	13 500	13 500
Investment Property	4	37 734 130	37 734 130
Intangible Assets	5	1 554 422	1 628 400
Heritage Assets	6	1 618 055	1 618 055
Non-Current Receivables from Exchange Transactions	7	8 579	19 343
Non-Current Receivables from Non-Exchange Transactions	8	2 337	4 684
Current Assets		34 582 665	22 257 032
Inventory	9	54 464	50 860
Receivables from Exchange Transactions	10	10 183 571	9 200 582
Receivables from Non-exchange Transactions	11	8 050 026	6 048 907
Taxes	20.3	10 046 987	3 801 059
Current Portion of Non-Current Receivables	7 & 8	9 931	38 132
Cash and Cash Equivalents	12.1	6 237 686	3 117 492
Total Assets		601 593 330	534 728 330
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		49 316 801	51 941 952
Long-term Borrowings	13	-	22 357
Non-current Provisions	14	14 521 481	16 594 287
Non-current Employee Benefits	15	16 385 000	16 678 000
Trade and Other Payables from Exchange Transactions	18	18 410 320	18 647 308
Current Liabilities		38 084 960	28 953 313
Consumer Deposits	16	1 430 142	1 299 386
Current Employee Benefits	17	6 136 456	5 721 028
Trade and Other Payables from Exchange Transactions	18	24 659 970	21 684 788
Unspent Transfers and Subsidies	19	5 836 035	-
Current Portion of Long-term Borrowings	13	22 357	248 111
Total Liabilities		87 401 761	80 895 265
Net Assets		514 191 569	453 833 065
Revaluation Reserve	21	2 551 323	2 551 323
Accumulated Surplus/(Deficit)		511 640 247	451 281 742
Total Net Assets and Liabilities		601 593 330	534 728 330

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 R	2022 R
REVENUE			
Revenue from Non-exchange Transactions		142 774 750	102 850 166
Taxation Revenue		20 323 507	17 617 027
Property Rates	22	17 979 664	16 288 759
Interest Earned - Non-Exchange Transactions	29	2 343 842	1 328 268
Transfer Revenue		112 696 978	55 304 121
Government Grants and Subsidies	23	112 570 260	55 253 121
Public Contributions and Donations		126 718	51 000
Other Revenue		9 754 265	29 929 017
Actuarial Gains	15	1 341 718	418 794
Availability Charges	24	761 398	794 122
Fines, Penalties and Forfeits		45 034	27 660
Contributed Property, Plant and Equipment	2.11	5 519 245	26 217 334
Operational Revenue	30	2 086 869	2 471 108
Revenue from Exchange Transactions		57 517 701	56 917 960
Service Charges	25	52 938 450	53 731 811
Sales of Goods and Rendering of Services	26	228 306	541 626
Rental from Fixed Assets	27	232 259	216 550
Interest Earned - External Investments	28	1 783 237	472 403
Interest Earned - Exchange Transactions	29	1 451 757	1 434 298
Licences and Permits		334 944	337 680
Agency Services		216 264	107 247
Operational Revenue	30	332 484	76 344
Total Revenue		200 292 451	159 768 126
EXPENDITURE			
Employee Related Costs	31	(42 986 786)	(38 976 481)
Remuneration of Councillors	32	(5 388 631)	(4 562 917)
Bad Debts Written Off		(4 511 483)	(3 476 900)
Depreciation and Amortisation	33	(9 017 038)	(8 642 657)
Finance Costs	34	(3 665 142)	(3 546 870)
Bulk Purchases	35	(24 876 949)	(25 838 632)
Inventory Consumed	9.1	(12 482 347)	(7 594 230)
Operating Leases		(3 077)	(30 478)
Transfers and Subsidies	36	(119 369)	(216 720)
Operational Costs	37	(22 883 872)	(19 031 654)
Total Expenditure		(125 934 694)	(111 917 540)
Operating Surplus/(Deficit) for the Year		74 357 756	47 850 586
Inventories: Write-down to Net Realisable Value	9.2	(32 160)	(35 216)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(10 789 733)	(11 394 106)
Gains/(Loss) on Sale of Fixed Assets	39	(302 523)	(2 736 298)
Profit/(Loss) on Fair Value Adjustments	40	-	52 689
Gains/(Loss) on Water Inventory	41	(2 874 837)	(2 043 990)
NET SURPLUS/(DEFICIT) FOR THE YEAR		60 358 504	31 693 665

HANTAM MUNICIPALITY

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

	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2021	2 551 323	418 012 120	420 563 443
Correction of Error - Note 42.6	-	1 575 957	1 575 957
Restated balance at 1 July 2021	2 551 323	419 588 078	422 139 401
Net Surplus for the year	-	31 693 665	31 693 665
Net Surplus previously reported	-	31 707 625	31 707 625
Effects of Correction of Errors - Note 42.6	-	(13 961)	(13 961)
Restated balance at 30 June 2022	2 551 323	451 281 742	453 833 065
Net Surplus for the year	-	60 358 504	60 358 504
Balance at 30 June 2023	2 551 323	511 640 247	514 191 570

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2023 R	2022 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		11 949 163	10 891 116
Service Charges and Interest	*	45 375 789	46 020 365
Other Revenue		3 598 470	3 740 059
Government - Operating		36 913 295	29 775 850
Government - Capital		81 493 000	23 051 000
Interest from External Investments		1 783 237	472 403
Cash payments			
Suppliers and Employees		(112 061 938)	(91 376 706)
Finance Charges		(129 922)	(204 841)
Transfers and Grants		-	-
Net Cash from Operating Activities	43	68 921 094	22 369 246
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(65 547 049)	(27 354 371)
Purchase of Intangible Assets		(47 052)	(974 583)
Decrease/(Increase) in Non-Current Receivables		41 312	59 133
Net Cash from Investing Activities		(65 552 789)	(28 269 822)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits	*	-	-
Repayment of Borrowing		(248 111)	(214 449)
Net Cash from Financing Activities		(248 111)	(214 449)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3 120 194	(6 115 024)
Cash and Cash Equivalents at the beginning of the year		3 117 492	9 232 516
Cash and Cash Equivalents at the end of the year	44	6 237 686	3 117 492
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3 120 194	(6 115 024)

* 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 2023

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2023	Outcome as % of Final Budget
		R	R	R	R	%
ASSETS						
Current Assets						
Cash		156 105	(106 595)	49 510	6 237 686	12498.84%
Call Investment Deposits		-	-	-	-	-
Consumer Debtors		19 795 229	(4 696 003)	15 099 226	18 233 597	20.76%
- Receivables from Exchange Transactions		-	-	-	10 183 571	-
- Receivables from Non-exchange Transactions		-	-	-	8 050 026	-
Other Debtors		6 423 357	(1 400 198)	5 023 159	10 046 987	100.01%
- Taxes		-	-	-	10 046 987	-
Current Portion of long-term receivables		-	-	-	9 931	100.00%
Inventory		257 632	(29 117)	228 515	54 464	-76.17%
Total Current Assets	47.2.1	26 632 323	(6 231 913)	20 400 410	34 582 665	69.52%
Non-Current Assets						
Long-term Receivables		-	-	-	10 916	0.00%
Investment Property		41 199 241	(1 664 987)	39 534 254	37 734 130	-4.55%
Property, Plant and Equipment		509 479 330	29 013 223	538 492 553	526 079 641	-2.31%
Biological Assets		-	-	-	13 500	0.00%
Intangible Assets		768 744	750 964	1 519 708	1 554 422	2.28%
Other Non-Current Assets		1 618 055	-	1 618 055	1 618 055	0.00%
Total Non-Current Assets	47.2.2	553 065 370	28 099 200	581 164 570	567 010 665	-2.44%
TOTAL ASSETS		579 697 693	21 867 287	601 564 980	601 593 330	0.00%

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

Notes	Original Budget R	* Budget Adjustments R	Final Adjustment Budget R	Actual Outcome 2023 R	Outcome as % of Final Budget %
LIABILITIES					
Current Liabilities					
Borrowing	214 450	33 661	248 111	22 357	-90.99%
Consumer Deposits	1 187 997	111 389	1 299 386	1 430 142	10.06%
Trade and Other Payables	18 383 992	(8 073 178)	10 310 814	30 496 005	195.77%
- Trade and Other Payables from Exchange Transactions	-	-	-	24 659 970	-
- Unspent Transfers and Subsidies	-	-	-	5 836 035	-
Provisions	4 707 776	121 687	4 829 463	6 136 456	27.06%
- Current Employee Benefits	-	-	-	6 136 456	-
Total Current Liabilities	24 494 215	(7 806 441)	16 687 774	38 084 960	128.22%
Non-Current Liabilities					
Borrowing	20 566 101	1 938 463	22 504 564	18 410 320	-18.19%
Provisions	40 972 171	(3 022 609)	37 949 562	30 906 481	-18.56%
- Non-current Provisions	-	-	-	14 521 481	-
- Non-current Employee Benefits	-	-	-	16 385 000	-
Total Non-Current Liabilities	61 538 272	(1 084 146)	60 454 126	49 316 801	-18.42%
TOTAL LIABILITIES	86 032 487	(8 890 587)	77 141 900	87 401 761	13.30%
NET ASSETS					
Accumulated Surplus/(Deficit)	491 113 884	69 617 518	560 731 402	511 640 247	-8.75%
Reserves	2 551 325	(2)	2 551 323	2 551 323	0.00%
TOTAL NET ASSETS	493 665 209	69 617 516	563 282 725	514 191 569	-8.72%

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 2023

Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2023	Outcome as % of Final Budget
	R	R	R	R	%
REVENUE					
Property Rates	17 765 623	364 000	18 129 623	17 979 664	-0.83%
Service Charges - Electricity Revenue	34 043 074	-	34 043 074	27 998 041	-17.76%
Service Charges - Water Revenue	10 910 273	-	10 910 273	12 112 124	11.02%
- Service Charges - Water Revenue	-	-	-	11 350 725	-
- Availability Charges	-	-	-	761 398	-
Service Charges - Sanitation Revenue	6 001 993	-	6 001 993	6 975 595	16.22%
Service Charges - Refuse Revenue	5 932 987	-	5 932 987	6 614 089	11.48%
Rental of Facilities and Equipment	193 896	-	193 896	232 259	19.79%
- Rental from Fixed Assets	-	-	-	232 259	-
Interest Earned - External Investments	566 565	200 000	766 565	1 783 237	132.63%
Interest Earned - Outstanding Debtors	2 274 282	-	2 274 282	3 795 599	66.89%
- Interest Earned - Exchange Transactions	-	-	-	1 451 757	-
- Interest Earned - Non-Exchange Transactions	-	-	-	2 343 842	-
Fines	27 019	-	27 019	45 034	66.68%
- Fines, Penalties and Forfeits	-	-	-	45 034	-
Licences and Permits	294 356	-	294 356	334 944	13.79%
Agency Services	192 199	-	192 199	216 264	12.52%
Transfers Recognised - Operational	36 600 001	-	36 600 001	36 890 013	0.79%
- Government Grants and Subsidies - Operating	-	-	-	36 763 295	-
- Public Contributions and Donations	-	-	-	126 718	-
Other Revenue	3 071 833	-	3 071 833	2 647 660	-13.81%
- Operational Revenue (Exchange)	-	-	-	332 484	-
- Operational Revenue (Non-Exchange)	-	-	-	2 086 869	-
- Sales of Goods and Rendering of Services	-	-	-	228 306	-
Gains	2 019 651	219 527	2 239 178	1 341 718	-40.08%
- Actuarial Gains	-	-	-	1 341 718	-
- Profit/(Loss) on Fair Value Adjustments	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	119 893 752	783 527	120 677 279	118 966 241	-1.42%

HANTAM MUNICIPALITY

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

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome 2023	Outcome as % of Final Budget
		R	R	R	R	%
EXPENDITURE						
Employee Related Costs		45 630 947	(374 271)	45 256 676	42 986 786	-5.02%
Remuneration of Councillors		5 225 182	181 737	5 406 919	5 388 631	-0.34%
Debt Impairment		11 436 796	(1 015 000)	10 421 796	15 301 216	46.82%
- Bad Debts Written Off		-	-	-	4 511 483	-
- Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	-	-	10 789 733	-
Depreciation and Asset Impairment		16 545 600	3 363 149	19 908 749	9 017 038	-54.71%
- Depreciation and Amortisation		-	-	-	9 017 038	-
- Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-	-	-	-
Finance Charges		2 030 537	(3 196)	2 027 341	3 665 142	80.79%
Bulk Purchases		25 343 391	(143 357)	25 200 034	24 876 949	-1.28%
Inventory Consumed		1 790 635	1 761 757	3 552 392	12 482 347	251.38%
Transfers and Grants		161 760	48 000	209 760	119 369	-43.09%
Total Contracted Services and Other Expenditure		23 884 767	5 523 611	29 408 378	22 886 949	-22.18%
- Contracted Services (per budget schedule)		14 383 543	4 534 284	18 917 827	-	-
- Other Expenditure (per budget schedule)		9 501 224	989 327	10 490 551	22 886 949	-
- Operating Leases		-	-	-	3 077	-
- Operational Costs		-	-	-	22 883 872	-
Losses		1 802 016	-	1 802 016	3 209 520	78.11%
- Inventories: Write-down to Net Realisable Value		-	-	-	32 160	-
- Gains/(Loss) on Water Inventory		-	-	-	2 874 837	-
- Gains/(Loss) on Sale of Fixed Assets		-	-	-	302 523	-
Total Expenditure	47.2.7	133 851 632	9 342 429	143 194 061	139 933 946	-2.28%
Surplus/(Deficit)		(13 957 880)	(8 558 902)	(22 516 782)	(20 967 706)	-6.88%
Transfers Recognised - Capital	23	71 643 000	10 000 000	81 643 000	75 806 965	-7.15%
Contributions Recognised - Capital		-	-	-	-	0.00%
Contributed Assets	47.2.8	6 347 132	-	6 347 132	5 519 245	-13.04%
Surplus/(Deficit) for the year		64 032 252	1 441 098	65 473 350	60 358 504	-7.81%

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 2023

	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		15 100 779	309 400	15 410 179	11 949 163	-22.46%
Service Charges		70 514 162	(11 992 665)	58 521 497	45 375 789	-22.46%
Other Revenue		(20 265 510)	14 990 831	(5 274 679)	3 598 470	-168.22%
Government - Operating		36 750 001	-	36 750 001	36 913 295	0.44%
Government - Capital		71 493 000	10 000 000	81 493 000	81 493 000	0.00%
Interest		566 565	200 000	766 565	1 783 237	132.63%
Payments						
Suppliers and Employees		(101 357 238)	(4 821 454)	(106 178 692)	(112 061 938)	5.54%
Finance costs		(89 162)	3 196	(85 966)	(129 922)	51.13%
Transfers and Grants		(161 760)	(48 000)	(209 760)	-	-100.00%
Net Cash from/(used) Operating Activities	47.2.9	72 550 837	8 641 308	81 192 145	68 921 094	-15.11%
CASH FLOW FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Fixed and Intangible Assets		-	-	-	-	0.00%
Decrease/(Increase) in Non-Current Receivables		-	-	-	41 312	0.00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	0.00%
Payments						
Capital Assets		(79 690 132)	(10 048 000)	(89 738 132)	(65 594 101)	-26.90%
- Purchase of Property, Plant and Equipment		-	-	-	(65 547 049)	-
- Purchase of Intangible Assets		-	-	-	(47 052)	-
Net Cash from/(used) Investing Activities	47.2.10	(79 690 132)	(10 048 000)	(89 738 132)	(65 552 789)	-26.95%
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		-	-	-	(248 111)	0.00%
Net Cash from/(used) Financing Activities		-	-	-	(248 111)	0.00%
NET INCREASE/(DECREASE) IN CASH HELD		(7 139 295)	(1 406 692)	(8 545 987)	3 120 194	-136.51%
Cash and Cash Equivalents at beginning of the year:		2 757 880	359 611	3 117 491	3 117 492	0.00%
Cash and Cash Equivalents at the end of the year:		(4 381 415)	(1 047 081)	(5 428 496)	6 237 686	-214.91%

Denotes the classification per Cash Flow Statement

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

HANTAM MUNICIPALITY

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

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.

HANTAM MUNICIPALITY

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

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 and 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.

The information is presented for budgets that are made publicly available.

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 in 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 R1,300,000. All variances less than R1,300,000 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

HANTAM MUNICIPALITY

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104	<u>Financial Instruments</u> 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.	1 April 2025
IGRAP 7	<u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u> 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.	1 April 2023
IGRAP 21	<u>The Effect of Past Decisions on Materiality</u> 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	<u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2023
Guideline	<u>Application of Materiality of Financial Statements</u> 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.

HANTAM MUNICIPALITY

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

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. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). 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 recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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 (including indirect costs) 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. The revenue received is driven from the agreed terms of the contract rather than legislation.

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

HANTAM MUNICIPALITY

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

- 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.

When expenditure incurred on the provision will be reimbursed, the reimbursement is recognised as a separate asset, when it is virtually certain the reimbursement will be received when the obligation is settled. The reimbursement will not exceed the provision. The expenditure is recognised in the Statement of Financial Performance, net of the reimbursement.

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

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;

HANTAM MUNICIPALITY

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

- 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 restructuring provision only include direct expenditure arising from the restructuring.

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.

HANTAM MUNICIPALITY

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

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

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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.

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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:

<u>Infrastructure</u>	<u>Useful Lives (Years)</u>
Roads and Stormwater	1-100
Electricity	1-80
Water Supply	1-80
Sanitation	5-20
Solid Waste	2-80
<u>Community Assets</u>	
Community Facilities	3-50
Outdoor Sport and Recreational Facilities	3-10
<u>Other Assets</u>	
Land	Indefinite
Buildings	3-50
Computer equipment	1-10
Furniture and Office Equipment	1-20
Machinery and Equipment	1-20
Transport Assets	1-15
<u>Finance lease assets</u>	
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 prospectively as a change in the accounting estimate.

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.

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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.

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The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

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. Where an intangible asset is acquired through a non-exchange transaction it is measured fair value.

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:

<u>Intangible Assets</u>	<u>Useful life (Years)</u>
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 prospectively as a change in accounting estimate.

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.

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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.

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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 Statement of Financial Performance 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.

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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

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- 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.

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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.

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- *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.

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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, 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. 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

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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

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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 and Measurement

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

The municipality initially measures the statutory receivables at their transaction amount.

1.23.2. Subsequent Measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

- 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.

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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 be 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.

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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.

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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.

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

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:

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

- 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.

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.

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

Initial Recognition

The service concession asset are recognised by grantor when:

- The Grantor controls the services provided by the operator, to who and the price of services
- The Grantor controls any significant residual interest in the asset at the end of the arrangement term.

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. The finance charge and charges for services are recognised as expenses in the Statement of Financial Performance.

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.

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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".

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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:

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- 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). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. 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. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. 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. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. 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 measured with sufficient reliability.

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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 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

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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 an 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

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

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 valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an 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.

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

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.

Commitments are disclosed in the notes inclusive of VAT.

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.

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

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 2023

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	WIP Additions	Additions/ iGRAP 2	Other Changes	Under Construction	Contributed PPE	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure															
Roads & Storm Water	61 020 567	3 875 623	-	-	-	-	-	64 896 189	13 051 213	-	1 240 245	-	-	14 291 457	50 604 732
Electricity	64 328 723	103 911	-	-	-	-	(625 182)	63 807 451	13 880 574	-	1 464 482	-	(325 961)	15 019 095	48 788 356
Water Supply	299 991 502	44 141 829	-	-	-	-	-	344 133 331	32 939 185	-	10 198 382	-	-	43 137 568	300 995 763
Sanitation	72 735 952	20 046 028	-	-	-	-	-	92 781 981	8 632 310	-	1 837 002	-	-	10 469 311	82 312 669
Sold Waste	9 535 019	-	(2 699 114)	-	-	-	-	6 835 904	6 478 778	-	22 527	-	-	6 501 305	334 599
	507 611 762	68 167 390	(2 699 114)	-	-	-	(625 182)	572 454 856	74 982 060	-	14 762 637	-	(325 961)	89 418 736	483 036 120
Community Assets															
Community Facilities	11 333 122	-	-	-	-	-	-	11 333 122	3 144 427	-	484 125	-	-	3 628 552	7 704 569
Sport and Recreation Facilities	23 882 095	-	-	-	-	4 896 585	-	28 778 680	4 183 156	-	1 071 988	-	-	5 255 144	23 523 536
Outdoor Facilities	35 215 216	-	-	-	-	4 896 585	-	40 111 801	7 327 583	-	1 556 113	-	-	8 883 696	31 228 105
Other Assets															
Other Immovable Assets															
Other Land	1 785 411	-	-	-	-	-	-	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	5 572 939	47 737	-	-	-	-	-	5 620 676	4 220 255	-	87 635	-	-	4 307 890	1 312 786
	7 358 349	47 737	-	-	-	-	-	7 406 086	4 220 255	-	87 635	-	-	4 307 890	3 098 197
Other Movable Assets															
Computer Equipment	2 743 424	164 957	-	-	-	-	(37 399)	2 870 982	958 789	-	239 384	-	(36 728)	1 161 445	1 709 537
Furniture and Office Equipment	3 184 417	30 816	-	-	-	622 660	(29 811)	3 808 081	2 593 166	-	108 311	-	(28 465)	2 673 012	1 135 069
Machinery and Equipment	2 520 767	16 150	-	-	-	-	(12 833)	2 524 085	1 260 386	-	213 369	-	(11 549)	1 462 206	1 061 879
Transport Assets	12 080 428	1 413 000	-	-	-	-	(4 000)	13 489 428	8 155 779	-	545 132	-	(4 000)	8 696 911	4 792 517
	20 529 036	1 624 923	-	-	-	622 660	(84 043)	22 692 575	12 968 119	-	1 106 197	-	(80 742)	13 993 574	8 699 001
Leases															
Furniture and Office Equipment	655 863	-	-	-	-	-	-	655 863	419 024	-	218 621	-	-	637 645	18 218
	655 863	-	-	-	-	-	-	655 863	419 024	-	218 621	-	-	637 645	18 218
Total	571 370 227	69 840 050	(2 699 114)	-	-	5 519 245	(709 226)	643 321 183	99 917 041	-	17 731 203	-	(406 703)	117 241 541	526 079 642

	Cost/Revaluation								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions/WIP iGRAP 2	Other Changes	Under Construction	Contributed PPE	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure															
Roads & Storm Water	52 692 961	-	8 916 603	-	-	-	(588 997)	61 020 567	12 822 545	(1 098 422)	1 461 189	-	(134 100)	13 051 213	47 969 354
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	61 130 631	-	3 036 101	-	-	161 991	-	64 328 723	12 547 633	1 667	1 331 275	-	-	13 880 574	50 448 149
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	1 050 600	8 728 310	-	-	-	-	72 735 952	6 870 863	-	1 761 447	-	-	8 632 310	64 103 643
Solid Waste	10 205 275	-	(670 257)	-	-	-	-	9 535 019	6 328 311	-	150 468	-	-	6 478 778	3 056 240
	464 858 296	1 050 600	21 379 557	-	-	26 090 806	(5 767 498)	507 611 762	67 916 819	(1 096 756)	11 204 621	-	(3 042 624)	74 982 060	432 629 703
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	60 670	504 220	-	-	126 528	(16 441)	2 743 424	834 038	9 460	130 975	-	(15 684)	958 789	1 784 635
Furniture and Office Equipment	3 209 372	51 102	12 616	-	-	-	(88 672)	3 184 417	2 512 029	27 403	135 431	-	(81 697)	2 593 166	591 251
Machinery and Equipment	2 400 953	88 140	87 594	-	-	-	(55 919)	2 520 767	1 058 662	22 980	226 761	-	(48 017)	1 260 386	1 260 382
Transport Assets	12 054 817	29 111	-	-	-	-	(3 500)	12 080 428	7 396 637	4 313	758 308	-	(3 479)	8 155 779	3 924 649
	19 733 588	229 023	604 430	-	-	126 528	(164 532)	20 529 036	11 801 365	64 155	1 251 475	-	(148 876)	12 968 119	7 560 917
Leases															
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	655 863	-	-	-	-	-	-	655 863	200 403	-	218 621	-	-	419 024	236 840
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	655 863	-	-	-	-	-	-	655 863	200 403	-	218 621	-	-	419 024	236 840
Total	527 821 313	1 279 623	21 983 987	-	-	26 217 334	(5 932 030)	571 370 227	89 912 463	(1 032 600)	14 228 679	-	(3 191 501)	99 917 041	471 453 186

	2023 R	2022 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	92 526 958	27 072 175
Roads	13 671 466	9 795 843
Electricity	-	2 608 696
Water Supply	45 138 352	2 365 323
Sanitation	33 717 141	12 302 313
Previously reported		11 251 713
Correction of Error		1 050 600
Community Assets	47 737	-
Total Property, Plant and Equipment under construction	92 574 696	27 072 175
<i>The movements for the year can be reconciled as follows:</i>		
Balance at beginning of year	27 072 175	16 719 442
Expenditure during the year	68 215 128	23 704 844
Previously reported		22 654 244
Correction of Error		1 050 600
Donated Assets	5 519 245	26 217 334
Assets unbundled during the year	(8 231 852)	(39 569 445)
Balance at end of year	92 574 696	27 072 175
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.		
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Other materials	3 020 611	1 123 583
Contracted Services	5 967 800	5 886 381
Other Expenditure	6 556	-
Total Repairs and Maintenance	8 994 967	7 009 963

2.7 Assets pledged as security:

Leased Property, Plant and Equipment with a carrying value of R 18,218 (2022: R 236,840) 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.

	2023 R	2022 R
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	160 576 839	18 664 707
Infrastructure	160 576 839	18 664 707
Total	160 576 839	18 664 707
This expenditure will be financed from:		
Government Grants	160 576 839	18 664 707
Total	160 576 839	18 664 707

Contractual commitments are disclosed inclusive of VAT.

The commitments are substantially higher than previous years due to the Calvinia Bulk Water Supply Project with a contract value of R160 000 000.

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 R5,519,245 (2022: R26,217,334) 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.

3. AGRICULTURAL

3.1 Biological Assets that from part on an agricultural activity:

	Quantity (Units)	Fair Value	2023 R	2022 R
Consumable Biological Asset				
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:

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.

	2023 R	2022 R
4. INVESTMENT PROPERTY		
4.1 Net Carrying amount at 1 July	37 734 130	37 681 441
Fair Value	37 734 130	37 681 441
Gains arising from changes in fair value	-	52 689
Net Carrying amount at 30 June	37 734 130	37 734 130
Fair Value	37 734 130	37 734 130
4.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	198 277	193 215

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.

Fair value of Investment Properties was determined on 30 June 2023 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.

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		
5.1 Net Carrying amount at 1 July	1 628 400	673 543
Cost	1 668 618	694 035
Accumulated Amortisation	(40 219)	(20 492)
Additions	47 052	974 583
Amortisation	(121 030)	(19 727)
Net Carrying amount at 30 June	1 554 422	1 628 400
Cost	1 715 670	1 668 618
Accumulated Amortisation	(161 248)	(40 219)
5.2 Intangible Assets which is in the process of being constructed or developed:		
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.

	2023 R	2022 R
6. HERITAGE ASSETS		
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
<u>Heritage Assets consists of :</u>		
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.		
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 maintenance of Heritage Assets.		
7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost	16 668	51 756
Electricity	-	-
Water	4 581	16 317
Waste Management	3 471	10 825
Waste Water Management	3 917	10 008
Other Service Charges	4 699	14 607
Less: Current Portion of Non-Current Receivables	(8 089)	(32 413)
Total Non-Current Receivables from Exchange Transactions	8 579	19 343
8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	4 180	10 403
Less: Current Portion of Non-Current Receivables	(1 842)	(5 719)
Total Non-Current Receivables from Non-Exchange Transactions	2 337	4 684
9. INVENTORY		
Water	54 464	50 860
Total Inventory	54 464	50 860
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		

	2023 R	2022 R
9.1 Inventories recognise as an expense during the year:		
Materials and Supplies	2 984 846	1 160 134
Water	9 497 501	6 434 097
Previously reported	-	9 176 068
Restatement of comparatives - Employee Cost incorrectly included in Inventory - Note 31	-	(4 564 089)
Restatement of comparatives - Depreciation incorrectly included in Inventory - Note 33	-	1 008 817
Restatement of comparatives - Restatement of water losses - Note 41	-	813 301
Total	12 482 347	7 594 230

Water inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their location and condition prior to being consumed.

Water Inventory expensed comprises of the following costs which were reallocated:

Reallocated from:

Employee related costs

Contracted Services

Operational Costs

Finance Costs

Depreciation and Amortisation

Gains/(Loss) on Water Inventory

(9 497 501)	(6 434 097)
(416 954)	(329 508)
(2 718 864)	(2 257 990)
(400 417)	(282 627)
(908)	(2 212)
(8 835 195)	(5 605 749)
2 874 837	2 043 990

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

Water	32 160	35 216
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10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	8 948 682	8 854 385
Water	22 886 989	19 386 190
Previously reported	-	11 611 302
Correction of Error - Note 42.2	-	(2 627)
Correction of Error - Note 43.2 (Availability Charges)	-	7 777 515
Property Rentals	-	-
Waste Management	16 509 444	14 155 671
Waste Water Management	11 411 028	9 315 466
Other Arrears	4 260 280	3 747 667
Interest	2 671 915	2 344 258
Other	1 588 365	1 403 409
Total: Receivables from exchange transactions (before provision)	64 016 424	55 459 379
Less: Provision for Debt Impairment	(53 832 853)	(46 258 796)
Total: Receivables from exchange transactions (after provision)	10 183 571	9 200 582

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 R16,668 (2022: R51,756) have arranged to settle their account over an re-negotiated period. Total payments to the value of R8,579 (2022: R19,343) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	1 746 568	3 259 854
31 - 60 Days	224 337	314 040
61 - 90 Days	170 565	244 188
+ 90 Days	6 807 212	5 036 304
Total	8 948 682	8 854 385

(Water): Ageing

Current (0 - 30 days)	1 072 031	799 769
31 - 60 Days	618 291	439 255
61 - 90 Days	562 945	485 954
+ 90 Days	20 633 723	17 661 213
Total	22 886 989	19 386 190

(Waste Management): Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total**2023
R**

994 878
390 643
381 639
14 742 285

16 509 444**2022
R**

946 652
352 958
340 583
12 515 477

14 155 671**(Waste Water Management): Ageing**

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

1 031 674
360 148
334 309
9 684 898

11 411 028

941 513
309 538
303 320
7 761 095

9 315 466**(Other): Ageing**

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

241 223
102 912
111 605
3 804 540

4 260 280

237 458
90 434
63 168
3 356 607

3 747 667**(Total): Ageing**

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

5 086 374
1 696 331
1 561 062
55 672 658

64 016 424

6 185 246
1 506 225
1 437 212
46 330 696

55 459 379**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year
Previously reported
Correction of Error prior to 1 July 2021 - Note 42.2 - Availability Charges
Contribution to provision
Previously reported
Correction of Error 2021/2022 - Note 42.2 (Availability Debtors)
VAT on provision
Previously reported
Correction of Error VAT 2021/2022 - Note 42.2 (Availability Debtors)
Reversal of provision

Balance at end of year

46 258 796

-

-

6 586 136

-

-

987 920

-

-

-

53 832 853

40 350 884

34 068 608

6 282 275

5 181 586

4 592 210

589 377

726 327

637 920

88 406

-

46 258 796

The total amount of this provision is R53,832,853 (2022: R46,258,796) and consists of:

Services
Other Debtors

53 832 853

-

-

53 832 853

46 258 796

-

46 258 796**Total Provision for Debt Impairment on Receivables from exchange transactions****Ageing of amounts past due but not impaired:**

1 month past due
2+ months past due

1 696 331

3 400 866

5 097 197

1 506 225

1 509 112

3 015 336

	2023 R	2022 R
11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes – Rates	31 418 531	25 333 618
Previously reported	-	25 349 183
Correction of Error - Note 42.3	-	(15 564)
Availability Charges	1 368 738	1 198 932
Previously reported	-	8 976 448
Correction of Error - Note 42.3 - Availability Charges	-	(7 777 515)
Other Receivables	1 152 447	1 148 039
	33 939 716	27 680 590
<u>Less:</u> Provision for Debt Impairment	(25 889 690)	(21 631 683)
Total Receivables from non-exchange transactions	8 050 026	6 048 907

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 R4,180 (2022: R10,403) have arranged to settle their account over an re-negotiated period. Total payments to the value of R2,337 (2022: R4,684) 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

Current (0 - 30 days)	23 137	22 011
31 - 60 Days	22 201	19 683
61 - 90 Days	18 342	19 533
+ 90 Days	1 305 058	1 137 706
Total	1 368 738	1 198 932

(Rates): Ageing

Current (0 - 30 days)	1 892 673	1 441 759
31 - 60 Days	677 800	429 710
61 - 90 Days	611 433	406 663
+ 90 Days	28 236 624	23 055 486
Total	31 418 531	25 333 618

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2023			
Current (0 - 30 days)	1 395 019	356 359	141 296
31 - 60 Days	517 454	96 895	63 451
61 - 90 Days	463 031	86 266	62 136
+ 90 Days	23 304 546	2 197 195	2 734 883
Sub-total	25 680 050	2 736 715	3 001 766
<u>Less:</u> Provision for Debt Impairment	(21 221 220)	(1 749 520)	(1 678 876)
Total debtors by customer classification	4 458 829	987 195	1 322 890

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2022			
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	1 596 094
Sub-total	22 013 561	1 702 177	1 617 880
<u>Less:</u> Provision for Debt Impairment	(17 853 510)	(1 380 505)	(1 324 761)
Total debtors by customer classification	4 160 051	321 672	293 119

	2023 R	2022 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	21 631 683	15 356 948
Previously reported	-	21 639 224
Correction of Error - Note 42.3 (Availability Charges)	-	(6 282 275)
Contribution to provision	4 203 596	6 212 519
Previously reported	-	6 801 896
Correction of Error 2021/2022 - Note 42.3 (Availability Debtors)	-	(589 377)
VAT on provision	54 411	62 215
Previously reported	-	150 622
Correction of Error 2021/2022 - Note 42.3 (Availability Debtors)	-	(88 406)
Reversal of provision	-	-
Balance at end of year	25 889 690	21 631 683

The total amount of this provision is R 25,889,690 (2022: R 21,631,683) and consists of:

Taxes	24 649 616	20 558 777
Availability Charges	1 240 074	1 072 906
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	25 889 690	21 631 683

Ageing of Rates amounts past due but not impaired:

1 month past due	677 800	429 710
2+ months past due	4 198 441	2 903 373
	4 876 241	3 333 083

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	315 311	745 808
Call Deposits and Investments	5 920 876	2 370 184
Cash On-hand	1 500	1 500
Total Cash and Cash Equivalents - Assets	6 237 686	3 117 492

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	219 136	214 945
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	58 149	523 679
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	38 025	7 184
	315 311	745 808

Call Deposits and Investments

Call Deposit CRR - Standard Bank Account No. 088673669021:	245 616	2 547
Financial Management Grant - Standard Bank Account No. 088673669024:	2 596	2 511
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	20 201	1 845 780
Hantam DBSA - Standard Bank Account No. 088673669025:	3 383	68 252
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	5 643 802	444 199
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	1 570	3 309
Hantam EPWP - Standard Bank Account No. 088673669027:	1 216	1 176
Hantam INEP - Standard Bank Account No. 088673669028:	2 492	2 409
	5 920 876	2 370 184

	2023 R	2022 R
<u>Details of current accounts are as follow:</u>		
<i>Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):</i>		
Cash book balance at beginning of year	214 945	240 460
Cash book balance at end of year	219 136	214 945
Bank statement balance at beginning of year	199 283	216 119
Bank statement balance at end of year	217 692	199 283
<i>ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):</i>		
Cash book balance at beginning of year	523 679	2 716 225
Cash book balance at end of year	58 149	523 679
Bank statement balance at beginning of year	590 075	2 744 162
Bank statement balance at end of year	78 639	590 075
<i>Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section</i>		
Cash book balance at beginning of year	7 184	174 541
Cash book balance at end of year	38 025	7 184
Bank statement balance at beginning of year	7 184	174 541
Bank statement balance at end of year	38 025	7 184
<u>Details of call investment accounts are as follow:</u>		
<i>Call Deposit CRR - Standard Bank Account No. 088673669021:</i>		
Cash book balance at beginning of year	2 547	32 505
Cash book balance at end of year	245 616	2 547
Bank statement balance at beginning of year	2 547	32 505
Bank statement balance at end of year	245 616	2 547
<i>Financial Management Grant - Standard Bank Account No. 088673669024:</i>		
Cash book balance at beginning of year	2 511	6 007
Cash book balance at end of year	2 596	2 511
Bank statement balance at beginning of year	2 511	6 007
Bank statement balance at end of year	2 596	2 511
<i>Water Services Infrastructure Grant - Standard Bank Account No. 088673669023:</i>		
Cash book balance at beginning of year	1 845 780	3 005 998
Cash book balance at end of year	20 201	1 845 780
Bank statement balance at beginning of year	1 845 780	3 005 998
Bank statement balance at end of year	20 201	1 845 780
<i>Hantam DBSA - Standard Bank Account No. 088673669025:</i>		
Cash book balance at beginning of year	68 252	357 022
Cash book balance at end of year	3 383	68 252
Bank statement balance at beginning of year	68 252	357 022
Bank statement balance at end of year	3 382	68 252
<i>Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:</i>		
Cash book balance at beginning of year	444 199	2 510 634
Cash book balance at end of year	5 643 802	444 199
Bank statement balance at beginning of year	444 199	2 510 634
Bank statement balance at end of year	5 643 803	444 199

Hantam Surplus Cash - Standard Bank Account No. 088673669026:

Cash book balance at beginning of year
Cash book balance at end of year

Bank statement balance at beginning of year
Bank statement balance at end of year

Hantam EPWP - Standard Bank Account No. 088673669027:

Cash book balance at beginning of year
Cash book balance at end of year

Bank statement balance at beginning of year
Bank statement balance at end of year

Hantam INEP - Standard Bank Account No. 088673669028:

Cash book balance at beginning of year
Cash book balance at end of year

Bank statement balance at beginning of year
Bank statement balance at end of year

2023 R	2022 R
3 309	24 900
1 570	3 309
3 309	24 900
1 570	3 309
1 176	1 166
1 216	1 176
1 176	1 166
1 216	1 176
2 409	161 556
2 492	2 409
2 409	161 556
2 492	2 409

13. LONG-TERM BORROWINGS

Capitalised Lease Liability - At amortised cost

Less: Current Portion of Long-term Borrowings

Total Long-term Borrowings

22 357	270 468
(22 357)	(248 111)
-	22 357

13.1 The obligations under finance leases are scheduled below:**Amounts payable under finance leases:**

Payable within one year
Payable within two to five years

Less: Future finance obligations

Present value of finance lease obligations

Minimum payments	
22 630	271 565
-	22 630
22 630	294 196
(274)	(23 728)
22 357	270 468

The capitalised lease liability consist out of the following contracts:

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.

	2023 R	2022 R
14. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	14 521 481	16 594 287
Total Non-current Provisions	14 521 481	16 594 287
14.1 Landfill Sites		
Balance 1 July	16 594 287	16 792 673
Contribution for the year	1 777 220	1 896 242
Change in Provision for Rehabilitation Cost	(3 850 027)	(2 094 628)
Total provision 30 June	14 521 481	16 594 287
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	14 521 481	16 594 287

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	7 678	3 791
Preliminary and general (R)	2 317 835	2 418 142	599 202	344 800
Site Clearance and Preparation	41 011	43 582	10 135	5 004
Storm water control measures (R)	1 689 400	1 704 873	829 821	603 612
Capping (R)	10 285 554	10 795 523	2 527 885	1 252 317
Gas Management (R)	-	-	-	-
Leachate Management (R)	616 478	633 348	306 394	247 751
Fencing (R)	1 631 158	1 703 548	13 163	13 163
Environmental Authorisation Closing License (R)	441 773	441 773	441 773	441 773
Technical ROD (R)	223 900	223 900	223 900	223 900
Install Groundwater Monitoring Boreholes with locable caps (R)	225 061	176 211	184 652	191 019
Landscape Architects (R)	149 560	154 560	151 855	150 910
Water use licence (R)	38 000	38 000	38 000	38 000
Topographical Survey (R)	8 249	8 767	7 500	7 500
Contingencies (R)	1 658 144	1 729 902	428 660	246 665
Engineering: Professional Fees (R)	1 916 121	1 999 001	575 351	335 118
Site Supervision (Engineer's Representative) (R)	429 468	485 432	239 608	167 222
Site Supervision (Environmental Control Officer & OHS Agent) (R)	114 804	198 604	143 100	111 213

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		
Brandvlei	2058	None	163 629 933	73 493 890
Calvinia	2032	2038 - 2067	46 609 523	38 779 517
Loeriesfontein	2047	None	28 993 338	16 460 810
Nieuwoudtville	2035	None	10 318 884	7 644 175
			249 551 677	136 378 392

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 exceeding 30 years and is expected to commence in 2038.

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

	2023 R	2022 R	
15. NON-CURRENT EMPLOYEE BENEFITS			
Provision for Post Retirement Health Care Benefits	14 548 000	14 758 000	
Provision for Long Service Awards	1 837 000	1 920 000	
Total Non-current Employee Benefits	16 385 000	16 678 000	
<u>Post Retirement Health Care Benefits</u>			
Balance 1 July	15 785 000	15 542 000	
Contribution for the year	2 103 000	1 668 000	
Expenditure for the year	(1 027 344)	(1 007 721)	
Actuarial Loss/(Gain)	(1 214 656)	(417 279)	
Total provision 30 June	15 646 000	15 785 000	
Less: Transfer of Current Portion to Current Provisions - Note 17	(1 098 000)	(1 027 000)	
Balance 30 June	14 548 000	14 758 000	
<u>Long Service Awards</u>			
Balance 1 July	2 176 000	2 256 000	
Contribution for the year	425 000	379 000	
Expenditure for the year	(240 938)	(457 485)	
Actuarial Gain	(127 062)	(1 515)	
Total provision 30 June	2 233 000	2 176 000	
Less: Transfer of Current Portion to Current Provisions - Note 17	(396 000)	(256 000)	
Balance 30 June	1 837 000	1 920 000	
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:			
In-service (employee) members	28	28	
In-service (employee) non-members	92	91	
Continuation members (e.g. Retirees, widows, orphans)	15	15	
Total Members	135	134	
The liability in respect of past service has been estimated to be as follows:			
In-service members	4 199 000	4 166 000	
In-service non-members	619 000	331 000	
Continuation members	10 828 000	11 288 000	
Total Liability	15 646 000	15 785 000	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2021 R	2020 R	2019 R
In-service members	3 463 000	3 896 000	4 073 242
In-service non-members	306 000	-	-
Continuation members	11 773 000	10 132 000	11 413 861
Total Liability	15 542 000	14 028 000	15 487 103

	2023 R	2022 R
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 R345 000, whereas the interest cost for the next year is estimated to be R1 758 000.

Key actuarial assumptions used:	2023 %	2022 %
i) Rate of interest		
Discount rate	11.93%	11.50%
Health Care Cost Inflation Rate	7.56%	8.16%
Net Effective Discount Rate	4.06%	3.09%
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		
2022/2023 - 4.9%		
The three-year Salary and Wage Collective Agreement ends on 30 June 2023.		

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

Present value of fund obligations	15 646 000	15 785 000
Fair value of plan assets	-	-
	15 646 000	15 785 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	15 646 000	15 785 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	15 785 000	15 542 000
Total expenses	2 103 000	1 668 000
Current service cost	345 000	220 000
Interest Cost	1 758 000	1 448 000
Actuarial (gains)/losses	(1 214 656)	(417 279)
Benefits Paid	(1 027 344)	(1 007 721)
Present value of fund obligation at the end of the year	15 646 000	15 785 000

Sensitivity Analysis on the Accrued Liability on 30 June 2023:

<u>Assumption</u>	<u>In-service members liability (Rm)</u>	<u>Continuation members liability (Rm)</u>	<u>Total liability (Rm)</u>
Central Assumptions	4.818	10.828	15.646

				2023 R	2022 R
Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	5.688	11.733	17.421	11%
Health care inflation	-1%	4.111	10.028	14.139	-10%
Post-employment mortality	+1 yr	4.700	10.457	15.157	-3%
Post-employment mortality	-1 yr	4.936	11.200	16.136	3%
Average retirement age	-1 yr	5.288	10.828	16.116	3%
Withdrawal Rate	-10%	4.200	10.828	15.028	-4%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023:

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	345 000	1 758 000	2 103 000

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%	421 000	1 977 000	2 398 000	14%
Health care inflation	-1%	285 000	1 574 000	1 859 000	-12%
Post-retirement mortality	+1 yr	336 000	1 697 000	2 033 000	-3%
Post-retirement mortality	-1 yr	226 000	1 499 000	1 725 000	-18%
Average retirement age	-1 yr	378 000	1 804 000	2 182 000	4%
Withdrawal Rate	-10%	303 000	1 692 000	1 995 000	-5%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0.248	(0.104)
Assets: Gain / (loss)	-	-

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

	2021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	(0.320)	0.046	(0.464)
Assets: Gain / (loss)	-	-	-

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 118 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R202 000 whereas the Interest Cost for the next year is estimated to be R223 000.

Key actuarial assumptions used:	2023 %	2022 %
i) Rate of interest		
Discount rate	11.08%	10.87%
General Salary Inflation (long-term)	6.47%	7.33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.33%	3.30%

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

Present value of fund obligations	2 233 000	2 176 000
Fair value of plan assets	-	-
	2 233 000	2 176 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	2 233 000	2 176 000

	2023 R	2022 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 176 000	2 256 000
Total expenses	425 000	379 000
Current service cost	202 000	196 000
Interest Cost	223 000	183 000
Actuarial (gains)/losses	(127 062)	(1 515)
Benefits Paid	(240 938)	(457 485)
Present value of fund obligation at the end of the year	2 233 000	2 176 000

Sensitivity Analysis on the Accrued Liability on 30 June 2023:

Assumption	Change	Liability (Rm)	% change
Central assumptions	-	2.233	-
General salary inflation	+1%	2.344	5%
General salary inflation	-1%	2.131	-5%
Average retirement age	+2 yrs	2.442	9%
Average retirement age	-2 yrs	1.962	-12%
Withdrawal rates	x2	1.903	-15%
Withdrawal rates	x0,5	2.453	10%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023:

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	202 000	223 000	425 000

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%	216 000	235 000	451 000	6%
General earnings inflation rate	-1%	189 000	211 000	400 000	-6%
Discount rate	+1%	190 000	230 000	420 000	-1%
Discount rate	-1%	215 000	214 000	429 000	1%
Average retirement age	+2 yrs	218 000	243 000	461 000	8%
Average retirement age	-2 yrs	182 000	194 000	376 000	-12%
Withdrawal Rate	x2	154 000	186 000	340 000	-20%
Withdrawal Rate	x0,5	236 000	248 000	484 000	14%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0.071)	0.545
Assets: Gain / (loss)	-	-

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

	2021 Rm	2020 Rm	2019 Rm
Liabilities: (Gain) / loss	(0.221)	(0.112)	0.102
Assets: Gain / (loss)	-	-	-

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

Consolidated Retirement Fund	3 513 154	3 361 374
Municipal Workers Retirement Fund	660 346	647 351
	4 173 499	4 008 725

	2023 R	2022 R
16. CONSUMER DEPOSITS		
Electricity	1 324 678	1 207 453
Rental Properties	105 464	91 933
Total Consumer Deposits	1 430 142	1 299 386
The fair value of consumer deposits approximates their carrying value. No interest is paid on these deposits.		
17. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	400 410	431 665
Staff Bonuses	1 197 452	1 131 195
Staff Leave	3 044 594	2 875 167
Current Portion of Non-Current Provisions	1 494 000	1 283 000
Current Portion of Post Retirement Benefits - Note 15	1 098 000	1 027 000
Current Portion of Long-Service Provisions - Note 15	396 000	256 000
Total Current Employee Benefits	6 136 456	5 721 028
The movement in current provisions are reconciled as follows:		
17.1 Performance Bonuses		
Balance at beginning of year	431 665	431 665
Contribution to current portion	379 991	396 219
Expenditure incurred	(411 246)	(396 219)
Balance at end of year	400 410	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		
Balance at beginning of year	1 131 195	1 119 152
Contribution to current portion	1 995 121	1 815 819
Expenditure incurred	(1 928 864)	(1 803 777)
Balance at end of year	1 197 452	1 131 195
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		
Balance at beginning of year	2 875 167	2 625 759
Contribution to current portion	270 668	339 500
Expenditure incurred	(101 241)	(90 091)
Balance at end of year	3 044 594	2 875 167
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		
Trade Payables	11 746 783	13 831 844
Previously reported	-	13 116 171
Correction of Error Prior to 1 July 2021 - Note 42.4	-	(492 517)
Correction of Error 2021/2022 - Note	-	1 208 191
Advance Payments	1 153 911	1 010 001
Department of Transport	18 410 320	18 647 308
Other Payables	3 827 352	4 511 591
Previously reported	-	3 865 399
Correction of Error Prior to 1 July 2021 - Note 42.4	-	646 192
Retentions	7 931 924	2 331 352
Total Trade Payables	43 070 291	40 332 096

Disclosed as follows:

Trade and Other Payables
Non-Current Trade and Other Payables

Total Trade Payables

2023
R

2022
R

24 659 970

21 684 788

18 410 320

18 647 308

43 070 291**40 332 096**

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

Unspent Transfers and Subsidies

5 836 035

-

National Government Grants

5 836 035

-

Total Unspent Transfers and Subsidies**5 836 035****-**

Refer to appendix "D" for reconciliation of grants.

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

20. TAXES**20.1 VAT Payable**

VAT Output in Suspense

(6 495 875)

(5 626 763)

Less: Contribution to Provision for Doubtful Debt Impairment

5 557 202

4 514 871

Total VAT Payable**(938 672)****(1 111 891)****20.2 VAT Receivable**

5 385 479

30 275

VAT Input in Suspense

5 600 180

4 252 845

Correction of Error - Note - 42.5

-

472 240

Correction of Error - Note - - Invoice recognised in the incorrect period

-**157 590****Total VAT Receivable****10 985 659****4 912 950****20.3 Net VAT Receivable****10 046 987****3 801 059**

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

21. NET ASSET RESERVES

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****Rateable Land and Buildings****24 717 207****22 562 896**

Business and Commercial Property

3 919 718

3 710 395

Public Benefit Organisations

1 055 996

1 005 927

Residential Properties

12 145 415

10 839 582

State-owned Properties

3 285 330

2 911 444

Agricultural Property

4 310 748

4 111 113

Correction of Error - Note 43.3

-

(15 564)

Less: Revenue Forgone

(6 737 543)

(6 274 137)

Total Property Rates**17 979 664****16 288 759**

Valuations - 1 July 2022**Rateable Land and Buildings**

Business and Commercial Property
 Farm Properties
 Industrial Property
 Municipal Properties
 Public Benefit Organisations
 Public Service Infrastructure Properties
 Residential Properties
 State-owned Properties
 Agricultural Property
 Other Categories

2023
R

2022
R

4 728 933 300

4 715 154 300

315 451 000
 446 000
 2 056 000
 19 861 000
 9 925 000
 3 065 000
 660 844 300
 148 206 000
 3 477 104 000
 91 975 000

313 307 000
 446 000
 2 056 000
 22 240 000
 9 925 000
 3 063 000
 653 030 300
 151 960 000
 3 476 438 000
 82 689 000

Total Assessment Rates

4 728 933 300

4 715 154 300

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

Brandvlei - Land and buildings
 Calvinia - Land and buildings
 Loeriesfontein - Land and buildings
 Nieuwoudtville - Land and buildings
 Agriculture Properties

2023

2022

1,7147824c/R
 1,7147824c/R
 1,7147824c/R
 1,7147824c/R
 0,1239371c/R

1,6362427c/R
 1,6362427c/R
 1,6362427c/R
 1,6362427c/R
 0,1115666c/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
 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 R6,737,543 (2022: R6,274,137).

23. GOVERNMENT GRANTS AND SUBSIDIES**Government Grants and Subsidies - Operating**

Equitable Share
 Expanded Public Works Programme Integrated Grant
 Local Government Financial Management Grant
 Libraries, Archives and Museums
 Capacity Building

36 763 295

32 202 121

31 566 000
 1 564 000
 1 770 000
 1 700 000
 163 295

27 160 272
 1 567 000
 1 920 000
 1 350 000
 204 850

Government Grants and Subsidies - Capital

Municipal Infrastructure Grant
 Local Government Financial Management Grant
 Energy Efficiency and Demand Side Management Grant
 Water Services Infrastructure Grant
 Regional Bulk Infrastructure Grant

75 806 965

23 051 000

4 656 965
 150 000
 -
 21 000 000
 50 000 000

10 051 000
 -
 3 000 000
 10 000 000
 -

Total Government Grants and Subsidies

112 570 260

55 253 121

Included in above are the following grants and subsidies received:

Unconditional

Equitable Share

**2023
R**

**2022
R**

31 566 000

27 160 272

31 566 000

27 160 272

Conditional

Local Government Financial Management Grant
Municipal Infrastructure Grant
Energy Efficiency and Demand Side Management Grant
Regional Bulk Infrastructure Grant
Expanded Public Works Programme
Municipal Water Infrastructure Grant
Libraries, Archives and Museums
LGSETA - Capacity Building

81 004 260

28 092 850

1 920 000

1 920 000

4 656 965

10 051 000

-

3 000 000

50 000 000

-

1 564 000

1 567 000

21 000 000

10 000 000

1 700 000

1 350 000

163 295

204 850

Total Government Grants and Subsidies

112 570 260

55 253 121

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

Executive and council
Finance and Administration
Community and social services
Sport and recreation
Road Transport
Energy Sources
Water Management
Waste Water Management
Waste Management

3 093 000

1 877 197

16 888 500

15 647 888

1 798 208

4 448 397

134 547

6 193 813

5 230 073

4 566 199

1 372 618

1 181 028

74 426 413

12 984 776

6 150 386

5 291 912

3 476 515

3 061 912

Total Government Grants and Subsidies

112 570 260

55 253 121

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

Grants received
Repaid to National Revenue Fund
Revenue recognised

31 566 000

24 734 000

-

2 426 272

(31 566 000)

(27 160 272)

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)

Opening balance
Grants received
Conditions met - Operating
Conditions met - Capital

-

-

1 920 000

1 920 000

(1 770 000)

(1 920 000)

(150 000)

-

All grant conditions met

-

-

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)

Opening balance
Grants received
Repaid to National Revenue Fund
Conditions met - Capital

-

2 426 272

10 493 000

10 051 000

-

(2 426 272)

(4 656 965)

(10 051 000)

Conditions still to be met

5 836 035

-

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

	2023 R	2022 R
23.5 Libraries, Archives and Museums		
Opening balance	-	-
Grants received	1 700 000	1 350 000
Conditions met - Operating	(1 700 000)	(1 350 000)
All grant conditions met	-	-
The grant was used to finance library activities.		
23.6 Regional Bulk Infrastructure Grant		
Opening balance	-	-
Grants received	50 000 000	-
Conditions met - Capital	(50 000 000)	-
All grant conditions met	-	-
The Grant was utilised to upgrade Bulk infrastructure in previously disadvantaged areas.		
23.7 Expanded Public Works Programme Integrated Grant		
Opening balance	-	-
Grants received	1 564 000	1 567 000
Conditions met - Operating	(1 564 000)	(1 567 000)
All grant conditions met	-	-
The grant was used for job creation.		
23.8 Water Services Infrastructure Grant		
Opening balance	-	-
Grants received	21 000 000	10 000 000
Conditions met - Capital	(21 000 000)	(10 000 000)
All grant conditions met	-	-
The grant was used for drought relief projects.		
23.9 Energy Efficiency and Demand Side Management Grant		
Opening balance	-	-
Grants received	-	3 000 000
Conditions met - Capital	-	(3 000 000)
All grant conditions met	-	-
The grant was used for energy related infrastructure		
23.10 Capacity Building		
Opening balance	-	-
Grants received	163 295	204 850
Conditions met - Operating	(163 295)	(204 850)
All grant conditions met	-	-
The grant was used for various training needs for employees of the Municipality.		
23.11 Total Grants		
Opening balance	-	2 426 272
Grants received	118 406 295	52 826 850
Conditions met - Operating	(36 763 295)	(32 202 122)
Conditions met - Capital	(75 806 965)	(23 051 000)
Conditions still to be met - Note 19	5 836 035	-
24. AVAILABILITY CHARGES		
Water	761 398	794 122
Previously reported		5 945 675
Correction of Error - Water charges incorrectly included - Note 25		(5 151 553)
Total Availability Charges	761 398	794 122

	2023 R	2022 R
25. SERVICE CHARGES		
Electricity	27 998 041	32 334 571
Water	11 350 725	9 224 414
Previously Reported		4 075 488
Correction of Error - Water charges included under Availability Charges - Note 43.7	-	(2 627)
Correction of Error - Water charges included under Availability Charges - Note 24	-	5 151 553
Waste Management	6 614 089	6 006 536
Waste Water Management	6 975 595	6 166 291
Total Service Charges	52 938 450	53 731 811
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 8,816,839 (2022: R 9,637 522). Revenue Forgone has already been deducted from the gross value, thus disclosing the netto balances.		
26. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	42 130	96 981
Building Plan Clause Levy	39 354	28 291
Camping Fees	87 843	349 382
Cemetery and Burial	18 347	19 902
Clearance Certificates	30 278	35 640
Photocopies and Faxes	7 045	5 002
Sale of Goods	33	27
Valuation Services	3 277	6 402
Total Sales of Goods and Rendering of Services	228 306	541 626
27. RENTAL FROM FIXED ASSETS		
Investment Property	198 277	193 215
Property, Plant and Equipment	33 982	23 334
Total Rental from Fixed Assets	232 259	216 550
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1 783 237	472 403
Total Interest Earned - External Investments	1 783 237	472 403
29. INTEREST EARNED		
Interest Earned - Exchange Transactions	1 451 757	1 434 298
Interest Earned - Non-Exchange Transactions	2 343 842	1 328 268
Total Interest Earned - Outstanding Receivables	3 795 599	2 762 567
30. OPERATIONAL REVENUE		
Administrative Handling Fees	332 484	76 344
Debt Relief - Auditor-General	2 086 869	2 471 108
Total Operational Revenue	2 419 354	2 547 452
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	332 484	76 344
Revenue from Non-Exchange Transactions	2 086 869	2 471 108
Total Operational Revenue	2 419 354	2 547 452
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	28 524 016	24 275 882
Pension and UIF Contributions	5 035 331	4 125 683
Medical Aid Contributions	858 555	776 449
Overtime	3 219 189	1 541 528
Bonuses	2 288 656	1 573 175
Motor Vehicle Allowance	1 397 610	1 031 126
Cell Phone Allowance	158 290	137 950
Housing Allowances	313 920	242 708
Other benefits and allowances	20 605	13 984
Payments in lieu of leave	270 668	339 500
Workmen's Compensation Fund	261 389	7 169
Post-retirement Benefit Obligations	638 558	347 239
Restatement of Comparatives - Employee Cost incorrectly included in Inventory - Note 9.1	-	4 564 089
Total Employee Related Costs	42 986 786	38 976 481

KEY MANAGEMENT PERSONNEL

The managers directly accountable to the municipal manager are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract periods.

During the financial year, the municipal manager resigned at the end of September. The Department of Corporative Governance, Human Settlement and Traditional Affairs (COGHSTA) seconded an acting municipal manager.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr JI Swartz (Contract ended 30 September 2022)

	2023 R	2022 R
Basic Salary	163 071	652 286
Performance Bonus	154 483	152 200
Motor Vehicle Allowance	15 000	60 000
Cell Phone Allowance	2 550	10 200
Other benefits and allowances	153 345	491 729
Payments in lieu of leave	62 886	-
Total	551 335	1 366 415

Remuneration of the Acting Municipal Manager - Ms SA Tatas-Titus (Contract started from 1 October 2022)

Basic Salary	451 929	-
Provision for leave	50 976	-
Motor Vehicle Allowance	45 000	-
Cell Phone Allowance	7 650	-
Housing Allowances		
Other benefits and allowances	323 597	-
Total	879 152	-

Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker

Basic Salary	493 317	489 038
Performance Bonus	115 820	114 109
Motor Vehicle Allowance	72 000	72 000
Cell Phone Allowance	10 200	10 200
Provision for leave	56 650	-
Other benefits and allowances	385 110	371 266
Total	1 133 096	1 056 612

Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk

Basic Salary	561 627	556 755
Performance Bonus	131 858	129 910
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	501 101	431 601
Provision for leave	64 327	-
Total	1 329 113	1 188 467

32. REMUNERATION OF COUNCILLORS

RN Swartz	-	309 678
R van Wyk	-	107 990
HC Steenkamp	-	106 708
AJE Claasen	400 772	354 989
H De Wee	400 772	354 989
K Alexander	400 772	354 989
G Gous	-	107 990
JE Steenkamp	-	107 990
JHN Klaaste	-	107 990
LL Olyn	890 465	540 500
SM Koopman	721 196	439 572
JH Wilschut	311 943	213 628
G Vyver	387 836	239 165
F Faroa	311 946	195 557
K Klazen	311 943	195 559
G De Vries	311 943	195 559
A Fritz (Resigned as Councillor end of August 2022)	38 511	239 165
F Bantom	311 943	195 341
J Palm	311 943	195 559
CH Slambee (Elected as from August 2022)	276 646	-
Total Councillors' Remuneration	5 388 631	4 562 917

				2023 R	2022 R
Remuneration paid to Councillors can be summarised as follow:					
	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	848 465	-	42 000	-	890 465
Speaker	526 984	152 212	42 000	-	721 196
Chief Whip	358 772	-	42 000	-	400 772
Executive Committee Members	717 544	-	84 000	-	801 544
Section 79 Committee Chairperson	380 337	-	46 009	-	426 347
Councillors	1 738 361	120 264	289 682	-	2 148 307
Total Councillors' Remuneration	4 570 464	272 476	545 691	-	5 388 631

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

Property, Plant and Equipment	8 896 008	8 642 657
Previously Reported	-	9 651 474
Restatement of Comparatives - Depreciation incorrectly included in Inventory - Note 9.1	-	(1 008 817)
Intangible Assets	121 030	-
Total Depreciation and Amortisation	9 017 038	8 642 657

34. FINANCE COSTS

Long-term Borrowings	22 546	54 905
Non-current Provisions	1 777 220	1 896 242
Non-current Employee Benefits	1 758 000	1 448 000
Payables	107 376	147 724
Total Finance Costs	3 665 142	3 546 870

35. BULK PURCHASES

Electricity	24 876 949	25 838 632
Total Bulk Purchases	24 876 949	25 838 632

36. TRANSFERS AND SUBSIDIES

Operational	119 369	216 720
Allocations In-kind	119 369	216 720
Households	119 369	216 720
Total Transfers and Subsidies	119 369	216 720

	2023 R	2022 R
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	89 067	58 384
Audit Fees	2 921 292	3 186 842
Bank Charges, Facility and Card Fees	386 311	425 557
Commission	727 995	887 696
Courier and Delivery Services	21 429	12 587
Communication	235 730	402 050
Contribution to Provisions	(1 150 912)	(1 424 371)
Deeds	14 909	9 211
Entertainment	5 369	10 293
External Computer Service	21 552	8 910
Insurance Underwriting	628 123	463 574
Learnerships and Internships	806 193	302 552
Printing, Publications and Books	425 399	350 097
Professional Bodies, Membership and Subscription	500 000	500 000
Remuneration to Ward Committees	332 702	225 264
Signage	6 556	-
Skills Development Fund Levy	394 423	355 063
Travel and Subsistence	1 644 764	972 887
Uniform and Protective Clothing	140 156	101 113
Personnel and Labour	2 496 080	2 889 413
Business and Advisory	6 814 235	4 321 889
Laboratory Services	-	24 567
Legal Cost and Collection	66 551	407 728
Catering Services	112 157	70 265
Electrical	243 131	347 939
Maintenance of Buildings and Facilities	573 299	463 287
Maintenance of Equipment	193 003	178 527
Maintenance of Unspecified Assets	4 234 358	3 480 330
Total Operational Costs	22 883 872	19 031 654
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	6 586 136	5 181 586
Previously reported	-	5 181 586
Correction of Error - Note 45.4 (Availability Debtors)	-	-
Correction of Error - Note 43.2 (Internal Charges)	-	-
Correction of Error - Note 43.2 (Impairment calculation)	-	-
Receivables from Non-exchange Revenue - Note 11	4 203 596	6 212 519
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	10 789 733	11 394 106
39. GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	(302 523)	(2 740 529)
Correction of disposal of movable assets in 2021/2022 - Note 43.1	-	4 231
Total Loss on Sale of Fixed Assets	(302 523)	(2 736 298)
40. PROFIT/(LOSS) ON FAIR VALUE ADJUSTMENTS		
Investment Property carried at fair value	-	52 689
Total Profit on Fair Value Adjustments	-	52 689
41. GAINS/(LOSS) ON INVENTORY		
Gains/(Losses) on Inventory	(2 874 837)	(2 043 990)
Previously reported	-	(2 857 290)
Restatement of Comparatives - Restatement of water losses - Note 9.1	-	813 301
Total Water Losses	(2 874 837)	(2 043 990)
42. CORRECTION OF PRIOR PERIOD ERRORS		

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:

	2023 R	2022 R
42.1 Property, Plant and Equipment		
Balance previously reported		
Cost	-	571 370 227
Balance previously reported	-	570 090 604
First time recognition of Movable Assets identified, but not previously recognised - Note 2.2	-	193 461
Correction of disposal of movable assets in 2021/2022 - Note 2.2	-	35 562
Correction of Infrastructure Assets in 2021/2022 - Note 2	-	1 050 600
Accumulated Depreciation and Impairment Losses	-	(99 917 041)
Balance previously reported	-	(100 949 642)
Backlog Accumulated Depreciation on Movable Assets identified - Note 2.2	-	(32 824)
Correction of depreciation of disposals of movable assets in 2021/2022 - Note 2.2	-	(31 331)
Correction of depreciation of Infrastructure Assets prior to 1 July 2021 - Note 2.2	-	873 861
Correction of depreciation of Infrastructure Assets in prior to 1 July 2021 - Note 2.2	-	222 894
Restated Balance	-	471 453 186

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

42.2 Receivables from Exchange Transactions		
Balance previously reported	-	8 385 753
Correction of water charges incorrectly levied in 2021/2022 - Note 10	-	(2 627)
Service Debtors incorrectly reported under Non-Exchange - Note 10	-	7 777 515
- Periods prior to 1 July 2021	-	6 451 931
- 1 July 2021 to 30 June 2022	-	1 325 584
Provision for Impairment of Service Debtors incorrectly reported as Non-Exchange - Note 10	-	(6 960 059)
- Periods prior to 1 July 2021	-	(6 282 275)
- 1 July 2021 to 30 June 2022	-	(589 377)
- VAT on Impairment 1 July 2021 to 30 June 2022	-	(88 406)
Restated Balance	-	9 200 582

Correction of service charges debtor incorrectly levied in prior periods.

42.3 Receivables from Non-Exchange Transactions		
Balance previously reported	-	6 881 928
Correction of Property Rates incorrectly levied in 2021/2022 - Note 11	-	(15 564)
Service Debtors incorrectly reported as Non-Exchange - Note 11	-	(7 777 515)
- Periods prior to 1 July 2021	-	(6 451 931)
- 1 July 2021 to 30 June 2022	-	(1 325 584)
Provision for Impairment of Service Debtors incorrectly reported as Non-Exchange - Note 11	-	6 960 059
- Periods prior to 1 July 2021	-	6 282 275
- 1 July 2021 to 30 June 2022	-	589 377
- VAT on Impairment 1 July 2021 to 30 June 2022	-	88 406
Restated Balance	-	6 048 907

Correction of Property Rates incorrectly levied in terms of Property Rates Act.

42.4 Trade and Other Payables from Exchange Transactions		
Balance previously reported	-	38 970 231
Correction of Error of fees payable to COIDA Prior to 1 July 2019 - Note 18	-	226 489
Correction of Error of fees payable to COIDA 2019/2020 - Note 18	-	200 288
Correction of Error fees payable to COIDA 2020/2021 - Note 18	-	219 414
Correction of Eskom Creditor - Note 18	-	(492 517)
Correction of Error 2021/2022 - Supplier invoice recognised in the incorrect period - Note 18	-	1 208 191
Restated Balance	-	40 332 096

Correction of payable amounts which was not previously reported.

	2023 R	2022 R
42.5 Taxes		
Balance previously reported	-	3 171 229
Correction of input VAT not previously claimed - Note 20	-	472 240
Correction of Error 2021/2022 - Supplier invoice recognised in the incorrect period - Note 20	-	157 590
Restated Balance	-	3 801 059

Correction of Input VAT not claimed previously and input VAT on an accrual not recognised in the correct period

42.6 Accumulated Surplus/(Deficit) - 1 July 2021		
First time recognition of Movable Assets identified, but not previously recognised - Note 42.1	-	193 461
Correction of Error of fees payable to COIDA Prior to 1 July 2019 - Note 42.4	-	(226 489)
Correction of Error of fees payable to COIDA 2019/2020 - Note 42.4	-	(200 288)
Correction of Error fees payable to COIDA 2020/2021 - Note 42.4	-	(219 414)
Correction of Eskom Creditor - Note 42.4	-	492 517
Correction of input VAT not previously claimed - Note 42.5	-	472 240
Backlog Accumulated Depreciation on Movable Assets identified - Note 42.1	-	(32 824)
Correction of depreciation of Infrastructure Assets prior to 1 July 2020 - Note 42.1	-	873 861
Correction of depreciation of Infrastructure Assets in 2020/2021 - Note 42.1	-	222 894
Total	-	1 575 957

42.6 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	22	16 304 324	(15 564)	16 288 759
Interest Earned - Non-Exchange Transactions		1 328 268	-	1 328 268
Government Grants and Subsidies		55 253 121	-	55 253 121
Public Contributions and Donations		51 000	-	51 000
Actuarial Gains		418 794	-	418 794
Availability Charges		5 945 675	(5 151 553)	794 122
Fines, Penalties and Forfeits		27 660	-	27 660
Contributed Property, Plant and Equipment		26 217 334	-	26 217 334
Operational Revenue		2 471 108	-	2 471 108
Service Charges	25	48 582 886	5 148 926	53 731 811
Sales of Goods and Rendering of Services		541 626	-	541 626
Rental from Fixed Assets		216 550	-	216 550
Interest Earned - External Investments		472 403	-	472 403
Interest Earned - Exchange Transactions		1 434 298	-	1 434 298
Licences and Permits from Exchange Transactions		337 680	-	337 680
Agency Services		107 247	-	107 247
Operational Revenue - Exchange Transactions		76 344	-	76 344
Total		159 786 318	(18 192)	159 768 126
	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee Related Costs		(34 412 392)	(4 564 089)	(38 976 481)
Remuneration of Councillors		(4 562 917)	-	(4 562 917)
Bad Debts Written Off		(3 476 900)	-	(3 476 900)
Depreciation and Amortisation		(9 651 474)	1 008 817	(8 642 657)
Actuarial Losses		-	-	-
Finance Costs		(3 546 870)	-	(3 546 870)
Bulk Purchases		(25 838 632)	-	(25 838 632)
Inventory Consumed		(10 336 202)	2 741 971	(7 594 230)
Operating Leases		(30 478)	-	(30 478)
Transfers and Subsidies		(216 720)	-	(216 720)
Operational Costs		(19 031 654)	-	(19 031 654)
Total		(111 104 240)	(813 301)	(111 917 540)

		2023 R	2022 R
Gains and Losses			
Inventories: Write-down to Net Realisable Value		(35 216)	(35 216)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(11 394 106)	(11 394 106)
Gains/(Loss) on Sale of Fixed Assets	39	(2 740 529)	(2 736 298)
Profit/(Loss) on Fair Value Adjustments		52 689	52 689
Gains/(Loss) on Water Inventory		(2 857 290)	(2 043 990)
Total		(16 974 452)	(16 156 921)
Net Surplus/(Deficit) for the year		31 707 625	31 693 665
43. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS			
Surplus for the year		60 358 504	31 693 665
Adjustments for:			
Depreciation and Amortisation		9 017 038	8 642 657
Loss/(Gain) on Sale of Fixed Assets		302 523	2 740 529
Non-cash portion of Inventory consumed (non-cash) - Depreciation		8 835 195	4 596 932
Fair Value Adjustments		-	(52 689)
Contributed Property, Plant and Equipment		(5 519 245)	(26 217 334)
Government Grants and Subsidies received		118 406 295	52 826 850
Government Grants and Subsidies recognised as revenue		(112 570 260)	(55 253 121)
Contribution to provisions - Non-Current Provisions		626 308	471 871
Contribution from/to provisions - Non-Current Employee Benefits		1 259 718	581 794
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial (gains)/loss		(1 341 718)	(418 794)
Contribution from/to - Current Employee Benefits		204 428	261 451
Contribution to provisions - Bad Debt		10 789 733	11 394 106
Bad Debts written off		4 511 483	3 476 900
Operating Surplus before changes in working capital		94 880 002	34 744 814
Changes in working capital		(25 958 907)	(12 375 568)
Increase/(Decrease) in Trade and Other Payables		(1 554 807)	1 245 763
Increase in Taxes		(6 245 928)	2 075 248
Increase in Consumer Deposits		130 756	111 388
Decrease in Inventory		(3 605)	1 062 584
Increase in Trade Receivables from Exchange Transactions		(12 080 608)	(9 818 224)
Increase in Other Receivables from Non-Exchange Transactions		(6 204 716)	(7 052 328)
Cash generated by operations		68 921 094	22 369 246
44. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Current Accounts - Note 12		315 311	745 808
Call Deposits and Investments - Note 12		5 920 876	2 370 184
Cash Floats - Note 12		1 500	1 500
Total cash and cash equivalents		6 237 686	3 117 492
45. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES			
Cash and Cash Equivalents - Note 45		6 237 686	3 117 492
Less:		(5 836 035)	-
Unspent Transfers and Subsidies - Note 19		(5 836 035)	-
Net cash resources available for internal distribution		401 651	3 117 492
Allocated to:			
Capital Replacement Reserve		-	-
Employee Benefits Reserve		-	-
Social Contribution Reserve		-	-
Non-Current Provisions Reserve		-	-
Valuation Reserve		-	-
Resources available for working capital requirements		401 651	3 117 492

	2023 R	2022 R
46. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 13	22 357	270 468
Used to finance property, plant and equipment - at cost	(22 357)	(270 468)
Cash invested for repayment of long-term liabilities	-	-

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

47. BUDGET INFORMATION

47.1 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 current economic climate, 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).

47.2 Statement of Financial Position

47.2.1 Current Assets

Cash

Call deposit on hand at year end as well as unspent conditional grant.

Other Debtors

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

47.2.2 Non-Current Assets

No material variances

47.2.3 Current Liabilities

Trade and Other Payables

Due to the large projects implemented this year, the retention creditor increased, as well as unspent portion of conditional grants was disclosed.

Provisions

Salary increases had to be taken into account as well as leave days increased of staff.

47.2.4 Non-Current Liabilities

Borrowing

Continues settling of creditor for Department of Safety and Liaison.

47.2.5 Net Assets

No material variances

Statement of Financial Performance

47.2.6 Revenue

Service Charges - Electricity Revenue

Decrease due to current economic climate.

Service Charges - Water Revenue

Due to current economic climate.

Interest Earned - External Investments

Incorrect budgeting will budget in the next financial year.

Interest Earned - Outstanding Debtors

Due to current economic climate, debtors did not pay on time and interest had to be charged.

	2023 R	2022 R
47.2.7 Expenditure		
<u>Employee Related Costs</u>		
<i>When post become vacant it is not filled immediately, therefore reduction in Employee related costs</i>		
<u>Debt Impairment</u>		
<i>Due to current economic climate, debtors did not pay on time and interest had to be charged.</i>		
<u>Depreciation and Asset Impairment</u>		
<i>Restructuring and unbundling of infrastructured assets .</i>		
<u>Finance Charges</u>		
<i>Interest portion of the rehabilitation of the landfill site provision increased.</i>		
<i>Over budgeted to ensure that our Eskom account could be always up to date</i>		
<u>Inventory Consumed</u>		
<i>All expenditure relating to the water department was evaluated and reclassified to Inventory consumed as applicable.</i>		
<u>Total Contracted Services and Other Expenditure</u>		
<i>Includes contracted services that had to be reallocated to other expenditure and not disclosed as a separate line item on the statement of financial performance as instructed per the AG .</i>		
47.2.8 Capital Assets		
<u>Contributed Assets</u>		
<i>Assets donations was disclosed excluding of VAT.</i>		
<u>Cash Flow Statement</u>		
47.2.9 Net Cash from Operating Activities		
<u>Taxation</u>		
<i>Due to economic climate, customers are not able to pay debtor accounts regularly as expected.</i>		
<u>Service Charges</u>		
<i>Due to current economic climate.</i>		
<u>Interest</u>		
<i>Due to current economic climate.</i>		
47.2.10 Net Cash from Investing Activities		
<u>Capital Assets</u>		
<i>VAT Portion of the capital expenditure is disclosed in the VAT control account to be claimed from SARS.</i>		
<i>The Municipality usually budget for the whole funding received as per DORA allocation.</i>		
48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
48.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	4 439 140	11 015 091
Restated opening balance	4 439 140	11 015 091
Unauthorised expenditure current year - operational	-	4 439 140
Unauthorised expenditure current year - capital	-	-
Written-off by Council	(4 439 140)	(11 015 091)
Current	-	-
Prior Period	(4 439 140)	(11 015 091)
Unauthorised expenditure awaiting authorisation	-	4 439 140

	2023 R	2022 R
Unauthorised expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
Over expenditure of 2020 approved budget - Operating	None	-
Over expenditure of 2020 approved budget - Capital	None	-
Over expenditure of 2021 approved budget - Operating	None	-
Over expenditure of 2021 approved budget - Capital	None	-
Over expenditure of 2022 approved budget - Operating	None	4 439 140
	-	4 439 140

The comparison between actuals and Budget per municipal vote can be summarised as follows:

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Executive and Council	19 104 922	19 114 192	(9 270)	-
Vote 2 - Budget and Treasury Office	16 918 755	16 929 197	(10 442)	-
Vote 3 - Corporate Services	12 040 214	12 051 578	(11 364)	-
Vote 4 - Community and Social Services	2 970 611	2 980 497	(9 886)	-
Vote 5 - Sport and Recreation	1 527 428	1 537 422	(9 994)	-
Vote 6 - Public Safety	117 447	127 032	(9 585)	-
Vote 7 - Planning and Development	487 786	489 159	(1 373)	-
Vote 8 - Road Transport	10 812 229	10 822 204	(9 975)	-
Vote 9 - Electricity	34 197 298	34 813 186	(615 888)	-
Vote 10 - Water	21 787 992	22 366 779	(578 787)	-
Vote 11 - Waste Water Management	7 635 982	7 652 487	(16 505)	-
Vote 12 - Solid Waste	12 272 410	14 238 932	(1 966 522)	-
Vote 13 - Other	60 872	71 396	(10 524)	-
Vote 14 - Environmental Health	-	-	-	-
	139 933 946	143 194 061	(3 260 115)	-
Unauthorised expenditure current year - capital				
Vote 1 - Executive and Council	119 822	150 000	(30 178)	-
Vote 2 - Budget and Treasury Office	210 553	248 000	(37 447)	-
Vote 3 - Corporate Services	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-
Vote 5 - Sport and Recreation	5 519 245	6 347 132	(827 887)	-
Vote 6 - Public Safety	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-
Vote 8 - Road Transport	3 533 265	10 293 000	(6 759 735)	-
Vote 9 - Electricity	-	-	-	-
Vote 10 - Water	64 436 550	71 000 000	(6 563 450)	-
Vote 11 - Waste Water Management	173 913	200 000	(26 087)	-
Vote 12 - Solid Waste	1 413 000	1 500 000	(87 000)	-
Vote 13 - Other	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-
	75 406 348	89 738 132	(14 331 784)	-

48.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	862 560	862 560
Fruitless and wasteful expenditure current year	-	-
Written-off by Council	(862 560)	-
Current	-	-
Prior Period	(862 560)	-
Fruitless and wasteful expenditure awaiting condonement	-	862 560

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
Amount paid to the previous municipal manager as a result of a settlement agreement.	Referred to council Committee for investigation	-	775 000
An overpayment made to S.Domburg on retirement.	Referred to council Committee for investigation	-	7 005
An overpayment made to K.Fourie on retirement.	Referred to council Committee for investigation	-	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
		-	862 560

48.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	9 959 376	9 959 376
Restated opening balance	9 959 376	9 959 376
Irregular expenditure current year	210 704	101 957
Written off by council	(9 996 981)	(101 957)
Current	(37 605)	(101 957)
Prior Period	(9 959 376)	-
Irregular expenditure awaiting further action	173 099	9 959 376

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Non compliance with SCM Regulations	Refer to MPAC and Disciplinary board for investigation	-	3 494 465
Competitive bidding process not followed.	Refer to MPAC and Disciplinary board for investigation	-	6 464 911
Preference points system not stipulated in tender documents	None	173 099	-
		173 099	9 959 376

The Auditor General identified during the 2022/2023 audit that the preference point system were not stipulated in the tender documents for quotations valued at R173 099. The full extent of irregular expenditure have not been disclosed in the annual financial statements and is currently under investigation to be determined.

Irregular Expenditure disclosure is inclusive of VAT.

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance	3 378 000	3 478 000
Council subscriptions	500 000	500 000
Amount paid - current year	(650 000)	(600 000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	3 228 000	3 378 000

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

Opening balance	2 956 587	3 971 712
Current year audit fee	3 617 328	4 409 944
External Audit - Auditor-General	3 617 328	4 409 944
Amount paid - current year	(3 888 429)	(3 490 116)
Amount paid - previous year	(2 817 670)	(1 934 952)
Balance unpaid (included in receivables)	(132 184)	2 956 587

	2023 R	2022 R
49.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	30 276	1 534 101
Amounts received - previous year	(30 276)	(1 534 101)
Amounts received - current year	(4 308 044)	(3 245 924)
Amount paid - current year	305 854	479 813
Amounts claimed - current year	9 387 669	2 796 387
Closing balance	5 385 479	30 276

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.

49.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	532 778	-
Current year payroll deductions	7 189 833	6 367 694
Amount paid - current year	(6 611 675)	(5 834 916)
Amount paid - previous year	(532 778)	-
Balance unpaid (included in creditors)	578 158	532 778

49.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	538 840	-
Current year payroll deductions and Council Contributions	9 491 924	9 412 886
Amount paid - current year	(8 940 114)	(8 874 046)
Amount paid - previous year	(538 840)	-
Balance unpaid (included in creditors)	551 810	538 840

49.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
AF Fritz	4 210	-
K Alexander	11 378	3 119
GJ de Vries	14 848	12 150
TF Bantom	-	1 439
G Vyver	2 607	16 510
JH Wilschut	-	973
C Slambee	6 629	-

49.7 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):

30 June 2023	Type of Deviation				Emergency
	Amount	Single Supplier	Impossible	Impractical	
July	69 662	-	-	3	-
August	133 287	1	-	3	-
September	299 323	-	-	3	-
October	-	-	-	3	-
November	96 811	-	-	-	-
December	28 105	-	-	2	-
January	43 546	-	-	2	-
February	35 596	-	-	2	-
March	186 455	-	-	4	-
April	51 699	-	-	1	1
May	4 865	-	-	1	-
June	137 325	-	-	1	1
	1 086 673	1	-	25	2

			2023 R	2022 R
		Type of Deviation		
30 June 2022	Amount	Single Supplier	Impossible	Emergency
July	51 868	-	-	1
August	41 487	-	-	-
September	159 832	1	-	1
October	15 638	2	-	-
November	122 956	2	-	1
December	250 524	-	-	-
January	88 830	1	-	1
February	165 280	-	-	-
March	31 257	1	-	-
April	99 862	-	-	-
May	13 220	-	-	-
June	12 790	-	-	-
	1 053 545	7	-	4

Reconciliation of SCM Deviations:

Opening balance	505 104	505 104
Deviations from SCM current year	1 086 673	1 564 550
Approved in terms of Regulation 36(1)(a) and (b)	(1 086 673)	(1 564 550)
Transfer to receivables for recovery - not condoned	-	-
	505 104	505 104

49.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	13 952 421	16 535 831
Units lost during distribution (Kwh)	1 921 141	1 668 329
Percentage lost during distribution	13.77%	10.09%
Distribution loss (Rand Value)	3 425 364	2 606 905

Electricity losses are due to electricity theft on pre-paid meters and illegal connections. The rand value of the electricity losses are based on the Eskom purchase price.

Water distribution losses

Units purchased (Kl)	667 668	657 185
Units lost during distribution (Kl)	146 323	150 337
Percentage lost during distribution	21.92%	22.88%
Distribution loss (Rand Value)	3 943 612	3 088 066

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

50. 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.

	2023 R	2022 R
51. 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:

1% (2022: 1%) Increase in interest rates	62 138	62 138
1% (2022: 1%) Decrease in interest rates	(62 138)	(62 138)

(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.

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.

	2023 %	2023 R	2022 %	2022 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	16 668	100.00%	51 756
<u>Non-exchange Receivables</u>				
Rates	95.83%	31 418 531	95.48%	25 333 618
Availability Charges	4.17%	1 368 738	4.52%	1 198 932
	100.00%	32 787 269	100.00%	26 532 551

			2023 R	2022 R
Exchange Receivables				
Electricity	13.98%	8 948 682	15.97%	8 854 385
Water	35.75%	22 886 989	34.96%	19 386 190
Waste Management	25.79%	16 509 444	25.52%	14 155 671
Waste Water Management	17.83%	11 411 028	16.80%	9 315 466
Other	6.65%	4 260 280	6.76%	3 747 667
	100.00%	64 016 424	100.00%	55 459 379

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:

	2023 %	2023 R	2022 %	2022 R
Non-Current Receivables				
Repay Arrangements	0.00%	-	0.00%	-
Non-exchange Receivables				
Rates	30.92%	24 649 616	30.28%	20 558 777
Availability Charges	1.56%	1 240 074	1.58%	1 072 906
Exchange Receivables				
Services	67.53%	53 832 853	68.14%	46 258 796
	100.00%	79 722 543	100.00%	67 890 479

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2023		
1 month past due	1 696 331	677 800
2+ months past due	3 400 866	4 198 441
	5 097 197	4 876 241
2022		
1 month past due	1 506 225	429 710
2+ months past due	1 509 112	2 903 373
	3 015 336	3 333 083

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.

	2023 R	2022 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	16 668	51 756
Non-Current Receivables from Non-Exchange Transactions	4 180	10 403
Receivables from exchange transactions	64 016 424	55 459 379
Receivables from non-exchange transactions	33 939 716	27 680 590
Cash and Cash Equivalents	6 236 186	3 115 992
	104 213 174	86 318 120

(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.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Liabilities	22 357	-	-	-
Consumer Deposits	1 430 142	-	-	-
Trade and Other Payables	43 070 291	-	-	-
	44 522 789	-	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2022				
Long-term Liabilities	248 111	22 357	-	-
Consumer Deposits	1 299 386	-	-	-
Trade and Other Payables	40 332 096	-	-	-
	41 879 593	22 357	-	-

52. FINANCIAL INSTRUMENTS

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

52.1	Financial Assets	Classification		
	Non-Current Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	16 668	51 756
	Sport Club Loans	Financial Instruments at amortised cost	4 180	10 403
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	8 948 682	8 854 385
	Water	Financial Instruments at amortised cost	22 886 989	19 386 190
	Waste Management	Financial Instruments at amortised cost	16 509 444	14 155 671
	Waste Water Management	Financial Instruments at amortised cost	11 411 028	9 315 466
	Other Arrears	Financial Instruments at amortised cost	4 260 280	3 747 667
	Receivables from Non-Exchange Transactions			
	Water - Availability Charges	Financial Instruments at amortised cost	1 368 738	1 198 932
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	315 311	745 808
	Call Deposits	Financial Instruments at amortised cost	5 920 876	2 370 184
	Total Financial Assets		71 642 196	59 836 462

		2023 R	2022 R
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	16 668	51 756
Long-term Receivables	Sport Club Loans	4 180	10 403
Receivables from Exchange Transactions	Electricity	8 948 682	8 854 385
Receivables from Exchange Transactions	Water	22 886 989	19 386 190
Receivables from Exchange Transactions	Waste Management	16 509 444	14 155 671
Receivables from Exchange Transactions	Waste Water Management	11 411 028	9 315 466
Receivables from Exchange Transactions	Other Arrears	4 260 280	3 747 667
Receivables from Non-Exchange Transactions	Water - Availability Charges	1 368 738	1 198 932
Cash and Cash Equivalents	Bank Balances	315 311	745 808
Cash and Cash Equivalents	Call Deposits	5 920 876	2 370 184
Total Financial Assets		71 642 196	59 836 462
52.2 Financial Liabilities			
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	22 357	270 468
Consumer Deposits			
Consumer Deposits	Financial Instruments at amortised cost	1 430 142	1 299 386
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	11 746 783	13 831 844
Advance Payments	Financial Instruments at amortised cost	1 153 911	1 010 001
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	-	-
Other Payables	Financial Instruments at amortised cost	3 827 352	4 511 591
Retentions	Financial Instruments at amortised cost	7 931 924	2 331 352
		26 112 469	23 254 642
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	22 357	270 468
Consumer Deposits	Consumer Deposits	1 430 142	1 299 386
Trade and Other Payables	Trade Payables	11 746 783	13 831 844
Trade and Other Payables	Advance Payments	1 153 911	1 010 001
Trade and Other Payables	Other Payables	3 827 352	4 511 591
Trade and Other Payables	Retentions	7 931 924	2 331 352
		26 112 469	23 254 642
53. STATUTORY RECEIVABLES			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
VAT Receivable		5 385 479	30 275
Receivables from Non-Exchange Transactions			
Rates		31 418 531	25 333 618
		31 418 531	25 333 618
Total Statutory Receivables (before provision)		36 804 010	25 363 894
Less: Provision for Debt Impairment		(24 649 616)	(20 558 777)
Total Statutory Receivables (after provision)		12 154 394	4 805 117
<u>Statutory Receivables arises from the following legislation:</u>			
Taxes	- Value Added Tax Act (No 89 of 1991)		
Rates	- Municipal Properties Rates Act (No 6 of 2004)		
Fines	- Criminal Procedures Act		
(Rates): Ageing			
Current (0 - 30 days)		1 892 673	1 441 759
31 - 60 Days		677 800	429 710
61 - 90 Days		611 433	406 663
+ 90 Days		28 236 624	23 055 486
Total		31 418 531	25 333 618

	2023 R	2022 R
Reconciliation of Rates Provision for Debt Impairment		
Balance at beginning of year	20 558 777	14 421 617
Contribution to provision	4 090 839	6 137 160
Balance at end of year	24 649 616	20 558 777

Ageing of amounts past due but not impaired:

1 month past due	677 800	429 710
2+ months past due	4 198 441	2 903 373
	4 876 241	3 333 083

54. 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 (2022: R80 000) to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 54 months since dismissal amounting to R1 343 682 (2022: 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 (2022: R80 000) to prepare heads of argument and argue the matter, if the Municipality is unsuccessful, back pay equal to 42 months (2022: 30 months) since dismissal amounting to R1 260 798 (2022: 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. Matter was sat down for 18 July 2022 and struck from the roll, currently busy re-enrolling the matter.

Future Legal Cost is estimated as R250,000 (2022: R250,000).

Hantam Municipality v IC Fritz (Case no: 1379/2021):

2022 Disclosure. Review application to have decision of Council not to alienate immovable property set aside. O.Cronje/J09939

Future Legal Cost was estimated as 2022: R70 000. The matter has now been resolved.

55. RELATED PARTIES

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

55.1 Related Party Transactions

Year ended 30 June 2023	Rates	Service Charges	Other	Interest	Outstanding Balance
<u>Councillors</u>					
H De Wee	-	10 889	-	99	1 780
L Olyn	-	-	15 395	-	1 264
AJE Claasen	1 886	9 886	10 915	502	3 485
K Alexander	-	10 782	15 395	608	15 133
TF Bantom	7 579	8 723	15 395	479	3 504
GJ de Vries	6 166	-	15 395	1 248	16 497
SG Koopman	11 300	9 864	17 007	398	4 249
JH Wilschut	1 235	7 992	9 582	226	5 088
FJ Farao	7 682	9 731	5 813	-	2 261
KJ Klazen	-	6 884	15 441	-	1 426
JA Palm	14 718	20 173	-	474	6 164
G Vyver	171	3 927	15 395	53	6 360
C Slambee	-	9 042	(1 898)	203	8 133
A Fritz	-	-	12 875	-	7 372
	50 737	107 892	146 710	4 290	82 716

					2023 R	2022 R
<u>Municipal Manager and Section 57 Employees</u>						
<i>Jl Swartz</i>	1 350	2 403	6 142	17	(3 546)	
<i>WC Jonker</i>	3 258	3 353	(4 862)	-	(2 467)	
<i>JR van Wyk</i>	10 855	11 349	-	124	1 573	
	15 463	13 752	1 280	141	(4 440)	

Year ended 30 June 2022	Rates	Service Charges	Other	Interest	Outstanding Balance
<u>Councillors</u>					
<i>JE Steenkamp</i>	-	2 345	-	113	975
<i>R van Wyk</i>	862	2 369	-	16	227
<i>H De Wee</i>	-	6 926	-	-	(2 057)
<i>J Klaaste</i>	900	2 543	-	78	3 520
<i>HC Steenkamp</i>	-	-	-	-	-
<i>AJE Claasen</i>	1 800	8 523	-	446	836
<i>G Gouws</i>	-	-	-	-	300
<i>K Alexander</i>	-	9 144	-	426	5 979
<i>RN Swartz</i>	1 058	2 434	-	36	895
<i>TF Bantom</i>	-	5 693	-	286	3 459
<i>GJ de Vries</i>	2 532	-352	-	742	13 520
<i>SG Koopman</i>	7 189	5 042	-	145	(135)
<i>JH Wilschut</i>	785	4 731	-	229	3 068
<i>FJ Farao</i>	4 887	4 622	-	-	1 015
<i>KJ Klazen</i>	-	4 066	-	90	(168)
<i>JA Palm</i>	9 363	12 570	-	178	2 755
<i>G Vyver</i>	-	2 439	-	53	17 444
<i>A Fritz</i>	-	-	-	-	(269)
	29 375	73 092	-	2 839	51 364
<u>Municipal Manager and Section 57 Employees</u>					
<i>Jl Swartz</i>	5 154	9 871	43 351	82	791
<i>JR van Wyk</i>	10 357	8 884	-	-	1 426
	15 512	18 755	43 351	82	2 216

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

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

55.2 Compensation of key management personnel

On 14 June 2023 Government Gazette 48789 was published by Co-operative Governance, Department that indicated an increase of 3% of municipal manager and managers directly accountable to the municipal manager remuneration. The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

55.3 Remuneration of Councillors

The remuneration of councillors is set out in note 32 to the Annual Financial Statements.

56. PRINCIPAL - AGENT ARRANGEMENTS

56.1 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

Commission - Note 37	727 995	887 696
Total Compensation	727 995	887 696

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

	2023 R	2022 R
56.2 Agent in arrangement		
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		
Agency Fees	216 264	107 247
Total Compensation received	216 264	107 247

Hantam Municipality was paid 12% commission by the Provincial Department 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	216 264	1 166 522	(950 259)	None
	216 264	1 166 522	(950 259)	

57. 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 R3 502 294 (2022: R6 696 282).

58. EVENTS AFTER REPORTING PERIOD

The acting Municipal Manager resigned at the end of July 2023 and the municipality currently have an acting Municipal Manager, TM Thloaele, who started on the 7th of August.

Council took a resolution (RIK 08/08-23) on 07 August 2023, to send a notice of termination of services to the municipal attorney and mandated the state attorney to negotiate the settlements on their behalf with the third parties. The decision was taken after financial year end but before the financial statement were authorised for issue. Refer to cases C88/2021 and JR817/20 in note 54.

No other adjusting events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after 30 June 2023.

60. **REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023**

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 - Councillors	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

Mscosa 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	Centers
• 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
	Energy sources	Individually Reported	Energy sources	Electricity services
• Trading 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.

60.1 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	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	7 194 693	147 250	54 390 206	-	-	-	61 732 149
Service Charges - Electricity Revenue	-	-	27 998 041	-	-	-	27 998 041
Service Charges - Water Revenue	-	-	11 350 725	-	-	-	11 350 725
Service Charges - Sanitation Revenue	-	-	6 975 595	-	-	-	6 975 595
Service Charges - Refuse Revenue	-	-	6 614 089	-	-	-	6 614 089
Rental of Facilities and Equipment	198 277	33 982	-	-	-	-	232 259
Interest Earned - External Investments	1 783 237	-	-	-	-	-	1 783 237
Interest Earned - Outstanding Debtors	2 343 842	-	1 451 757	-	-	-	3 795 599
Licences and Permits	334 944	-	-	-	-	-	334 944
Other Revenue - Exchange	2 534 392	113 268	-	-	-	-	2 647 660
External revenue from non-exchange transactions	39 429 601	1 843 470	15 187 330	923 691	-	-	57 384 092
Fines	-	3 959	-	41 075	-	-	45 034
Property Rates	17 979 664	-	-	-	-	-	17 979 664
Availability Charges	-	-	761 398	-	-	-	761 398
Agency Services	-	-	-	216 264	-	-	216 264
Transfers Recognised - Operational	20 108 218	1 839 511	14 425 932	666 352	-	-	37 040 013
Other Revenue - Non-Exchange	1 341 718	-	-	-	-	-	1 341 718
Total Segment Revenue (excluding capital transfers and contributions)	46 624 294	1 990 720	69 577 537	923 691	-	-	119 116 241
SEGMENT EXPENDITURE							
Employee Related Costs	19 483 109	2 353 578	16 449 965	4 700 134	-	-	42 986 786
Remuneration of Councillors	5 388 631	-	-	-	-	-	5 388 631
Debt Impairment	-	-	15 301 216	-	-	-	15 301 216
Depreciation and Asset Impairment	4 105 001	1 111 800	1 775 289	2 019 508	5 440	-	9 017 038
Finance Charges	1 879 146	7 983	1 777 220	793	-	-	3 665 142
Bulk Purchases	-	-	24 876 949	-	-	-	24 876 949
Other Materials	1 619 246	432 503	8 601 174	1 861 584	-	-	12 514 507
Contracted Services	7 996 759	555 011	3 558 907	2 621 051	1 086	-	14 732 815
Transfers and Grants	119 369	-	-	-	-	-	119 369
Other Expenditure	9 025 155	224 015	1 787 825	240 152	54 346	-	11 331 493
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	49 616 417	4 684 890	74 128 545	11 443 223	60 872	-	139 933 946
Surplus/(Deficit)	(2 992 123)	(2 694 170)	(4 551 009)	(10 519 533)	(60 872)	-	(20 817 706)
Transfers Recognised - Capital	-	93 244	71 000 000	4 563 721	-	-	75 656 965
Contributions Recognised - Capital	-	-	-	-	-	-	-
Contributed Assets	-	5 519 245	-	-	-	-	5 519 245
Surplus/(Deficit) after Capital Transfers & Contributions	(2 992 123)	2 918 319	66 448 991	(5 955 812)	(60 872)	-	60 358 504
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(2 992 123)	2 918 319	66 448 991	(5 955 812)	(60 872)	-	60 358 504
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	601 593 330	601 593 330
Segment Liabilities	-	-	-	-	-	87 401 761	87 401 761
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.2 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
SEGMENT REVENUE							
External revenue from exchange transactions	5 046 332	397 648	55 166 110	-	-	-	60 610 089
Service Charges - Electricity Revenue	-	-	32 334 571	-	-	-	32 334 571
Service Charges - Water Revenue	-	-	9 224 414	-	-	-	9 224 414
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	34 336 327	1 493 424	13 313 750	798 892	-	-	49 942 392
Fines	-	3 645	-	24 015	-	-	27 660
Property Rates	16 288 759	-	-	-	-	-	16 288 759
Availability Charges	-	-	794 122	-	-	-	794 122
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)	39 382 658	1 891 071	68 479 859	798 892	-	-	110 552 481
SEGMENT EXPENDITURE							
Employee Related Costs	16 514 880	2 272 927	15 377 112	4 811 562	-	-	38 976 481
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	530 903	2 250 667	8 034	-	8 642 657
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	5 779 332	734 448	-	-	6 585 370
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	4 111 196	294 826	38 876	-	12 702 553
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	40 959 366	4 567 812	72 089 832	10 428 232	81 910	-	128 127 150
Surplus/(Deficit)	(1 576 707)	(2 676 741)	(3 609 972)	(9 629 340)	(81 910)	-	(17 574 669)
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	(1 576 707)	6 475 690	32 607 362	(5 730 771)	(81 910)	-	31 693 665
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(1 576 707)	6 475 690	32 607 362	(5 730 771)	(81 910)	-	31 693 665
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	534 728 330	534 728 330
Segment Liabilities	-	-	-	-	-	80 895 265	80 895 265
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.3 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	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	147 250	-	29 449 797	11 350 725	6 975 595	6 614 089	-	7 194 693	-	61 732 149
Service Charges - Electricity Revenue	-	-	27 998 041	-	-	-	-	-	-	27 998 041
Service Charges - Water Revenue	-	-	-	11 350 725	-	-	-	-	-	11 350 725
Service Charges - Sanitation Revenue	-	-	-	-	6 975 595	-	-	-	-	6 975 595
Service Charges - Refuse Revenue	-	-	-	-	-	6 614 089	-	-	-	6 614 089
Rental of Facilities and Equipment	33 982	-	-	-	-	-	-	198 277	-	232 259
Interest Earned - External Investments	-	-	-	-	-	-	-	1 783 237	-	1 783 237
Interest Earned - Outstanding Debtors	-	-	1 451 757	-	-	-	-	2 343 842	-	3 795 599
Licences and Permits	-	-	-	-	-	-	-	334 944	-	334 944
Other Revenue - Exchange	113 268	-	-	-	-	-	-	2 534 392	-	2 647 660
External revenue from non-exchange transactions	1 843 470	923 691	1 372 618	4 187 811	6 150 386	3 476 515	-	39 429 601	-	57 384 092
Fines	3 959	41 075	-	-	-	-	-	-	-	45 034
Property Rates	-	-	-	-	-	-	-	17 979 664	-	17 979 664
Availability Charges	-	-	-	761 398	-	-	-	-	-	761 398
Agency Services	-	216 264	-	-	-	-	-	-	-	216 264
Transfers Recognised - Operational	1 839 511	666 352	1 372 618	3 426 413	6 150 386	3 476 515	-	20 108 218	-	37 040 013
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	1 341 718	-	1 341 718
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	1 990 720	923 691	30 822 415	15 538 537	13 125 981	10 090 604	-	46 624 294	-	119 116 241
SEGMENT EXPENDITURE										
Employee Related Costs	2 353 578	4 700 134	1 607 304	4 876 794	3 116 853	6 948 565	-	19 383 558	-	42 986 786
Remuneration of Councillors	-	-	-	-	-	-	-	5 388 631	-	5 388 631
Debt Impairment	-	-	5 571 036	7 114 818	1 210 727	1 404 635	-	-	-	15 301 216
Depreciation and Asset Impairment	1 111 800	2 019 508	(63 470)	121 030	1 737 729	-	5 440	4 105 001	-	9 017 038
Finance Charges	7 983	793	-	-	-	1 777 220	-	1 879 146	-	3 665 142
Bulk Purchases	-	-	24 876 949	-	-	-	-	-	-	24 876 949
Other Materials	432 503	1 861 584	1 975	6 799 167	1 057 262	742 770	-	1 619 246	-	12 514 507
Contracted Services	555 011	2 621 051	844 721	-	357 429	2 356 757	1 086	7 996 759	-	14 732 815
Transfers and Grants	-	-	-	-	-	-	-	119 369	-	119 369
Other Expenditure	224 015	240 152	(696 617)	3 285 998	155 981	(957 537)	54 346	9 025 155	-	11 331 493
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	4 684 890	11 443 223	32 121 898	22 197 807	7 635 982	12 272 410	60 872	49 516 865	-	139 933 946
Surplus/(Deficit)	(2 694 170)	(10 519 533)	(1 299 483)	(6 659 270)	5 490 000	(2 181 806)	(60 872)	(2 892 572)	-	(20 817 706)
Transfers Recognised - Capital	93 244	4 563 721	-	71 000 000	-	-	-	-	-	75 656 965
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	5 519 245	-	-	-	-	-	-	-	-	5 519 245
Surplus/(Deficit) after Capital Transfers & Contributions	2 918 319	(5 955 812)	(1 299 483)	64 340 730	5 490 000	(2 181 806)	(60 872)	(2 892 572)	-	60 358 504
Taxation	-	-	-	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 918 319	(5 955 812)	(1 299 483)	64 340 730	5 490 000	(2 181 806)	(60 872)	(2 892 572)	-	60 358 504
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	601 593 330	601 593 330
Segment liabilities	-	-	-	-	-	-	-	-	87 401 761	87 401 761
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-

60.4 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
SEGMENT REVENUE										
External revenue from exchange transactions	397 648	-	33 768 869	9 224 414	6 166 291	6 006 536	-	5 046 332	-	60 610 089
Service Charges - Electricity Revenue	-	-	32 334 571	-	-	-	-	-	-	32 334 571
Service Charges - Water Revenue	-	-	-	9 224 414	-	-	-	-	-	9 224 414
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	3 778 898	5 291 912	3 061 912	-	34 336 327	-	49 942 392
Fines	3 645	24 015	-	-	-	-	-	-	-	27 660
Property Rates	-	-	-	-	-	-	-	16 288 759	-	16 288 759
Availability Charges	-	-	-	794 122	-	-	-	-	-	794 122
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	13 003 312	11 458 203	9 068 448	-	39 382 658	-	110 552 481
SEGMENT EXPENDITURE										
Employee Related Costs	2 272 927	4 811 562	1 416 404	4 564 089	2 393 638	7 002 981	-	16 514 880	-	38 976 481
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	2 996 804	-	8 642 657
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	5 775 288	1 443	-	-	49 823	-	6 585 370
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	2 974 235	107 843	(1 279 951)	38 876	8 151 362	-	12 702 553
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	4 567 812	10 428 232	35 815 816	18 689 355	5 739 814	12 853 664	81 910	39 950 548	-	128 127 150
Surplus/(Deficit)	(2 676 741)	(9 629 340)	(865 919)	(5 686 043)	5 718 388	(3 785 216)	(81 910)	(567 890)	-	(17 574 669)
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)	4 313 957	31 935 722	(3 785 216)	(81 910)	(567 890)	-	31 693 665
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	534 728 330	534 728 330
Segment liabilities	-	-	-	-	-	-	-	-	80 895 265	80 895 265
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

60.5 RECONCILIATION OF REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023:

	2023 R	2022 R
Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2023:		
Total Segment Revenue (including capital transfers and contributions)	200 292 451	159 820 815
Total Revenue as per Statement of Financial Performance	200 292 451	159 768 126
Difference	-	52 689
Reconciling items - not included in Operating revenue	-	52 689
<i>Profit/(Loss) on Fair Value Adjustments</i>	-	52 689
Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2023:		
Total Segment Expenditure	139 933 946	128 127 150
Total Expenditure as per Statement of Financial Performance	125 934 694	111 917 540
Difference	13 999 252	16 209 610
Reconciling items - not included in Operating expenditure	13 999 252	16 209 610
<i>Inventories: Write-down to Net Realisable Value</i>	32 160	35 216
<i>Impairment Loss on Receivables</i>	10 789 733	11 394 106
<i>Loss on Sale of Fixed Assets</i>	302 523	2 736 298
<i>Water Losses</i>	2 874 837	2 043 990
Reconciliation of the Statement of Financial Performance as at 30 June 2023 as per the Annual Financial Statements vs the Surplus of the Segment report:		
Surplus for the year as per Segments	60 358 504	31 693 665
Surplus for the year as per Statement of Financial Performance	60 358 504	31 693 665
Difference - None	-	-
Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2023:		
Total Segment Assets	601 593 330	534 728 330
Total Assets as per Statement of Financial Position	601 593 330	534 728 330
Difference - None	-	-
<i>Insert reconciling item details</i>	-	-
Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2023:		
Total Segment Liabilities	87 401 761	80 895 265
Total Liabilities as per Statement of Financial Position	87 401 761	80 895 265
Difference - None	-	-

APPENDIX A
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2023

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance on 1 July 2022	Correction of Error	Received during the period	Redeemed / written-off during the period	Balance on 30 June 2023
LEASE LIABILITY								
Printer Nashua IMC4500	14.90%	Various	2023	39 693	-	-	(36 408)	3 284
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM430F	14.90%	Various	2023	9 020	-	-	(8 274)	746
Printer Nashua IM2702	14.90%	Various	2023	10 328	-	-	(9 473)	855
Printer Nashua IM550F	14.90%	Various	2023	16 556	-	-	(15 186)	1 370
Printer Nashua IMC2000	14.90%	Various	2023	22 690	-	-	(20 813)	1 878
Printer Nashua IMC2000	14.90%	Various	2023	22 690	-	-	(20 813)	1 878
Printer Nashua IMC2000	14.90%	Various	2023	22 690	-	-	(20 813)	1 878
Printer Nashua IMC2000	14.90%	Various	2023	22 690	-	-	(20 813)	1 878
Printer Nashua MP4055SP	14.90%	Various	2023	51 464	-	-	(47 205)	4 258
Total Lease Liabilities				270 468	-	-	(248 111)	22 357
TOTAL EXTERNAL LOANS				270 468	-	-	(248 111)	22 357

APPENDIX B
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
			Governance and Administration			
2 295 991	(14 332 435)	(12 036 444)	Executive and council	4 434 718	(17 365 180)	(12 930 462)
37 102 232	(23 319 272)	13 782 959	Finance and administration	42 189 576	(29 049 564)	13 140 012
-	(1 998 398)	(1 998 398)	Internal audit	-	(1 739 742)	(1 739 742)
			Community and Public Safety			
4 476 973	(3 034 754)	1 442 219	Community and social services	1 827 592	(3 093 658)	(1 266 067)
6 217 147	(1 518 640)	4 698 508	Sport and recreation	5 687 774	(1 588 516)	4 099 258
			Economic and Environmental Services			
-	(1 968 411)	(1 968 411)	Planning and development	-	(1 850 166)	(1 850 166)
4 697 461	(9 764 850)	(5 067 389)	Road transport	5 487 411	(10 955 437)	(5 468 026)
349 382	(14 419)	334 964	Environmental protection	87 843	(2 716)	85 128
			Trading Services			
34 949 897	(35 815 816)	(865 919)	Energy sources	30 822 415	(32 121 898)	(1 299 483)
22 987 747	(17 684 768)	5 302 979	Water management	86 538 537	(22 197 807)	64 340 730
37 675 536	(5 739 814)	31 935 722	Waste water management	13 125 981	(7 635 982)	5 490 000
9 068 448	(12 853 664)	(3 785 216)	Waste management	10 090 604	(12 272 410)	(2 181 806)
-	(81 910)	(81 910)	Other	-	(60 872)	(60 872)
159 820 815	(128 127 150)	31 693 665	Sub Total	200 292 451	(139 933 946)	60 358 504
-	-	-	Less Inter-Departmental Charges	-	-	-
159 820 815	(128 127 150)	31 693 665	Total	200 292 451	(139 933 946)	60 358 504

APPENDIX C
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023
MUNICIPAL VOTES CLASSIFICATIONS

Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R		2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R
-	(3 986 170)	(3 986 170)	Executive and Council	-	(4 510 272)	(4 510 272)
2 295 991	(12 344 663)	(10 048 672)	Municipal Manager Councilors	4 434 718	(14 594 650)	(10 159 932)
			Budget and Treasury Office			
19 603 592	(12 441 326)	7 162 266	Finance General	22 370 225	(15 794 910)	6 575 314
-	-	-	Accountant Revenue	-	-	-
-	(506 439)	(506 439)	Accountant Expenditure	-	(5 876)	(5 876)
-	(831 994)	(831 994)	Supply Chain Management	-	(1 117 969)	(1 117 969)
			Corporate Services			
16 915 056	(4 193 706)	12 721 350	Administration	19 286 130	(6 558 788)	12 727 342
-	(2 987)	(2 987)	Human Resources	-	(1 600 583)	(1 600 583)
583 584	(5 174 466)	(4 590 882)	Property Services	533 221	(3 880 843)	(3 347 622)
			Community and Social Services			
3 118 299	(704 268)	2 414 031	Cemeteries	116 555	(563 711)	(447 157)
1 358 674	(2 142 903)	(784 229)	Libraries	1 711 037	(2 406 900)	(695 863)
			Sport and Recreation			
-	(14 419)	(14 419)	Nature Reserves	-	(2 716)	(2 716)
6 217 147	(1 466 285)	4 750 863	Sport Ground	5 687 774	(1 220 565)	4 467 209
-	(4 364)	(4 364)	Swimming Pool	-	(304 148)	(304 148)
349 382	-	349 382	Caravan Park	87 843	-	87 843
			Public Safety			
-	(182 416)	(182 416)	Civil Defence	-	(117 447)	(117 447)
			Planning and Development			
-	(663 382)	(663 382)	IDP Department	-	(487 786)	(487 786)
			Road Transport			
4 566 199	(8 133 010)	(3 566 811)	Roads	5 230 073	(9 198 680)	(3 968 607)
131 262	(1 491 052)	(1 359 790)	Traffic Services	257 339	(1 613 549)	(1 356 210)
			Electricity			
34 949 897	(37 373 544)	(2 423 647)	Electricity Distribution	30 822 415	(34 197 298)	(3 374 883)
			Water			
23 005 939	(17 794 369)	5 211 570	Water Distribution	86 538 537	(21 787 992)	64 750 544
			Waste Water Management			
37 675 536	(5 758 006)	31 917 530	Waste Water Management	13 125 981	(7 635 982)	5 490 000
			Solid Waste			
9 068 448	(12 853 664)	(3 785 216)	Waste Removal	10 090 604	(12 272 410)	(2 181 806)
			Other			
-	(81 910)	(81 910)	Aerodrome	-	(60 872)	(60 872)
-	-	-	Vehicle Account	-	-	-
			Environmental Health			
-	-	-	Environmental Health	-	-	-
159 839 007	(128 145 342)	31 693 665	Sub Total	200 292 451	(139 933 946)	60 358 504
-	-	-	Less Inter-Departmental Charges	-	-	-
159 839 007	(128 145 342)	31 693 665	Total	200 292 451	(139 933 946)	60 358 504

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

Grant Description	Balance 30 June 2022	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 2023
<u>National Government Grants</u>						
Equitable Share	-	31 566 000	-	(31 566 000)	-	-
Local Government Financial Management Grant	-	1 920 000	-	(1 770 000)	(150 000)	-
Municipal System Improvement Grant	-	-	-	-	-	-
Municipal Infrastructure Grant	-	10 493 000	-	-	(4 656 965)	5 836 035
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	50 000 000	-	-	(50 000 000)	-
Expanded Public Works Programme	-	1 564 000	-	(1 564 000)	-	-
Municipal Water Infrastructure Grant	-	21 000 000	-	-	(21 000 000)	-
Total National Government Grants	-	116 543 000	-	(34 900 000)	(75 806 965)	5 836 035
<u>Provincial Government Grants</u>						
Libraries, Archives and Museums	-	1 700 000	-	(1 700 000)	-	-
Capacity Bulding	-	163 295	-	(163 295)	-	-
Total Provincial Government Grants	-	1 863 295	-	(1 863 295)	-	-
Total Grants	-	118 406 295	-	(36 763 295)	(75 806 965)	5 836 035

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

HANTAM MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	2022/23								2021/22			
	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
R thousands												
Financial Performance												
Property rates	16 830	122	16 952	17 980		(1 028)	106.1%	106.8%				16 289
Service charges	66 902	(13 889)	52 713	53 700		(967)	101.9%	80.6%				54 626
Investment revenue	745	(560)	185	232		(47)	125.5%	31.2%				217
Transfers recognised - operational	261	(77)	183	216		(33)	117.5%	83.0%				107
Other own revenue	34 210	2 798	37 008	46 838		(9 830)	126.6%	136.9%				39 414
Total Revenue (excluding capital transfers and contributions)	118 647	(11 606)	107 041	118 966		(11 925)						110 552
Employee costs	48 492	(5 392)	43 100	42 967	-	113	99.7%	88.6%	-	-	-	34 412
Remuneration of councillors	3 781	(425)	3 357	5 388	-	(2 032)	160.5%	142.5%	-	-	-	4 563
Depreciation & asset impairment	10 477	5 169	15 645	9 017	-	6 628	57.6%	86.1%	-	-	-	9 651
Finance charges	2 408	(470)	1 938	3 365	-	(1 728)	189.2%	162.2%	-	-	-	3 547
Inventory consumed and bulk purchases	25 667	(29)	25 638	37 359	-	(11 721)	145.7%	145.6%	-	-	-	36 175
Transfers and grants	60	94	154	119	-	35	77.3%	198.9%	-	-	-	217
Other expenditure	31 267	1 594	32 861	41 398	-	(8 505)	125.9%	132.3%	-	-	-	39 562
Total Expenditure	122 183	540	122 723	139 934	-	(17 211)	114.0%	114.5%	-	-	-	128 127
Surplus/(Deficit)	(3 535)	(12 146)	(15 682)	(20 968)		5 286	0.0%	0.0%				(17 575)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 051	-	23 051	75 807		(52 755)	0.0%	0.0%				23 051
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	5 519		(5 519)	#DIV/0!	#DIV/0!				25 217
Surplus/(Deficit) after capital transfers & contributions	19 516	(12 146)	7 369	60 359		-	-	0.0%				31 694
Share of surplus/(deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	19 516	(12 146)	7 369	60 359		-	-	-				31 694
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	23 051	-	23 051	73 489		(50 438)	318.8%	318.8%				20 451
Public contributions & donations	-	-	-	-		-	0.0%	0.0%				-
Borrowing	-	-	-	-		-	0.0%	0.0%				-
Internally generated funds	-	2 000	2 000	1 917		83	95.9%	0.0%				1 579
Total sources of capital funds	23 051	2 000	25 051	75 406		(50 355)	301.0%	327.1%				22 030
Cash flows												
Net cash from (used) operating	23 184	(5 738)	17 446	68 921		(51 475)	366.0%	297.3%				22 369
Net cash from (used) investing	(79 690)	54 639	(25 051)	(65 553)		40 502	261.7%	82.3%				(28 270)
Net cash from (used) financing	-	-	-	(248)		248	0.0%	0.0%				(214)
Cash/cash equivalents at the year end	(53 748)	49 281	(4 487)	6 238		(10 729)	-139.0%	-11.6%				3 117

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

Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.Lo. 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration		4 062	39 713	46 624		(6 912)	0.0%	0.0%				39 398
Executive and council	1 877	(938)	939	4 435		(3 495)	0.0%	0.0%				2 296
Finance and administration	33 773	5 000	38 773	42 190		(3 416)	0.0%	0.0%				37 102
Internal audit	-	-	-	-		-	0.0%	0.0%				-
Community and public safety	7 694	(25)	7 669	7 515		154	0.0%	0.0%				10 694
Community and social services	1 464	7	1 471	1 828		(356)	0.0%	0.0%				4 477
Sport and recreation	6 230	(32)	6 198	5 688		510	0.0%	0.0%				6 217
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	5 575		(523)	0.0%	0.0%				5 047
Planning and development	-	-	-	-		-	0.0%	0.0%				-
Road transport	4 853	(78)	4 775	5 487		(713)	0.0%	0.0%				4 697
Environmental protection	277	-	277	88		190	0.0%	0.0%				349
Trading services	93 223	(13 848)	79 376	140 578		(61 202)	0.0%	0.0%				104 682
Energy sources	39 705	(2 703)	37 001	30 822		6 179	0.0%	0.0%				34 950
Water management	27 323	(4 420)	22 903	86 539		(63 635)	0.0%	0.0%				22 988
Waste water management	14 310	(3 562)	10 748	13 126		(2 378)	0.0%	0.0%				37 676
Waste management	11 886	(3 163)	8 723	10 091		(1 367)	0.0%	0.0%				9 068
Other	-	-	-	-		-	0.0%	0.0%				-
Total Revenue - Standard	106 048	(9 868)	131 810	200 292		(68 463)	0.0%	0.0%				159 821

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

Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.Lo. 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	41 826	(4 877)	36 949	48 154	-	(11 205)	0.0%	0.0%	-	-	-	39 650
Executive and council	13 921	(591)	13 330	17 365	-	(4 036)	0.0%	0.0%	-	-	-	14 332
Finance and administration	25 985	(4 224)	21 761	29 050	-	(7 288)	0.0%	0.0%	-	-	-	23 319
Internal audit	1 920	(62)	1 858	1 740	-	118	0.0%	0.0%	-	-	-	1 998
Community and public safety	4 510	30	4 540	4 682	-	(142)	0.0%	0.0%	-	-	-	4 553
Community and social services	3 495	(449)	3 046	3 094	-	(47)	0.0%	0.0%	-	-	-	3 035
Sport and recreation	1 015	479	1 494	1 589	-	(94)	0.0%	0.0%	-	-	-	1 519
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	12 808	-	(1 097)	0.0%	0.0%	-	-	-	11 748
Planning and development	2 291	(271)	2 020	1 850	-	170	0.0%	0.0%	-	-	-	1 968
Road transport	9 725	(52)	9 672	10 955	-	(1 283)	0.0%	0.0%	-	-	-	9 765
Environmental protection	32	(13)	19	3	-	16	0.0%	0.0%	-	-	-	14
Trading services	63 715	5 718	69 432	74 228	-	(4 796)	0.0%	0.0%	-	-	-	72 094
Electricity	30 649	2 370	33 019	32 122	-	897	0.0%	0.0%	-	-	-	35 816
Water	13 784	4 031	17 814	22 198	-	(4 383)	0.0%	0.0%	-	-	-	17 685
Waste water management	5 923	(179)	5 744	7 636	-	(1 892)	0.0%	0.0%	-	-	-	5 740
Waste management	13 358	(504)	12 855	12 272	-	582	0.0%	0.0%	-	-	-	12 854
Other	84	6	90	61	-	29	0.0%	0.0%	-	-	-	82
Total Expenditure - Standard	122 183	540	122 723	139 934	-	(17 211)	0.0%	0.0%	-	-	-	128 127
Surplus/(Deficit) for the year	(16 135)	(10 428)	9 087	60 359	-	(51 271)	0.0%	0.0%	-	-	-	31 694

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

Vote Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.Lo. 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive and Council	1 877	(938)	939	4 435		-	0.0%	0.0%				2 296
Vote 2 - Budget and Treasury Office	18 750	2 341	21 091	22 370		-	0.0%	0.0%				19 604
Vote 3 - Corporate Services	15 023	2 658	17 682	19 819		-	0.0%	0.0%				17 499
Vote 4 - Community and Social Services	4 464	7	4 471	1 828		-	0.0%	0.0%				4 477
Vote 5 - Sport and Recreation	6 508	(32)	6 475	5 776		-	0.0%	0.0%				6 567
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	5 487		-	0.0%	0.0%				4 697
Vote 9 - Electricity	36 705	(2 703)	34 001	30 822		-	0.0%	0.0%				34 950
Vote 10 - Water	27 323	(4 420)	22 903	86 539		-	0.0%	0.0%				23 006
Vote 11 - Waste Water Management	14 310	(3 562)	10 748	13 126		-	0.0%	0.0%				37 676
Vote 12 - Solid Waste	11 886	(3 163)	8 723	10 091		-	0.0%	0.0%				9 068
Vote 13 - Other	-	-	-	-		-	0.0%	0.0%				-
Vote 14 - Environmental Health	-	-	-	-		-	0.0%	0.0%				-
Total Revenue by Vote	141 698	(9 888)	131 810	200 292		-	0.0%	0.0%				159 839
Expenditure by Vote to be appropriated												
Vote 1 - Executive and Council	15 841	(653)	15 188	19 105	-	-	0.0%	0.0%	-	-	-	16 331
Vote 2 - Budget and Treasury Office	17 784	(3 997)	13 787	16 919	-	-	0.0%	0.0%	-	-	-	13 780
Vote 3 - Corporate Services	9 598	(300)	9 298	12 040	-	-	0.0%	0.0%	-	-	-	9 371
Vote 4 - Community and Social Services	2 766	91	2 857	2 971	-	-	0.0%	0.0%	-	-	-	2 847
Vote 5 - Sport and Recreation	1 047	466	1 513	1 527	-	-	0.0%	0.0%	-	-	-	1 485
Vote 6 - Public Safety	729	(539)	189	117	-	-	0.0%	0.0%	-	-	-	182
Vote 7 - Planning and Development	894	(198)	696	488	-	-	0.0%	0.0%	-	-	-	663
Vote 8 - Road Transport	9 725	(52)	9 672	10 812	-	-	0.0%	0.0%	-	-	-	9 624
Vote 9 - Electricity	30 649	2 370	33 019	34 197	-	-	0.0%	0.0%	-	-	-	37 374
Vote 10 - Water	13 784	4 031	17 814	21 788	-	-	0.0%	0.0%	-	-	-	17 794
Vote 11 - Waste Water Management	5 923	(179)	5 744	7 636	-	-	0.0%	0.0%	-	-	-	5 758
Vote 12 - Solid Waste	13 358	(504)	12 855	12 272	-	-	0.0%	0.0%	-	-	-	12 854
Vote 13 - Other	84	6	90	61	-	-	0.0%	0.0%	-	-	-	82
Vote 14 - Environmental Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Total Expenditure by Vote	122 183	540	122 723	139 934	-	-	0.0%	0.0%	-	-	-	128 145
Surplus/(Deficit) for the year	19 516	(10 428)	9 087	60 359	-	-	0.0%	0.0%	-	-	-	31 694

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

Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.l.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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	16 830	122	16 952	17 980		(1 028)	106.1%	106.8%				16 289
Service charges - electricity revenue	34 427	(2 750)	31 677	27 998		3 679	88.4%	81.3%				32 332
Service charges - water revenue	14 338	(4 420)	9 918	12 112		(2 194)	122.1%	84.5%				10 021
Service charges - sanitation revenue	9 018	(3 562)	5 456	6 976		(1 519)	127.8%	77.4%				6 166
Service charges - refuse revenue	8 819	(3 157)	5 661	6 614		(953)	116.8%	75.0%				6 007
Rental of facilities and equipment	745	(560)	185	232		(47)	125.5%	31.2%				217
Interest earned - external investments	625	(85)	541	1 783		(1 243)	329.9%	285.2%				472
Interest earned - outstanding debtors	1 097	1 073	2 170	3 796		(1 625)	174.9%	346.0%				2 763
Dividends received	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Fines, penalties and forfeits	30	(4)	26	45		(19)	174.7%	149.0%				28
Licences and permits	281	0	281	335		(54)	119.3%	119.4%				338
Agency services	261	(77)	183	216		(33)	117.9%	83.0%				107
Transfers and subsidies	31 997	-	31 997	36 890		(4 893)	115.3%	115.3%				32 253
Other revenue	180	1 814	1 994	2 648		(654)	132.8%	1470.4%				3 089
Gains	-	1 718	1 718	1 342		376	78.1%	#DIV/0!				471
Total Revenue (excluding capital transfers and contributions)	118 647	(9 888)	108 759	118 966		(10 207)	109.4%	100.3%				110 552
Expenditure By Type												
Employee related costs	48 492	(5 392)	43 100	42 987	-	113	99.7%	88.6%	-	-	-	34 412
Remuneration of councillors	3 781	(425)	3 357	5 389	-	(2 032)	160.5%	142.5%	-	-	-	4 563
Debt impairment	10 904	(507)	10 397	15 301	-	(4 904)	147.2%	140.3%	-	-	-	14 871
Depreciation & asset impairment	10 477	5 168	15 645	9 017	-	6 628	57.6%	86.1%	-	-	-	9 651
Finance charges	2 408	(470)	1 938	3 665	-	(1 728)	189.2%	152.2%	-	-	-	3 547
Bulk purchases - electricity	23 117	1 252	24 369	24 877	-	(508)	102.1%	107.6%	-	-	-	25 839
Inventory consumed	2 550	(1 281)	1 269	12 482	-	(11 213)	983.3%	489.5%	-	-	-	10 336
Contracted services	10 888	2 027	12 915	-	-	12 915	0.0%	0.0%	-	-	-	-
Transfers and subsidies	60	94	154	119	-	35	77.3%	198.9%	-	-	-	217
Other expenditure	9 506	(499)	9 006	22 887	-	(13 881)	254.1%	240.8%	-	-	-	19 093
Losses	-	573	573	3 210	-	(2 637)	560.6%	#DIV/0!	-	-	-	5 598
Total Expenditure	122 183	540	122 723	139 934	-	(17 211)	114.0%	114.5%	-	-	-	128 127

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

Description	2022/23								2021/22			
	Original Budget	Budget Adjustments (i.e. 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(3 535)	(10 428)	(13 964)	(20 968)		–	0.0%	0.0%				(17 575)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	23 051	–	23 051	75 807		–	0.0%	0.0%				23 051
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–		–	0.0%	0.0%				–
Transfers and subsidies - capital (in-kind - all)	–	–	–	5 519		–	0.0%	0.0%				26 217
Surplus/(Deficit) after capital transfers & contributions	19 516	(10 428)	9 087	60 359		–	0.0%	0.0%				31 694
Taxation	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) after taxation	19 516	(10 428)	9 087	60 359		–	0.0%	0.0%				31 694
Attributable to minorities	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) attributable to municipality	19 516	(10 428)	9 087	60 359		–	0.0%	0.0%				31 694
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	19 516	(10 428)	9 087	60 359		–	0.0%	0.0%				31 694

HANTAM MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2022/23							2021/22
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	13 464	98	13 562	11 949	(1 612)	0.0%	0.0%	10 891
Service charges	54 159	(11 074)	43 085	45 376	2 291	0.0%	0.0%	46 020
Other revenue	1 496	2 110	3 606	3 598	(8)	0.0%	0.0%	3 740
Transfers and Subsidies - Operational	31 997	—	31 997	36 913	4 916	0.0%	0.0%	29 776
Transfers and Subsidies - Capital	23 051	—	23 051	81 493	58 442	0.0%	0.0%	23 051
Interest	625	(85)	541	1 783	1 243	0.0%	0.0%	472
Dividends	—	—	—	—	—	0.0%	0.0%	—
Payments								
Suppliers and employees	(101 357)	3 202	(98 156)	(112 062)	(13 906)	0.0%	0.0%	(91 377)
Finance charges	(89)	4	(85)	(130)	(45)	0.0%	0.0%	(205)
Transfers and Grants	(162)	7	(154)	—	154	0.0%	0.0%	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	23 184	(5 738)	17 446	68 921	51 475	0.0%	0.0%	22 369
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	—	—	—	—	—	0.0%	0.0%	—
Decrease (increase) other non-current receivables	—	—	—	41	41	0.0%	0.0%	59
Decrease (increase) in non-current investments	—	—	—	—	—	0.0%	0.0%	—
Payments								
Capital assets	(79 690)	54 639	(25 051)	(65 594)	(40 543)	0.0%	0.0%	(28 329)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(79 690)	54 639	(25 051)	(65 553)	(40 502)	0.0%	0.0%	(28 270)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	—	—	—	—	—	0.0%	0.0%	—
Borrowing long term/refinancing	—	—	—	—	—	0.0%	0.0%	—
Increase (decrease) in consumer deposits	—	—	—	—	—	0.0%	0.0%	—
Payments								
Repayment of borrowing	—	—	—	(248)	(248)	0.0%	0.0%	(214)
NET CASH FROM/(USED) FINANCING ACTIVITIES	—	—	—	(248)	(248)	0.0%	0.0%	(214)
NET INCREASE/ (DECREASE) IN CASH HELD	(56 506)	48 901	(7 605)	3 120				(6 115)
Cash/cash equivalents at the year begin:	2 758	360	3 117	3 117				9 233
Cash/cash equivalents at the year end:	(53 748)	49 261	(4 487)	6 238	10 725	0.0%	0.0%	3 117

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

Vote Description	2022/23								2021/22			
	Original Budget	Total Budget Adjustments (i.e., 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
R thousand	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	-	-	-	64 437	-	-	0%	0%	-	-	-	12 231
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	-	-	-	64 437	-	-	0%	0%	-	-	-	12 231
Single-year expenditure												
Vote 1 - Executive and Council	-	-	-	120	-	-	0%	0%	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	211	-	-	0%	0%	-	-	-	-
Vote 3 - Corporate Services	-	2 000	2 000	-	-	-	0%	0%	-	-	-	1 579
Vote 4 - Community and Social Services	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - Sport and Recreation	6 127	(6 127)	-	5 519	-	-	0%	0%	-	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 8 - Road Transport	3 882	6 169	10 051	3 533	-	-	0%	0%	-	-	-	8 220
Vote 9 - Electricity	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 10 - Water	13 000	-	13 000	-	-	-	0%	0%	-	-	-	-
Vote 11 - Waste Water Management	42	(42)	-	174	-	-	0%	0%	-	-	-	-
Vote 12 - Solid Waste	-	-	-	1 413	-	-	0%	0%	-	-	-	-
Vote 13 - Other	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital single-year expenditure	23 051	2 000	25 051	10 970	-	-	0%	0%	-	-	-	9 799
Total Capital Expenditure - Vote	23 051	2 000	25 051	75 406	-	-	0%	0%	-	-	-	22 030

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

Vote Description	2022/23								2021/22			
	Original Budget	Total Budget Adjustments (i.e., 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
<i>Governance and administration</i>		1 130	1 130	330	-	-	0%	0%	-	-	-	1 579
Executive and council	-	580	580	120	-	-	0%	0%	-	-	-	-
Finance and administration	-	550	550	211	-	-	0%	0%	-	-	-	1 579
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<i>Community and public safety</i>	6 127	1 706	7 833	5 519	-	-	0%	0%	-	-	-	-
Community and social services	-	-	-	-	-	-	0%	0%	-	-	-	-
Sport and recreation	6 127	1 706	7 833	5 519	-	-	0%	0%	-	-	-	-
Public safety	-	-	-	-	-	-	0%	0%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
Health	-	-	-	-	-	-	0%	0%	-	-	-	-
<i>Economic and environmental services</i>	10 009	(8 082)	1 927	3 533	-	-	0%	0%	-	-	-	8 220
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	-
Road transport	10 009	(8 082)	1 927	3 533	-	-	0%	0%	-	-	-	8 220
Environmental protection	-	-	-	-	-	-	0%	0%	-	-	-	-
<i>Trading services</i>	13 042	66 092	79 134	66 023	-	-	0%	0%	-	-	-	12 231
Energy sources	-	700	700	-	-	-	0%	0%	-	-	-	-
Water management	13 000	64 503	77 503	64 437	-	-	0%	0%	-	-	-	12 231
Waste water management	42	125	167	174	-	-	0%	0%	-	-	-	-
Waste management	-	764	764	1 413	-	-	0%	0%	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Standard	29 178	60 846	90 024	75 406	-	-	0%	0%	-	-	-	22 030
Funded by:												
National Government	23 051	-	23 051	73 489	-	-	0%	0%	-	-	-	20 451
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 Corporations, Higher Educational Institutions)	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers recognised - capital	23 051	-	23 051	73 489	-	-	0%	0%	-	-	-	20 451
Public contributions & donations	-	-	-	-	-	-	0%	0%	-	-	-	-
Borrowing	-	-	-	-	-	-	0%	0%	-	-	-	-
Internally generated funds	-	2 000	2 000	1 917	-	-	0%	0%	-	-	-	1 579
Total Capital Funding	23 051	2 000	25 051	75 406	-	-	0%	0%	-	-	-	22 030