

EMTHANJENI

LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

[These financial statements have not been audited]
AUDITED FINANCIAL STATEMENTS

EMTHANJENI LOCAL MUNICIPALITY

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EMTHANJENI LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 109 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 of Generally Recognized Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.



I Visser
Municipal Manager

31. 8. 2022
Date

EMTHANJENI LOCAL MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
GENERAL INFORMATION

NATURE OF BUSINESS

Emthanjeni Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 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).

JURISDICTION

The Emthanjeni Municipality includes the following areas:

De Aar
 Britstown
 Hanover

EXECUTIVE MAYOR

GL Nkumbi

SPEAKER

MC Kivedo

CHIEF WHIP

LE Andrews

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Councillor
 Executive Councillor

R.Smith
 LE Andrews

MUNICIPAL MANAGER

I Visser

CHIEF FINANCIAL OFFICER

MF Manuel

REGISTERED OFFICE

45 Dr. Pixley-ka-Seme Drive
 De Aar
 7000

ATTORNEYS

Calteaux & Partners
 Van Zyl Attorneys

POSTAL ADDRESS:

P.O.Box 42
 De Aar
 7000

AUDITORS

Office of the Auditor General

PRINCIPLE BANKERS

ABSA Bank Limited

RELEVANT LEGISLATION

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 Property Rates Act (Act no 6 of 2004)
 Municipal Systems Amendment Act (Act no 7 of 2011)
 Municipal Regulations on Standard Chart of Accounts
 Municipal Finance Management Act (Act no 56 of 2003)
 Basic Conditions of Employment Act (Act no 75 of 1997)
 Municipal Planning and Performance Management Regulations
 Remuneration of Public Office Bearers Act (Act no 20 of 1998)

Municipal Structures Act (Act no 117 of 1998)
 Municipal Systems Act (Act no 32 of 2000)
 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 EMTHANJENI LOCAL MUNICIPALITY

WARD

1
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 Proportional
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COUNCILLOR

FCS Swanepoel
 MN Mackay
 SW Makhandula
 JT Brandt
 GK Engelbrencht
 LE Andrews
 JM Fortuin
 PP Mhali
 PN Bushula
 R Smith
 B Swanepoel
 RH Adams- Beukes
 MST Booysen
 MC Kivedo
 GL Nkumbi

EMTHANJENI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R	2021 Restated R
ASSETS			
Non-Current Assets		836 781 552	889 844 839
Property, Plant and Equipment	2	821 009 762	875 137 011
Investment Property	3	8 767 885	7 694 692
Intangible Assets	4	12 754	25 508
Heritage Assets	5	6 959 273	6 959 273
Investments	6	31 878	28 355
Current Assets		175 108 324	130 797 337
Inventory	8	47 045 696	26 462 195
Receivables from Exchange Transactions	9	57 497 456	39 436 332
Receivables from Non-exchange Transactions	10	26 000 126	21 387 131
Unpaid Transfers and Subsidies	18	-	740 000
Taxes	19	20 110 027	12 670 076
Cash and Cash Equivalents	11	24 455 018	30 101 602
Total Assets		1 011 889 876	1 020 642 175
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		92 975 214	92 398 732
Long-term Borrowings	12	643 842	-
Non-current Provisions	13	68 643 371	67 337 731
Non-current Employee Benefits	14	23 688 001	25 061 001
Current Liabilities		200 359 539	181 326 656
Consumer Deposits	15	2 818 757	2 678 885
Current Employee Benefits	16	13 985 340	14 095 884
Trade and Other Payables from Exchange Transactions	17.1	140 358 847	114 223 769
Trade and Other Payables from Non-Exchange Transactions	17.2	11 577 786	10 119 222
Unspent Transfers and Subsidies	18	15 013 816	20 315 030
Cash and Cash Equivalents	11	16 558 310	19 893 866
Current Portion of Long-term Borrowings	12	46 683	(0)
Total Liabilities		293 334 753	273 725 388
Net Assets		718 555 122	746 916 787
Capital Replacement Reserve	20	2 252 793	2 252 793
Accumulated Surplus		716 302 329	744 663 994
Total Net Assets and Liabilities		1 011 889 876	1 020 642 175

EMTHANJENI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 Restated R
REVENUE			
Revenue from Non-exchange Transactions		108 929 088	109 885 293
Taxation Revenue		39 620 403	39 419 873
Property Rates	21	39 620 403	39 419 873
Transfer Revenue		65 608 069	68 430 844
Government Grants and Subsidies - Capital	22	11 274 117	11 706 049
Government Grants and Subsidies - Operating	22	53 237 084	51 749 597
Contributed Property, Plant and Equipment	23	1 096 868	4 975 198
Other Revenue		3 700 617	2 034 575
Fines and Penalties	30	1 447 222	1 287 663
Interest Earned - Non-exchange Transactions	29	2 253 395	746 913
Revenue from Exchange Transactions		160 818 420	148 538 151
Service Charges	25	151 488 336	140 702 374
Operational Revenue	26	1 860 329	2 422 269
Rental of Facilities and Equipment	27	2 393 440	1 238 274
Interest Earned - External Investments	28	1 296 990	1 182 337
Interest Earned - Exchange Transactions	29	2 861 061	2 023 361
Licences and Permits	24	918 264	969 538
Total Revenue		269 747 508	258 423 444
EXPENDITURE			
Employee related costs	31	93 670 636	87 004 404
Remuneration of Councillors	32	5 714 447	5 682 471
Contracted Services	33	15 564 017	10 156 067
Depreciation and Amortisation	34	52 645 591	52 208 938
Finance Costs	35	13 963 680	11 851 357
Bulk Purchases	36	80 410 544	72 890 341
Inventory Consumed	8	2 094 194	3 480 398
Operational Costs	37	24 251 227	29 595 807
Total Expenditure		288 314 337	272 869 783
Operating Surplus/(Deficit) for the Year		(18 566 829)	(14 446 339)
Actuarial gain/(loss)	14	3 227 000	(2 656 000)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	8	19 508 113	(27 230 237)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(26 548 513)	(30 807 509)
Gains/(Loss) on Sale of Fixed Assets	39	(7 057 360)	(213 125)
Fair value adjustment		1 075 924	665
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	40	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		(28 361 665)	(75 352 545)

EMTHANJENI LOCAL MUNICIPALITY

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

	Capital Replacement Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 JULY 2020	2 252 793	638 835 922	641 088 715
Correction of Error		181 180 617	181 180 617
Restated balance 30 JUNE 2020	2 252 793	820 016 539	822 269 332
Net Surplus/(Deficit) for the year	-	(77 024 360)	(77 024 360)
Balance at 30 JUNE 2021	2 252 793	742 992 179	745 244 972
Correction of Error	-	1 671 815	1 671 815
Restated balance 30 JUNE 2021	2 252 793	744 663 994	746 916 787
Net Surplus/(Deficit) for the year	-	(28 361 665)	(28 361 665)
Balance at 30 JUNE 2022	2 252 793	716 302 329	718 555 122

EMTHANJENI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Cash receipts from customers		149 254 600	151 600 089
Grants		59 949 987	75 822 000
Interest received investments		1 296 990	1 182 337
Interest earned - outstanding debtors		5 114 457	2 770 274
Property rates - Interest received			
Taxes		(7 439 950)	(354 706)
Cash payments			
Employee costs		(100 047 162)	(93 192 950)
Suppliers		(96 470 369)	(120 223 628)
Finance costs		(4 679 418)	(3 276 758)
Transfers and Grants		-	-
Net Cash from Operating Activities	43	6 979 134	14 326 659
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(9 979 895)	(10 390 412)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		-	-
Purchase of Intangible Assets		0	0
Purchase of Heritage Assets		-	-
Purchase of Agricultural Assets		-	-
Decrease/(Increase) in Non-Current Debtors		-	-
Decrease/(Increase) in Non-Current Investments		(793)	-
Net Cash from Investing Activities		(9 980 688)	(10 390 412)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term Loans (new loans raised)		-	-
Repayment of borrowings		690 526	(240 852)
Increase/(Decrease) in Consumer Deposits		-	-
Proceeds from Borrowings		-	-
Net Cash from Financing Activities		690 526	(240 852)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 311 028)	3 695 395
Cash and Cash Equivalents at the beginning of the year		10 207 736	6 512 336
Cash and Cash Equivalents at the end of the year		7 896 708	10 207 736
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 311 028)	3 695 400

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

	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	(i.t.o. s28 and s31 of the MFMA) R	R	(i.t.o. s31 of the MFMA) R	(i.t.o. Council approved by-law) R	R	2022 R	%	
ASSETS									
Current Assets									
Cash (N1)	9 165 484	12 967 818	22 133 302			22 133 302	3 810 086	-82.79%	Additional investment made during year
Call Investment Deposits (N1)		-				-	20 644 932	0.00%	Not a material variance
Consumer Debtors (N2)	-	68 131 872	68 131 872			68 131 872	57 497 456	-15.61%	Less billed than expected. Impairment greater than expected
Other Debtors (N3)	6 330	-	6 330			6 330	46 110 153	728338.44%	Less billed than expected. Impairment greater than expected. The municipality does not split budget between exchange and non-exchange
Current Portion of long-term receivables (N4)	1 902	-	1 902			1 902	-	-100.00%	No long term receivables for the year
Inventory	54 946 089	-	54 946 089			54 946 089	47 045 696	-14.38%	More inventory expensed than expected
Total Current Assets	64 119 805	81 099 690	145 219 495	-	-	145 219 495	175 108 324	20.58%	
Non-Current Assets									
Investments	30 090	-	30 090			30 090	31 878	5.94%	Not a material variance
Investment Property	5 782 250	63 650	5 845 900			5 845 900	8 767 885	49.98%	Not a material variance
Property, Plant and Equipment Living Resources	867 308 914	(142 434 125)	724 874 789			724 874 789	821 009 762	13.26%	Due to under budget of depreciation. Additions recognised that was was not budgeted for, resulting in additional depreciation. Landfill site depreciation not budgeted.
Intangible Assets	211 500	(188 013)	23 487			23 487	12 754	-45.70%	Less addition purchases than expected budget
Other Non-Current Assets (N5)	-	-	-			-	6 959 273	100.00%	Due to heritage not budgeted
Total Non-Current Assets	873 332 754	(142 558 488)	730 774 266	-	-	730 774 266	836 781 552	14.51%	
TOTAL ASSETS	937 452 559	(61 458 798)	875 993 761	-	-	875 993 761	1 011 889 876	15.51%	
LIABILITIES									
Current Liabilities									
Bank Overdraft	7 272 415	14 336 786	21 609 201			21 609 201	16 558 310	0.00%	Not a material variance
Borrowing (N6)	410 000	(410 000)	-			-	46 683	100.00%	Due to new finance leases entered into which was not budgeted for.
Consumer Deposits	2 741 285	-	2 741 285			2 741 285	2 818 757	2.83%	Not a material variance
Trade and Other Payables (N7)	53 905 557	76 454 672	130 360 229			130 360 229	166 950 449	28.07%	Slow payment of creditors
Provisions (N8)	2 145 739	-	2 145 739			2 145 739	13 985 340	551.77%	Landfill site not budgeted
Total Current Liabilities	66 474 996	90 381 458	156 856 453	-	-	156 856 453	200 359 539	27.73%	
Non-Current Liabilities									
Borrowing (N6)	12 590 000	410 000	13 000 000			13 000 000	643 842	-95.05%	Due to new finance leases entered into which was not budgeted for.
Provisions (N9)	99 742 052	-	99 742 052			99 742 052	92 331 372	-7.43%	Not a material variance
Total Non-Current Liabilities	112 332 052	410 000	112 742 052	-	-	112 742 052	92 975 214	-17.53%	
TOTAL LIABILITIES	178 807 048	90 791 458	269 598 505	-	-	269 598 505	293 334 753	8.80%	
NET ASSETS									
Accumulated Surplus/(Deficit) Reserves (N10)	758 645 511	(152 250 256)	606 395 256			606 395 256	716 302 329	18.12%	Net effect of reasons above
	-	-	-			-	2 252 793	100.00%	Net effect of reasons above
TOTAL NET ASSETS	758 645 511	(152 250 256)	606 395 256	-	-	606 395 256	718 555 122	18.50%	

- N1 The actual figure is the balance of cash and cash equivalents as per the Statement of Financial Position
N2 The actual figure is the balance of Receivables from Exchange Transaction as per the Statement of Financial Position
N3 The actual figure is the balance of current portion of non-current receivables as per the Statement of Financial Position
N4 The actual figure is the balance of Receivables from Exchange Transaction as per the Statement of Financial Position
N5 The actual figure is the balance of Heritage assets as per the Statement of Financial Position
N6 The actual figure is the balance of current portion of long-term borrowings and long-term borrowings as per the Statement of Financial Position
N7 The actual figure is the balance of Trade Payables from Exchange Transactions, Non-Exchange Transactions and Unspent Transfer and Subsidies as per the Statement of Financial Position
N8 The actual figure is the balance of current employee benefits as per the Statement of Financial Position
N9 The actual figure is the balance of Non-current Provisions and Non-current Employee Benefits as per the Statement of Financial Position
N10 The actual figure is the balance of Capital Replacement Reserve as per the Statement of Financial Position

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

	Original Budget	Budget Adjustments (I.t.o. s28 and s31 of the MFMA)	Final Adjusted Budget	Shifting of Funds (I.t.o. s31 of the MFMA)	Virement (I.t.o. Council approved by-law)	Final Budget	Actual Outcome 2022	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	R	%	
REVENUE									
Property Rates	39 820 479	-	39 820 479			39 820 479	39 620 403	-0.50%	Not a material variance
Property Rates - Penalties & Collection Charges	-	-	-			-	-	0.00%	Not a material variance
Service Charges - Electricity Revenue	79 332 548	(4 000 000)	75 332 548			75 332 548	94 588 290	25.56%	Due to pre-paid sales budgeted with other revenue.
Service Charges - Water Revenue	38 396 021	(2 000 000)	36 396 021			36 396 021	33 890 990	-8.88%	Not a material variance
Service Charges - Sanitation Revenue	23 924 658	-	23 924 658			23 924 658	15 331 485	-35.92%	More sanitation revenue was anticipated with budget
Service Charges - Refuse Revenue	13 055 092	-	13 055 092			13 055 092	7 677 571	-41.19%	More refuse revenue was anticipated with budget
Rental of Facilities and Equipment	877 496	-	877 496			877 496	2 393 440	172.76%	Additional halls rented, due to less stricter COVID
Interest Earned - External Investments	424 580	-	424 580			424 580	1 296 990	205.48%	Additional investment made during year
Interest Earned - Outstanding Debtors (N1)	1 745 536	-	1 745 536			1 745 536	5 114 457	193.00%	Additional investment made during year
Fines, penalties and forfeits (N2)	1 160 125	-	1 160 125			1 160 125	1 447 222	24.75%	Penalties for consumers not budgeted for.
Licenses and Permits	1 945 439	-	1 945 439			1 945 439	918 264	-52.80%	Due to COVID 19, not all offices were fully operating
Agency Services	-	-	-			-	-	-	
Transfers and subsidies (N3)	54 274 000	-	54 274 000			54 274 000	53 237 084	-1.91%	Not a material variance
Other Revenue (N4)	50 804 851	(2 000 000)	48 804 851			48 804 851	1 860 329	-96.19%	Due to pre-paid sales budgeted with other revenue.
Gains (N5.1)	330 000	-	330 000			330 000	(2 754 436)	-934.68%	Gains not budgeted for.
Total Revenue (excluding capital transfers and contributions)	306 090 825	(8 000 000)	298 090 825	-	-	298 090 825	254 622 088	(5)	
EXPENDITURE									
Employee Related Costs	93 350 859	1 200 000	94 550 859			94 550 859	93 670 636	-0.93%	Not a material variance
Remuneration of Councilors	6 715 414	-	6 715 414			6 715 414	5 714 447	-14.91%	The municipality budgeted for a greater increase in councilors remuneration, however the amount did not materialise.
Debt Impairment	7 213 830	-	7 213 830			7 213 830	26 548 513	268.02%	Due to slow payment of debtors, greater amount was impaired.
Depreciation and Asset Impairment (N6)	9 890 825	-	9 890 825			9 890 825	52 645 591	432.27%	Due to under budget of depreciation. Additions recognised that was not budgeted for, resulting in additional depreciation. Landfill site depreciation not budgeted.
Finance Charges (N7)	3 341 523	(600 000)	2 741 523			2 741 523	13 963 680	409.34%	Not budgeted for finance cost of non-current provisions and employee benefits. Slow payment of creditors resulting in additional finance charges.
Bulk purchases - electricity (N8)	85 054 922	-	85 054 922			85 054 922	80 410 544	-5.46%	Not a material variance
Inventory consumed	13 010 786	-	13 010 786			13 010 786	2 094 194	-83.90%	Due to cost containment measures implemented
Contracted Services	10 761 621	-	10 761 621			10 761 621	15 564 017	44.63%	Due to cost containment measures implemented
Other Expenditure (N9)	62 892 425	(8 601 000)	54 291 425			54 291 425	4 743 114	-91.26%	Due to cost containment measures implemented
Total Expenditure	292 232 205	(8 001 000)	284 231 205	-	-	284 231 205	295 354 737	3.91%	
Surplus/(Deficit)	13 858 620	1 000	13 859 620	-	-	13 859 620	(40 732 649)	(6)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) (N10)	27 596 000	(10 400 000)	17 196 000			17 196 000	11 274 117	-34.44%	Rollover not approved and was deducted from equitable share
Transfers and subsidies - capital (in-kind - all)	-	-	-			-	1 096 868	100.00%	Contributed PPE not budgeted
Surplus/(Deficit) after Capital Transfers & Contributions	41 454 620	(10 399 000)	31 055 620	-	-	31 055 620	(28 361 665)	-191.33%	
Taxation	-	-	-			-	-	#DIV/0!	
Surplus/(Deficit) after Taxation	41 454 620	(10 399 000)	31 055 620	-	-	31 055 620	(28 361 665)	-191.33%	
Attributable to Minorities	-	-	-			-	-	#DIV/0!	
Surplus/(Deficit) Attributable to Municipality	41 454 620	(10 399 000)	31 055 620	-	-	31 055 620	(28 361 665)	-191.33%	
Share of Surplus/(Deficit) of Associate	-	-	-			-	-	#DIV/0!	
Surplus/(Deficit) for the year	41 454 620	(10 399 000)	31 055 620	-	-	31 055 620	(28 361 665)	(5)	

N1 The actual figure is the balance of Interest Earned from Exchange and Non-Exchange Transactions as per the Statement of Financial Performance

N2 The actual figure is the balance of Fines and Penalties as per the Statement of Financial Performance

N3 The actual figure is the balance of Government Grants and Subsidies - Operating as per the Statement of Financial Performance

N4 The actual figure is the balance of Operational Revenue as per the Statement of Financial Performance

N5 The actual figure is the balance of Actuarial gain/(loss), Gains/(Loss) on Sale of Fixed Assets and Fair value adjustment as per the Statement of Financial Performance

N6 The actual figure is the balance of Depreciation and Amortisation and Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets as per the Statement of Financial Performance

N7 The actual figure is the balance of Finance Costs as per the Statement of Financial Performance

N8 The actual figure is the balance of Bulk Purchases as per the Statement of Financial Performance

N9 The actual figure is the balance of Operational cost, Operating lease and Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value as per Statement of Financial Performance

N10 The actual figure is the balance of Government Grants and Subsidies - Capital as per the Statement of Financial Performance

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

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by- law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2022 R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates (N1)	33 838 431	-	33 838 431			33 838 431		-100.00%	Actual taxation relating to movement in VAT
Service Charges (N1)	128 937 487	(6 000 000)	122 937 487			122 937 487	149 254 600	-28.84%	Due to pre-paid sales budgeted with other revenue.
Other Revenue (N1)	33 525 561	(2 000 000)	31 525 561			31 525 561		-100.00%	Due to pre-paid sales budgeted with other revenue.
Transfers and Subsidies - Operational (N2)	55 274 000	-	55 274 000			55 274 000	59 949 987	-17.28%	Rollover not approved and was deducted from equitable share
Transfers and Subsidies - Capital (N2)	27 596 000	(10 400 000)	17 196 000			17 196 000		-100.00%	
Interest (N3)	1 844 599	-	1 844 599			1 844 599	6 411 447	247.58%	Cashflow only include interest on investments
Taxes							(7 439 950)	0.00%	Actual taxation relating to movement in VAT
Payments									
Suppliers and Employees (N4)	(248 504 443)	7 200 000	(241 304 443)			(241 304 443)	(196 517 531)	-18.56%	Slow payment of creditors, Movement in employee related provisions not budgeted for.
Finance charges (N5)	(3 341 523)	600 000	(2 741 523)			(2 741 523)	(4 679 418)	70.69%	Slow payment of creditors resulting in additional interest
Net Cash from/(used) Operating Activities	29 170 111	(10 600 000)	18 570 111	-	-	18 570 111	6 979 134	-62.42%	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE (N6)	330 000	-	330 000			330 000		-100.00%	Effect of disposal considered against capital assets
Decrease/(Increase) in Non-Current Debtors		-					-	0.00%	
Decrease/(Increase) in Other Non-Current Receivables		-					-	0.00%	
Decrease/(Increase) in Non-Current Investments		-					-	0.00%	
Payments									
Capital Assets (N7)	(41 455 620)	10 400 000	(31 055 620)			(31 055 620)	(9 979 895)	-67.86%	
Net Cash from/(used) Investing Activities	(41 125 620)	10 400 000	(30 725 620)	-	-	(30 725 620)	(9 979 895)	-67.52%	
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	13 000 000	-	13 000 000			13 000 000	-	-100.00%	Due to new financed received from ABSA .
Increase/(Decrease) in Consumer Deposits	81 830	-	81 830			81 830	-	-100.00%	Due to the implementation of the FAQ 4,13
Payments									
Repayment of Borrowing	(888 967)	-	(888 967)			(888 967)	690 526	-177.68%	Due to new financed received from ABSA .
Net Cash from/(used) Financing Activities	12 192 862	-	12 192 862	-	-	12 192 862	690 526	(4)	
NET INCREASE/(DECREASE) IN CASH HELD	237 354	(200 000)	37 354	-	-	37 354	(2 310 235)	-6284.74%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:	486 748	-	486 748			486 748	10 207 736	1997.13%	
Cash and Cash Equivalents at the year end:	724 102	(200 000)	524 102	-	-	524 102	7 897 501	1406.86%	

N1
N2
N3
N4
N5
N6
N7

The actual figure is cash received from customers as per the Cash flow Statement
The actual figures is grants as per the Cash flow Statement
The actual figure is Interest earned - outstanding debtors and Interest received investments as per the Cash flow Statement
The actual figure is Employee cost and Suppliers as per the Cash flow Statement
The actual figure is Finance cost as per the Cash flow Statement
The actual figure is Proceeds on Disposal of Fixed Assets as per the Cash flow Statement
The actual figure is Purchase of Property,Plant and Equipment as per the Cash flow Statement

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the 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 (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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

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.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

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. No foreign exchange transactions are included in the statements.

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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. Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. For the financial year, no new standards became effective.

1.6. AMENDED DISCLOSURE POLICY

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. The principal amendments to matters disclosed in the current financial statements include errors.

1.7. 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.

1.8. PRESENTATION OF BUDGET INFORMATION

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

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

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The comparable information includes the following:

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

Explanations for material differences between the final budget amounts and actual amounts are included on the Statement of Budget Comparison.

The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R1000 000.

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

1.9. 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	<p><u>Employee benefits</u></p> <p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>The municipality might need to revise the recognition and measurement of employee benefits.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model.</p>	Unknown
iGRAP 7	<p><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p> <p>No significant impact is expected as the Municipality does not hold any plan assets.</p>	Unknown
iGRAP 21	<p><u>The Effect of Past Decisions on Materiality</u></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP</p>	1 April 2023

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

REFERENCE	TOPIC	EFFECTIVE DATE
	standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality. No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.	
Guideline	<u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
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

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited or debited, as the case may be, by a corresponding amount when the amounts in the CRR are utilized.

If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment are subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Contingent rents shall be charged as expenses in the periods in which they are incurred.

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.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating 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 revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. 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.

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

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

1.13. 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.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present 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.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date.

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

Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.

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.

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.

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.

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.15. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

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

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *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 60% as contribution and the remaining 40% are paid by the members (employees currently employed). Councils pays 70% as contribution and the remaining 30% are paid by the members (continuation 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

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

determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Interest is capitalised against the liability.

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, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

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

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

(d) 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, to a maximum of 48 days, 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, to a maximum

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

of 48 days, will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) 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.

(f) 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. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. 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 following items will be 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

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 initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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 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 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.

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.

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

1.16.2. Subsequent Measurement – Cost Model

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

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

1.16.3. Depreciation and Impairment

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

Infrastructure	
Roads and Stormwater	3-80
Electricity	1-60
Water	5-75
Refuse (incl landfill sites)	1-65

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Sewerage	5-75
<u>Community</u>	
Recreation sites	1-60
Clinics/Care centers	1-60
Fire/Ambulance stations	1-60
Halls	1-60
Libraries	1-60
Taxi Ranks/Bus Terminals	1-60
<u>Other</u>	
Buildings	1-100
Furniture and office equipment	1-20
Machinery and Equipment	1-20
Computer Equipment	1-20
Transport Assets	1-15
<u>Finance lease assets</u>	
Office equipment	3-5
Vehicles	3-5

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

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

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

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

1.16.4. De-recognition

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

EMTHANJENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5. 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 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16.6. Decommissioning and restoration asset

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

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.

If the adjustment results in an addition to the cost of an asset, the municipality shall consider 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 entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.26 of the policy.

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

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

An asset meets the identifiability criterion in the definition 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

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with a related contract, asset or liability, regardless of whether the Municipality intends to do so 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.

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.

Intangible assets are initially recognised at cost.

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

1.17.2. 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.

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3

The amortisation charge is recognised in the Statement of Financial Performance

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

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1.17.4. 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.

1.17.5. 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 Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

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.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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 for short-term sale in the ordinary course of business, 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.

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At initial recognition, the Municipality measures investment property at cost including transaction cost. 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 investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

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.

For a transfer from inventory to investment property (operating lease), the municipality shall apply accounting policy for operating leases.

1.18.2. Subsequent Measurement – Fair value model

Subsequent to initial recognition, items of investment property are measured at fair value, at reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises. Management refers to Windeed to determine the latest fair value of properties.

1.18.3. De-recognition

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.

1.18.4. 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.

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1.19. LIVING AND NON-LIVING RESOURCES

1.19.1. Initial Recognition

Living resources (animals, plants) are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources includes land, water, mineral, oil and gas.

Once the resources it is extracted it is no longer in its natural state and no longer meet definition of a non-living resource. After extraction the principals of GRAP 12 would apply.

On-going maintenance (city beautification) is not intervening in the management of the physical condition, but is part of an entity's on-going duties and responsibilities.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

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

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

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

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

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- 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;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.
- A decision to halt the construction of the asset before it is complete or in a usable condition

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

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recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

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

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

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

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

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

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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.

Direct cost relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead.

1.21.2. Subsequent Measurement

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The cost is determined using the weighted average cost of commodities.

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable

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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

Management refers to Windeed to determine the latest fair value of properties (properties sold as inventory).

1.22. FINANCIAL INSTRUMENTS

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

1.22.1. Initial Recognition

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

1.22.2. Subsequent Measurement

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

1.22.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method. Receivables comprise of long-term debtors, consumer debtors and other debtors (excluding rates and fines).

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. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor

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will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2. Payables

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

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

1.22.2.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks and public companies are stated at fair value.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3. De-recognition

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

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

1.22.3.2. Financial Liabilities

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

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

1.22.4. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition

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

1.23.2. Subsequent Measurement

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

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

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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.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

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 adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

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

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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 Provisions

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. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision

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 is initially measured at fair value.

Revenue from non-exchange transactions is recognised when:

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the

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

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.

Fine 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 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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

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a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

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

1.24.2. Revenue from Exchange Transactions

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

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- The stage of completion at the reporting date can be measured reliably;

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Revenue from the rendering of services 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. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. The tariff will be based on the type of service and number of sewer connections.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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. RELATED PARTIES

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

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- (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

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- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, 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 or as designated by 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.

1.26. 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.

1.27. 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 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.

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

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

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.

1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. 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.

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.

1.30. 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.

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

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Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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 16 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 historical information available.

Property, Plant and Equipment

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

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

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

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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;
- 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 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.

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- 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, Contingent Liabilities and Contingent Assets

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 net present value of the expected future cash flows 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.

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

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.

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.

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,

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

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as 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 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

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

Water Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

1.31. TAXES – VALUE ADDED TAX

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.32. CAPITAL COMMITMENTS

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

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.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the Municipality.

1.33. EVENTS AFTER REPORTING DATE

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

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

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

1.34 HERITAGE ASSETS

1.34.1 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.

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

1.34.2 Subsequent Measurement – Cost Model

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

1.34.3 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 an impairment is recognised in the Statement of Financial Performance.

For possible indicators of impairment reference can be made to the policy on impairment.

1.34.4 De-recognition

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.

1.34.5 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.

1.34. ACCOUNTING BY PRINCIPALS 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.

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

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

Identification

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

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

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

1.35. TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.36. BORROWING COST

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

1.37. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

EMTHANJENI MUNICIPALITY
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2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2022

	Cost/Revaluation						Accumulated Impairment				Accumulated Depreciation					Carrying Value			
	Opening Balance	Correction of Error	Additions	Change in Estimate	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers		Disposals	Closing Balance	
Infrastructure																			
Electrical	212 109 853	-	2 787 152	-	3 176 250	-	218 073 255	61 711	-	-	61 711	146 020 171	-	5 252 017	-	-	151 272 188	66 739 355	
Roads	830 780 004	-	-	-	-	-	830 780 004	1 813 144	-	-	1 813 144	599 745 582	-	18 499 075	-	-	618 244 657	210 722 202	
Sanitation	142 019 102	-	-	-	-	-	142 019 102	-	-	-	-	40 893 595	-	2 354 633	-	-	43 248 228	98 770 874	
Solid Waste	49 399 426	-	(5 363 929)	-	-	-	44 035 496	3 038	-	-	17 153 049	-	-	2 809 189	-	-	19 962 238	24 070 221	
Storm Water	455 119 095	-	-	-	-	-	455 119 095	4 128 354	-	-	4 128 354	315 085 271	-	9 891 714	-	-	324 976 985	126 013 756	
Water Supply	309 566 456	-	249 240	-	553 569	-	310 369 265	-	-	-	126 179 220	-	5 448 983	-	-	131 628 203	178 741 062		
WIP	12 321 718	-	6 719 598	-	(3 729 819)	-	15 311 497	-	-	-	-	-	-	-	-	-	-	15 311 497	
	2 011 315 654	-	4 392 061	-	0	-	2 015 707 715	6 006 247	-	-	6 006 247	1 245 076 888	-	44 255 611	-	-	1 289 332 500	720 368 968	
Community Assets																			
Cemeteries/Crematoria	3 131 301	-	-	-	-	57 359	3 073 942	70 937	-	-	70 937	2 214 842	-	112 455	-	42 408	2 284 889	718 116	
Clinics/Care Centres	3 858 703	-	-	-	-	19 884	3 838 819	-	-	-	2 452 002	-	86 603	-	18 418	-	2 520 187	1 318 632	
Fire/Ambulance Stations	2 783 311	-	-	-	-	-	2 783 311	-	-	-	1 756 604	-	58 672	-	-	-	1 815 276	968 035	
Halls	48 194 867	-	-	-	-	381 667	47 813 200	-	-	-	27 478 761	-	1 063 313	-	249 889	-	28 292 185	19 521 015	
Libraries	7 544 273	-	-	-	-	4 622	7 539 651	595 194	-	-	595 194	3 959 190	-	145 395	-	3 137	4 101 449	2 843 008	
Sport and Recreation Facilities -																			
Outdoor Facilities	90 196 836	-	1	-	-	19 222 220	70 974 617	1 239 511	-	382	1 239 129	48 724 269	-	3 432 500	-	14 500 927	37 655 842	32 079 646	
Taxi Ranks/Bus Terminals	2 480 199	-	-	-	-	-	2 480 199	622 111	-	-	622 111	838 731	-	63 517	-	-	902 248	955 840	
WIP - Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	158 189 491	-	1	-	-	19 685 753	138 503 739	2 527 753	-	382	2 527 371	87 424 399	-	4 962 455	-	14 814 778	77 572 077	58 404 291	
Land and Buildings																			
Land	76 853 474	-	10 696	-	-	11 290 935	65 573 235	1 738 615	-	157 123	1 581 492	37 832 435	-	1 481 960	-	8 764 706	30 549 689	33 442 054	
Buildings	18 367 863	-	9	-	-	11 290 935	18 367 872	-	-	-	-	-	-	-	-	-	-	18 367 872	
	58 485 611	-	10 687	-	-	11 290 935	47 205 363	1 738 615	-	157 123	1 581 492	37 832 435	-	1 481 960	-	8 764 706	30 549 689	15 074 182	
Other Assets																			
Computer Equipment	2 657 426	-	-	-	-	125 678	2 531 748	15	-	-	15	2 012 841	-	212 056	-	125 618	2 099 279	432 454	
Furniture And Office Equipment	8 933 811	-	65 475	-	-	126 321	8 872 964	1 842	-	6	1 836	6 837 183	-	748 870	-	125 909	7 460 145	1 410 984	
Machinery And Equipment	6 003 117	-	31 977	-	-	35 149	5 999 945	1 578	-	-	1 578	4 958 754	-	460 084	-	35 149	5 383 889	614 678	
Transport Assets	9 631 982	-	1 096 868	-	-	-	10 728 849	-	-	-	-	4 029 393	-	495 446	-	-	4 524 839	6 204 010	
	27 226 335	-	1 194 319	-	-	287 148	28 133 506	3 435	-	6	3 429	17 838 171	-	1 916 456	-	286 675	19 467 952	8 662 126	
Leases																			
Transport Assets (Lease)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Office Equipment (Lease)	-	-	148 678	-	-	-	148 678	-	-	-	-	-	-	16 355	-	-	16 355	132 323	
	-	-	148 678	-	-	-	148 678	-	-	-	-	-	-	16 355	-	-	16 355	132 323	
Total	2 273 584 953	-	5 745 755	-	0	31 263 836	2 248 066 873	10 276 049	-	157 511	10 118 538	1 388 171 894	-	52 632 838	-	23 866 159	1 416 938 573	821 009 762	

EMTHANJENI LOCAL MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2021

	Cost/Revaluation						Accumulated Impairment			Accumulated Depreciation					Carrying Value				
	Opening Balance	Correction of Error	Additions	Change in Estimate	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation		Transfers	Disposals	Closing Balance	
Infrastructure																			
Electrical	204 447 952	2 958 599	858 884	-	3 844 417	-	212 109 853	61 711	-	-	61 711	140 323 444	593 263	5 103 463	-	-	146 020 171	66 027 970	
Roads	830 780 004	-	-	-	-	-	830 780 004	1 813 144	-	-	1 813 144	581 246 507	-	18 499 075	-	-	589 745 582	229 221 278	
Sanitation	117 833 521	-	5 586 645	-	18 598 937	-	142 019 102	-	-	-	77 387 956	(39 090 903)	2 596 542	-	-	-	40 893 595	101 125 507	
Solid Waste	39 462 241	-	9 937 185	-	-	-	49 399 426	3 038	-	-	15 190 399	-	1 962 650	-	-	-	17 153 049	32 243 339	
Storm Water	455 119 095	-	-	-	-	-	455 119 095	4 128 354	-	-	4 128 354	305 124 272	-	9 960 999	-	-	315 085 271	135 905 471	
Water Supply	312 446 987	(2 958 599)	78 068	-	-	-	309 566 456	-	-	-	256 210 535	(135 484 455)	5 453 140	-	-	-	126 179 220	183 387 236	
WIP	28 881 821	(1 601 224)	7 484 475	-	(22 443 354)	-	12 321 718	-	-	-	-	-	-	-	-	-	-	12 321 718	
	1 988 971 621	(1 601 224)	23 945 257	-	(0)	-	2 011 315 654	6 006 247	-	-	6 006 247	1 375 483 113	(173 982 095)	43 575 871	-	-	1 245 076 888	760 232 518	
Community Assets																			
Cemeteries/Crematoria	3 131 301	-	-	-	-	-	3 131 301	70 937	-	-	70 937	2 100 480	-	114 362	-	-	2 214 842	845 522	
Clinics/Care Centres	3 858 703	-	-	-	-	-	3 858 703	-	-	-	2 365 138	-	86 864	-	-	-	2 452 002	1 406 701	
Fire/Ambulance Stations	2 783 311	-	-	-	-	-	2 783 311	-	-	-	1 697 931	-	58 672	-	-	-	1 756 604	1 026 707	
Halls	48 193 392	1 475	-	-	-	-	48 194 867	-	-	-	26 415 009	-	1 063 752	-	-	-	27 478 761	20 716 106	
Libraries	7 544 273	-	-	-	-	-	7 544 273	595 194	-	-	595 194	3 813 795	-	145 395	-	-	3 959 190	2 989 888	
Sport and Recreation Facilities - Outdoor Facilities	71 381 564	4 928 012	3 567 013	-	10 320 248	-	90 196 836	1 239 511	-	-	1 239 511	45 363 132	-	3 361 137	-	-	48 724 269	40 233 056	
Taxi Ranks/Bus Terminals	2 473 990	6 209	-	-	-	-	2 480 199	622 111	-	-	622 111	775 214	-	63 517	-	-	838 731	1 019 357	
WIP - Community	10 320 248	-	-	-	(10 320 248)	-	-	-	-	-	-	-	-	-	-	-	-	-	
	149 686 782	4 935 696	3 567 013	-	-	-	158 189 491	2 527 763	-	(382)	2 527 763	82 530 699	-	4 893 700	-	-	87 424 399	68 237 339	
Other Assets	78 047 702	(1 194 228)	-	-	-	-	76 853 474	1 738 615	-	-	1 738 615	37 225 640	(895 343)	1 502 138	-	-	37 832 435	37 282 424	
Land	18 367 816	47	-	-	-	-	18 367 863	-	-	-	-	-	-	-	-	-	-	18 367 863	
Buildings	59 679 886	(1 194 275)	-	-	-	-	58 485 611	1 738 615	-	-	1 738 615	37 225 640	(895 343)	1 502 138	-	-	37 832 435	18 914 561	
Computer Equipment	2 400 620	186 225	282 625	-	-	212 044	2 657 426	43	-	28	15	2 007 919	-	201 152	-	196 230	2 012 841	644 570	
Furniture And Office Equipment	8 953 886	352 236	671 521	-	-	143 832	8 933 811	3 037	-	1 195	1 842	6 244 455	-	724 499	-	131 771	6 837 183	2 094 786	
Machinery And Equipment	6 360 910	50 333	41 443	-	-	449 570	6 003 117	1 578	-	-	1 578	4 823 070	-	523 242	-	387 559	4 958 754	1 042 785	
Transport Assets	8 422 890	-	1 913 906	-	-	704 814	9 631 982	-	-	-	-	3 855 232	-	539 019	-	364 888	4 029 393	5 602 589	
	25 238 305	588 794	2 909 495	-	-	1 510 259	27 226 335	4 658	-	1 223	3 435	16 930 677	-	1 987 913	-	1 080 419	17 838 171	9 384 730	
Leases																			
Transport Assets (Lease)	9 497 458	-	-	-	-	9 497 458	-	-	-	-	-	9 497 458	-	-	-	9 497 458	-	-	
Office Equipment (Lease)	638 998	-	-	-	-	638 998	-	-	-	-	-	413 884	-	225 114	-	638 998	-	-	
	10 136 456	-	-	-	-	10 136 456	-	-	-	-	-	9 911 342	-	225 114	-	10 136 456	-	-	
Total	2 252 080 865	2 729 038	30 421 765	-	(0)	11 646 715	2 273 584 953	10 277 272	-	1 223	10 276 049	1 522 081 472	(174 877 438)	52 184 735	-	11 216 875	1 388 171 894	875 137 011	

	2022 R	2021 R	
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:			
Infrastructure Assets	15 311 497	12 321 719	
Roads	3 606 596	2 660 244	
Storm Water	2 195 460	3 644 308	
Electricity	6 361 585	6 017 168	
Water Supply	3 147 855	-	
Sanitation	-	-	
Solid Waste	-	-	
Information and Communication	-	-	
Community Assets			
Total Property, Plant and Equipment under construction	15 311 497	12 321 719	
2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:			
Contracted Services	2 202 865	816 307	
Total Repairs and Maintenance	2 202 865	816 307	
2.5 Assets pledged as security:			
There are no assets pledged as security for liabilities.			
2.6 Impairment losses of Property, Plant and Equipment			
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:			
Infrastructure	-	-	
Community Assets	-	-	
Other	-	-	
Total Impairment Losses	-	-	
2.7 Effect of changes in accounting estimates			
	2022 R	2023 R	2024 R
Change in estimate	(1 209 965)	(1 209 965)	896 642
The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.7.			
2.8 Contractual commitments for acquisition of Property, Plant and Equipment:			
Approved and contracted for:			
Infrastructure	8 618 846	1 008 897	
Total	8 618 846	1 008 897	
3. INVESTMENT PROPERTY			
Fair value at 1 July	7 694 692	5 718 600	
Correction of Error - Note 42.6		1 976 092	
Additions	783	-	
Gains/(Losses) arising from changes in fair value	1 072 400	-	
Fair value at 30 June	8 767 885	7 694 692	
Rental income from Investment Property	454 619	-	
Rental income is received from the Weather Station and a Solar Farm.			
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.			
There are no assets pledged as security for liabilities.			
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
The Municipality's Investment Property is valued annually at 30 June at fair value with reference to latest valuation roll. The valuation, which conforms to International Valuation Standards, is arrived at by reference to market evidence of transaction prices for similar properties and the professional judgement of the valuer from time to time when the circumstances require.			
4. INTANGIBLE ASSETS			
Computer System & Software			
4.1 Net Carrying amount at 1 July	25 508	49 711	
Cost	2 227 669	2 227 669	
Accumulated Amortisation	(2 202 161)	(2 177 958)	
Amortisation	(12 754)	(24 203)	
Net Carrying amount at 30 June	12 754	25 508	
Cost	2 227 669	2 227 669	
Accumulated Amortisation	(2 214 915)	(2 202 161)	

		2022 R	2021 R
4.2 Material Intangible Assets included in the carrying value:			
	Remaining Amortisation Period		
<u>Description</u>	<u>2022</u>	<u>Carrying Value</u>	<u>Carrying Value</u>
Computer software - Kaspersky	2	4 732	9 464
<p>No intangible asset were assessed having an indefinite useful life. No expenditure were incurred with regards to research or development cost. There are no internally generated intangible assets at reporting date. There are no intangible assets in process of being constructed or developed. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.</p>			
5. HERITAGE ASSETS		2022 R	2021 R
Net Carrying amount at 1 July		6 959 273	6 959 273
Cost		6 959 273	6 959 273
Net Carrying amount at 30 June		6 959 273	6 959 273
Cost		6 959 273	6 959 273
<p>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. There are no Heritage Assets pledged as security for liabilities. There are no Heritage Assets that are used by the municipality for more than one purpose. No expenditure were incurred to repair and maintain heritage assets.</p>			
6. INVESTMENTS		2022 R	2021 R
Listed			
Listed Shares		31 878	28 355
Total Investments		31 878	28 355
<p>Shares are held in Oos Vrystaat Kaap Bedryf Bpk. No specific maturity dates and interest rates are applicable to those shares. The Management of the municipality is of the opinion that the carrying value of investments approximate their fair value.</p>			
7. OPERATING LEASE ARRANGEMENTS		2022 R	2021 R
7.1 The Municipality as Lessor			
Operating Lease Asset		-	-
Reconciliation		2022 R	2021 R
Balance at the beginning of the year		-	-
Correction of Error - note			
Movement during the year			
Lease derecognised			
Balance at the end of the year		-	-
<p>At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:</p>			
Up to 1 Year			
1 to 5 Years			
More than 5 Years			
Total Operating Lease Arrangements		-	-
8. INVENTORY		2022 R	2021 R
Consumables - Stationary and material		2 403 100	1 323 439
Land		44 626 000	25 117 887
Water		16 596	20 859
Total Inventory		47 045 696	26 462 195
<p>The municipality recognised only purification costs in respect of non-purchased purified water inventory.</p>			

	2022 R	2021 R
8.1 Inventories recognise as an expense during the year:		
Consumables - Stationary and material	538 048	811 031
Materials and Supplies	1 556 146	2 669 368
Total	2 094 194	3 480 398
Balance previously reported		3 770 796
Correction of error - note 42.6		(290 398)
Restated balance		3 480 398

The cost of water production for the year amounted to R1.27 per kiloliter (2021: R1.26 per kiloliter)

	2022 R	2021 R
8.2 Inventories written down/reversal due to losses as identified during the annual stores counts:		
Consumables - Stationary and material		0
No inventories were pledged as security for liabilities.		(756 235)

	2022 R	2021 R
8.3 Inventories written down due to Net realisable value (NRV)		
Land	19 508 113	27 986 472
Land was re-measured to lowest of cost and NRV. Properties were identified where fair value was lower and therefore write off was made to fair value		

	2022 R	2021 R
9. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables		
Electricity	47 755 463	35 362 728
Water	82 654 987	65 045 771
Property Rentals	2 929 787	2 208 398
Waste Management	22 904 771	19 682 657
Waste Water Management	43 435 233	38 305 857
Town Commonage	5 091 585	4 728 797
Total Service Receivables	204 771 825	165 334 708
Less: Provision for Debt Impairment	(147 241 760)	(125 968 234)
Net Service Receivables	57 530 066	39 366 474
Other Receivables	359 757	449 764
Total: Receivables from exchange transactions (before provision)	359 757	449 764
Less: Provision for Debt Impairment	(392 366)	(379 905)
Total: Receivables from exchange transactions (after provision)	(32 609)	69 858
Total Net Receivables from Exchange Transactions	57 497 456	39 436 332

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.

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The Municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables

The Municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables

The Municipality did not pledge any of its Receivables as security for borrowing purposes.

	2022 R	2021 R
(Electricity): Ageing		
Current (0 - 30 days)	6 905 703	4 197 430
31 - 60 Days	4 175 067	1 616 631
61 - 90 Days	2 908 927	1 510 663
+ 90 Days	33 765 866	28 034 065
Total	47 755 463	35 362 728

	2022 R	2021 R
(Water): Ageing		
Current (0 - 30 days)	4 356 247	2 020 824
31 - 60 Days	1 716 461	1 886 741
61 - 90 Days	1 592 616	1 835 600
+ 90 Days	74 989 661	59 300 696
Total	82 654 987	65 045 771

	2022 R	2021 R
(Property Rentals): Ageing		
Current (0 - 30 days)	257 451	64 076
31 - 60 Days	58 341	37 019
61 - 90 Days	31 469	32 805
+ 90 Days	2 582 525	2 074 498
Total	2 929 787	2 208 398

	2022 R	2021 R
(Waste Management): Ageing		
Current (0 - 30 days)	495 225	503 320
31 - 60 Days	419 348	413 164
61 - 90 Days	390 336	393 637
+ 90 Days	21 599 860	18 369 336
Total	22 904 771	19 682 657

	2022 R	2021 R	
(Waste Water Management): Aqeina			
Current (0 - 30 days)	1 086 607	976 412	
31 - 60 Days	823 187	828 355	
61 - 90 Days	770 114	794 441	
+ 90 Days	40 755 324	35 707 149	
Total	43 435 233	38 306 357	
Town Commonage: Aqeina			
Current (0 - 30 days)	33 854	33 854	
31 - 60 Days	33 616	51 235	
61 - 90 Days	33 616	33 616	
+ 90 Days	4 990 499	4 609 492	
Total	5 091 585	4 728 797	
(Other): Aqeina			
Current (0 - 30 days)	18 973	19 075	
31 - 60 Days	10 363	14 065	
61 - 90 Days	10 067	13 669	
+ 90 Days	320 353	402 955	
Total	359 757	449 764	
(Total): Aqeina			
Current (0 - 30 days)	13 154 060	7 814 991	
31 - 60 Days	7 236 384	4 849 809	
61 - 90 Days	5 737 050	4 619 670	
+ 90 Days	179 004 088	148 500 101	
Total	205 131 582	165 784 471	
Summary of Debtors by Customer Classification			
	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2022			
Current (0 - 30 days)	9 892 026	2 835 351	426 683
31 - 60 Days	5 503 528	1 483 529	249 327
61 - 90 Days	5 053 524	481 480	202 047
+ 90 Days	166 073 859	6 904 764	6 206 901
Sub-total	186 522 737	11 705 124	7 084 858
Less: Provision for Debt Impairment	(140 877 878)	(6 956 248)	-
Total debtors by customer classification	45 644 859	4 748 876	7 084 858
Summary of Debtors by Customer Classification			
	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2021			
Current (0 - 30 days)	5 130 647	2 039 041	645 302
31 - 60 Days	3 780 320	828 174	241 315
61 - 90 Days	3 619 890	780 795	218 883
+ 90 Days	134 410 192	8 144 872	5 945 037
Sub-total	146 941 050	11 792 884	7 050 537
Less: Provision for Debt Impairment	(116 797 539)	(9 475 683)	(74 917)
Total debtors by customer classification	30 143 511	2 317 201	6 875 620
Reconciliation of Provision for Debt Impairment			
Balance at beginning of year	126 348 139	102 144 300	
Contribution to provision	15 765 101	21 300 709	
VAT on provision	5 520 885	2 903 130	
Balance at end of year	147 634 126	126 348 139	
The total amount of this provision consist of:			
Services	147 241 760	125 968 234	
Other Debtors	392 366	379 905	
Total Provision for Debt Impairment on Receivables from exchange transactions	147 634 126	126 348 139	

	2022 R	2021 R
Ageing of amounts past due but not impaired:		
1 month past due	249 327	241 315
2+ months past due	6 408 848	6 163 920
	6 658 175	6 405 235

Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment as they are considered to be fully recoverable. The indication of impairment is the non-ability of the debtor to settle their account. Indigent debtors are impaired fully. Included in the Municipality's Receivables balance are debtors with a carrying amount of R11 446 620 (2021: R9 468 857) which are past due at the reporting date for which the Municipality has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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.

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2022 R	2022 R	2022 R
	Gross balance	Provision for impairment	Net balance
Rates	85 553 897	(70 357 806)	15 196 091
Fines	116 555 361	(108 141 407)	7 508 954
Payments in advance	291 715	-	291 715
Sundry Deposits	1 906 700	-	1 906 700
Sundry Debtors	1 096 667	-	1 096 667
Total Receivables from non-exchange transactions	205 499 339	(179 499 213)	26 000 126
	2021 R	2021 R	2021 R
	Gross balance	Provision for impairment	Net balance
Rates	71 852 550	(60 444 055)	11 408 496
Fines	115 929 836	(108 271 747)	7 658 089
Payments in advance	291 715	-	291 715
Sundry Deposits	1 419 218	-	1 419 218
Sundry Debtors	609 614	-	609 614
	190 102 933	(168 715 801)	21 387 131

Sundry Deposits are in respect of cash deposits made to Eskom for supply of electricity and cash deposits made to various fuel stations. Included in the total is an amount of R900 000 (2021: R900 000) in respect of a deposit paid to Eskom. The remaining R69 813 (2021: R84 042) is with regards to deposits held by fuel stations and post office.

The fair value of other receivables approximate their carrying value.

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.

No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the Municipality's banker, plus one percent per annum on the outstanding balance. The Municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

	2022 R	2021 R
(Rates): Ageing		
Current (0 - 30 days)	1 332 643	1 380 067
31 - 60 Days	739 698	712 981
61 - 90 Days	645 202	655 398
+ 90 Days	82 936 354	69 104 147
Total	85 553 897	71 852 550

	2022 R	2021 R
(Payments in advance): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	291 715	291 715
Total	291 715	291 715

	2022 R	2021 R
(Sundry deposits): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 906 700	1 419 218
Total	1 906 700	1 419 218

	2022 R	2021 R
(Sundry Debtors): Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	1 096 667	609 614
Total	1 096 667	609 614

Summary of Rates Debtors by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2022			
Current (0 - 30 days)	1 123 485	54 968	154 190
31 - 60 Days	571 569	23 526	144 605
61 - 90 Days	490 720	21 605	132 878
+ 90 Days	76 636 766	1 735 221	4 464 365
Sub-total	78 822 540	1 835 318	4 896 038
Less: Provision for Debt Impairment	(68 875 166)	(1 481 640)	-
Total debtors by customer classification	9 946 375	353 678	4 896 038

Summary of Rates Debtors by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2021			
Current (0 - 30 days)	1 234 813	24 695	120 558
31 - 60 Days	577 212	20 454	115 315
61 - 90 Days	527 273	17 212	110 871
+ 90 Days	63 017 328	1 703 302	4 383 517
Sub-total	65 356 625	1 765 664	4 730 261
Less: Provision for Debt Impairment	(59 103 762)	(1 333 163)	(7 129)
Total debtors by customer classification	6 252 863	432 500	4 723 132

	2022	2021
	R	R

Reconciliation of Provision for Debt Impairment

	2022	2021
	R	R
Balance at beginning of year	168 715 801	159 014 321
Contribution to provision	10 783 411	9 701 460
Balance at end of year	179 499 212	168 715 801

	2022	2021
	R	R

Ageing of amounts past due but not impaired

	2022	2021
	R	R
1 month past due	144 605	115 315
2+ months past due	4 597 243	4 494 388
	4 741 848	4 609 703

Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment as they are considered to be fully recoverable. The indication of impairment is the non-ability of the debtor to settle their account. Indigent debtors are impaired fully. In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the Municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

	2022	2021
	R	R
11. BANK ACCOUNTS		
11.1 Cash and Cash Equivalents		
Current Accounts	3 807 106	4 524 532
Current Investments	20 644 932	25 574 090
Cash On-hand	2 980	2 980
Total Cash and Cash Equivalents - Assets	24 455 018	30 101 602
	2022	2021
	R	R
11.2 Liabilities		
Current Accounts	(16 558 310)	(19 893 866)
Total Cash and Cash Equivalents - Liabilities	(16 558 310)	(19 893 866)
Balance previously reported		(19 766 637)
Correction of error - note 42.3		(127 229)
Restated balance		(19 893 866)
	2022	2021
	R	R

Cash and cash equivalents comprise cash-on-hand, Cash in banks and Investment in Money Markets, net of outstanding bank overdrafts. The carrying amount of these assets approximates their fair value.

Deposits attributable to Unspent Conditional Grants	15 013 240	7 208 676
Bank overdraft facility of R3000 000 exist with ABSA bank		
On investment account 20-6219-8906 there is limited cession of R6 160 000 as at 30 June 2022		

	2022 R	2021 R
The municipality has the following bank accounts:		
Account Number - (Primary Account):		
ABSA bank overdraft (primary account) - 185 0000 0081	(16 558 310)	(19 893 866)
ABSA bank - (current account) - 4061 685 162	3 088 112	3 070 009
ABSA bank - (current account) - 4081 437 012	881 948	1 439 878
Standard bank - (current account) - 2803 50007	37 046	14 645
	<u>(12 751 204)</u>	<u>(15 369 333)</u>
The municipality has investments with the following institutions:		
Current Investments		
FNB	312 503	301 068
ABSA	20 135 619	25 080 503
Standard Bank	29 629	29 374
Nedbank	167 182	163 145
	<u>20 644 932</u>	<u>25 574 090</u>
Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.3% - 5.4%		
Fixed Deposits are investments with a maturity period of less than 12 months and earn interest at rate of 6.52% per month		
Details of the bank accounts are as follows:		
ABSA Bank Limited - De Aar Branch - 185 000 0081 (Primary Account):		
Cash book balance at beginning of year	(19 893 866)	(15 248 597)
Cash book balance at end of year	<u>(16 558 310)</u>	<u>(19 893 866)</u>
Bank statement balance at beginning of year	592 310	4 869 921
Bank statement balance at end of year account	<u>1 490 383</u>	<u>592 310</u>
Standard Bank SA Limited - De Aar Branch - 2803 500007		
Cash book balance at beginning of year	14 645	284 003
Cash book balance at end of year	<u>37 046</u>	<u>14 645</u>
Bank statement balance at beginning of year account	14 406	283 764
Bank statement balance at end of year account	<u>36 807</u>	<u>14 406</u>
ABSA Bank Limited - De Aar Branch - 4061 685 162		
Cash book balance at beginning of year	3 070 009	460 583
Cash book balance at end of year	<u>3 088 112</u>	<u>3 070 009</u>
Bank statement balance at beginning of year	9 166	460 583
Bank statement balance at end of year	<u>3 583</u>	<u>3 166</u>
ABSA Bank Limited - De Aar Branch - 4081 437 012		
Cash book balance at beginning of year	1 439 878	1 608 868
Cash book balance at end of year	<u>881 948</u>	<u>1 439 878</u>
Bank statement balance at beginning of year	1 092 646	1 608 868
Bank statement balance at end of year	<u>294 547</u>	<u>1 092 646</u>
The details of Investment accounts are as follows:		
ABSA Bank Limited - De Aar Branch - Fixed deposit - 2062 198 906		
Cash book balance at beginning of year	10 370 839	9 736 049
Cash book balance at end of year	<u>10 866 153</u>	<u>10 370 839</u>
Bank statement balance at beginning of year	10 370 839	9 736 049
Bank statement balance at end of year	<u>10 866 153</u>	<u>10 370 839</u>
ABSA Bank Limited - De Aar Branch - Fixed deposit - 2068 494 239		
Cash book balance at beginning of year	-	20 954
Cash book balance at end of year	<u>-</u>	<u>-</u>
Bank statement balance at beginning of year	-	20 954
Bank statement balance at end of year	<u>-</u>	<u>-</u>
Nedbank Ltd - De Aar Branch - Call account - 03/7662022900/000001		
Cash book balance at beginning of year	163 145	157 897
Cash book balance at end of year	<u>171 181</u>	<u>163 145</u>
Bank statement balance at beginning of year	161 145	155 998
Bank statement balance at end of year	<u>167 182</u>	<u>161 145</u>
Standard Bank of SA Limited - De Aar Branch - Call account - 388910356-002		
Cash book balance at beginning of year	29 374	29 210
Cash book balance at end of year	<u>29 629</u>	<u>29 374</u>
Bank statement balance at beginning of year	29 210	29 210
Bank statement balance at end of year	<u>29 629</u>	<u>29 374</u>

	2022 R	2021 R	
First National Bank - De Aar Branch - Call account - 62755965583			
Cash book balance at beginning of year	301 068	291 270	
Cash book balance at end of year	312 502	301 068	
Bank statement balance at beginning of year	301 068	291 270	
Bank statement balance at end of year	312 502	301 068	
Absa Bank Limited - De Aar Branch - Call deposit - 9325381089			
Cash book balance at beginning of year	948 555	2 757 127	
Cash book balance at end of year	974 059	948 555	
Bank statement balance at beginning of year	948 555	2 757 127	
Bank statement balance at end of year	974 059	948 555	
Absa Bank Limited - De Aar Branch - Call deposit - 9327761647			
Cash book balance at beginning of year	13 761 109	6 415 166	
Cash book balance at end of year	8 291 408	13 761 109	
Bank statement balance at beginning of year	13 761 109	6 415 166	
Bank statement balance at end of year	8 291 408	13 761 109	
12. LONG-TERM BORROWINGS			
Capitalised Lease Liability - At amortised cost	690 526	-	
Less: Current Portion transferred to Current Liabilities	(46 683)	-	
Capitalised Lease Liability - At amortised cost	(46 683)	-	
Total Long-term Borrowings	643 842	-	
Finance lease loans at amortised cost is calculated at 9.75% interest rate, with the last maturity date of January 2025. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.			
12.1 The obligations under finance leases are scheduled below:			
	2022 R	2021 R	
		Minimum lease payments	
Amounts payable under finance leases:			
Payable within one year	57 360	-	
Payable within two to five years	90 820	-	
Payable after five years	560 000	-	
Less: Future finance obligations	708 180	-	
Present value of finance lease obligations	(17 654)	-	
The capitalised lease liability consist out of the following contracts:			
13. NON-CURRENT PROVISIONS			
Provision for Rehabilitation of Landfill-sites			
Total Non-current Provisions	68 643 371	67 337 731	
13.1 Landfill Sites			
Balance 1 July	67 337 731	51 656 158	
Increase due to re-measurement	(5 363 929)	9 937 185	
Increase/(Decrease) due to discounting	6 669 569	5 744 388	
Total provision 30 June	68 643 370	67 337 731	
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:			
	Britstown	Hanover	De Aar
Preliminary and General (Rand)	1 355 099	820 702	12 177 329
Site Clearance and Preparation (R2.95/m ²)	19 009	9 775	225 719
Storm Water Control Measures (Rand)	977 394	796 560	3 374 274
Cappping (Rand)	6 018 582	3 137 963	70 118 712
Leachate Management (Rand)	357 686	312 403	1 206 370
Fencing (Rand)	966 403	793 772	12 336

Discount Rate used	2022 %	2021 %
Britstown	11.319%	10.184%
Hanover	11.319%	10.184%
De Aar	10.886%	9.206%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

In terms of the licensing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R68 643 370 (2021: R67 337 730) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from June 2021 to June 2022.

Other assumptions:

	Britstown	Hanover	De Aar
License type	Class B/G/C/B-	Class B/G/C/B-	G/S/B-
Area (m ²)	14 186	7 295	168 447
Unit cost (R/m ²)	931.25	1 183.48	627.62
Environmental Authorisation (Closure Licence) (Rand)	410 800	410 800	410 800
Technical ROD (Rand)	208 260	208 260	208 260
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	275 008	275 529	-
Landscape Architects (Rand)	139 487	140 295	153 050
Water use licence (Rand)	35 000	35 000	35 000
Topographical Survey (Rand)	16 450	16 450	32 200
Contingencies (Rand)	959 417	587 117	8 711 474
Engineering: Professional Fees (Rand)	1 129 642	784 515	7 121 304
Site Supervision (Engineer's Representative) (Rand)	244 838	201 494	1 618 837
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	96 674	102 858	316 813

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

Location	Estimated	2022 R	2021 R
Britstown	2038/2039	13 210 748	11 935 215
Hanover	2038/2039	8 633 492	7 873 677
De Aar	2032/2033	105 720 478	94 289 752
		127 564 718	114 098 654

14. NON-CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Post Retirement Benefits	18 817 001	20 549 001
Long Service Awards	4 871 000	4 512 000
Total Non-current Employee Benefits	23 688 001	25 061 001

	2022 R	2021 R
Post Retirement Health Care Benefits		
Balance 1 July	22 000 000	18 462 000
Contribution for the year	616 000	488 000
Increase due to discounting	2 042 000	1 717 000
Expenditure for the year	(1 451 000)	(1 324 000)
Actuarial Loss/(Gain)	(3 166 000)	2 657 000
Total provision 30 June	20 041 000	22 000 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(1 224 000)	(1 451 000)
Balance 30 June	18 817 000	20 549 000

	2022 R	2021 R
Long Service Awards		
Balance 1 July	5 087 000	4 871 000
Contribution for the year	519 000	497 000
Increase due to discounting	432 000	325 000
Expenditure for the year	(575 000)	(605 000)
Actuarial Loss/(Gain)	(61 000)	(1 000)
Total provision 30 June	5 402 000	5 087 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(531 000)	(575 000)
Balance 30 June	4 871 000	4 512 000

TOTAL NON-CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Balance 1 July	27 087 000	23 333 000
Contribution for the year	1 135 000	985 000
Increase due to discounting	2 474 000	2 042 000
Expenditure for the year	(2 026 000)	(1 929 000)
Actuarial Loss/(Gain)	(3 227 000)	2 656 000
Total employee benefits 30 June	25 443 000	27 087 000
Less: Transfer of Current Portion to Current Provisions - Note 16	(1 755 000)	(2 026 000)
Balance 30 June	23 688 000	25 061 000

14.1 Provision for Post Retirement Health Care Benefits		2022		2021
		R		R
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		47		47
In-service (employee) non-members		261		276
Continuation members (e.g. Retirees, widows, orphans)		28		30
Total Members		336		353
		2022		2021
		R		R
The liability in respect of past service has been estimated to be as follows:				
In-service members		5 881 000		6 347 000
In-service non-members		-		-
Continuation members (e.g. Retirees, widows, orphans)		14 160 000		15 653 000
Total Liability		20 041 000		22 000 000
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:				
	2020	2019		2018
	R	R		R
In-service members	5 316 000	6 200 480		7 440 700
In-service non-members				
Continuation members	13 146 000	14 704 269		14 464 661
Total Liability	18 462 000	20 904 749		21 905 361
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonitas				
Key Health				
LA Health				
Samwumed				
Key actuarial assumptions used:				
		2022		2021
		%		%
i) Rate of interest				
Discount rate		11.14%		9.59%
Health Care Cost Inflation Rate		7.78%		6.54%
Net Effective Discount Rate		3.12%		2.86%
ii) Mortality during employment				
SABS-90 table, adjusted for female lives.				
iii) Mortality rates post employment				
The PA 90 ultimate table, rated down by 1 year of age, with a mortality improvement p.a from 2010.				
iv) Normal retirement age				
The normal retirement age for employees is 65 years				
v) Average retirement age				
It has been assumed that in-service members will retire at age 62 for males and females, which then implicitly allows for expected rates of early and ill-health retirement.				
vi) Continuation of membership				
It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.				
vii) Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement				
It has been assumed that 0% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.				
viii) Proportion with a spouse dependant at retirement				
It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.				
ix) Withdrawal from Service				
Valuation: 30 June 2022				
Age	Females		Males	
20	9%		9%	
25	8%		8%	
30	6%		6%	
35	5%		5%	
40	5%		5%	
45	4%		4%	
50	3%		3%	
>55	0%		0%	

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

	2022 R	2021 R
Present value of fund obligations	22 000 000	18 462 000
Fair value of plan assets	-	-
	22 000 000	18 462 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	22 000 000	18 462 000

Reconciliation of present value of fund obligation:

	2022 R	2021 R
Present value of fund obligation at the beginning of the year	22 000 000	18 462 000
Total expenses	1 207 000	881 000
Current service cost	616 000	488 000
Interest Cost	2 042 000	1 717 000
Benefits Paid	(1 451 000)	(1 324 000)
Actuarial (gains)/losses	(3 166 000)	2 657 000
Present value of fund obligation at the end of the year	20 041 000	22 000 000
Less: Transfer of Current Portion - Note 16	(1 224 000)	(1 451 000)
Balance 30 June	18 817 000	20 549 000

Sensitivity Analysis on the Accrued Liability on 30 June 2022

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	5.881	14.160	20.041

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	7.045	15.533	22.578	13%
Health care inflation	-1%	4.951	12.974	17.925	-11%
Discount rate	1%	4.985	13.017	18.002	-10%
Discount rate	-1%	7.017	15.502	22.519	12%
Post-retirement mortality	1 year	5.724	13.672	19.396	-3%
Post-retirement mortality	-1 year	6.036	14.651	20.687	3%
Average retirement age	-1 year	6.437	14.160	20.597	3%
Continuation of membership at retirement	-10%	5.145	14.160	19.305	-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	493 000	2 166 000	2 659 000

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%	597 000	2 449 000	3 046 000	15%
Health care inflation	-1%	409 000	1 931 000	2 340 000	-12%
Discount rate	1%	416 000	2 113 000	2 529 000	-5%
Discount rate	-1%	590 000	2 223 000	2 813 000	6%
Post-retirement mortality	1 year	479 000	2 094 000	2 573 000	-3%
Post-retirement mortality	-1 year	505 000	2 238 000	2 743 000	3%
Average retirement age	-1 year	448 000	2 228 000	2 676 000	1%
Continuation of membership at retirement	-10%	431 000	2 084 000	2 515 000	-5%

	2022 Rm	2021 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	-2.535	0.873
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	-0.564	(0.979)	(1.679)
Assets: Gain / (loss)	-	-	-

14.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.
 The Current-service Cost for the ensuing year is estimated to be R533 000 whereas the interest Cost for the next year is estimated to be R542 000.

Key actuarial assumptions used:

i) Rate of interest

	2022 R	2021 R
Discount rate	10.54%	8.98%
General Salary Inflation (long-term)	7.04%	5.74%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.27%	3.07%

ii) Mortality during employment

SAB5-90 ultimate table, adjusted down for female lives.

iii) Average retirement age

It has been assumed that male and female employees will retire at age 62

iv) Normal retirement age

The normal retirement age for employees is 65 years

v) Withdrawal rates

Valuation: 30 June 2022			
Age	Females	Males	
20	9%	9%	
25	8%	8%	
30	6%	6%	
35	5%	5%	
40	5%	5%	
45	4%	4%	
50	3%	3%	
55+	0%	0%	

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

	2022 R	2021 R
Present value of fund obligations	5 402 000	5 087 000
Fair value of plan assets		
	5 402 000	5 087 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/losses	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	5 402 000	5 087 000

Reconciliation of present value of fund obligation:

	2022 R	2021 R
Present value of fund obligation at the beginning of the year	5 087 000	4 871 000
Total expenses	378 000	217 000
Current service cost	519 000	497 000
Interest Cost	432 000	325 000
Benefits Paid	(575 000)	(605 000)
Actuarial (gains)/losses	(61 000)	(1 000)
Present value of fund obligation at the end of the year	5 402 000	5 087 000
Less: Transfer of Current Portion - Note 16	(531 000)	(575 000)
Balance 30 June	4 871 000	4 512 000

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

	2020 R	2019 R	2018 R
Present value of fund obligations	4 871 000	4 702 406	4 371 640
Total Liability			

Sensitivity Analysis on the Accrued Liability on 30 June 2022

Assumption	Change	Liability	% change
Central assumptions		5 402 000	
General earnings inflation	1%	5 696 000	5%
General earnings inflation	-1%	5 131 000	-5%
Discount rate	1%	5 123 000	-5%
Discount rate	-1%	5 710 000	6%
Average retirement age	2 yrs	5 975 000	11%
Average retirement age	(2 yrs)	4 722 000	-13%
Withdrawal rates	x2	4 485 000	-17%
Withdrawal rates	x0.5	6 000 000	11%

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

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumptions		533 000	542 000	1 075 000	
General earnings inflation	1%	569 000	573 000	1 142 000	6%
General earnings inflation	-1%	500 000	514 000	1 014 000	-6%
Discount rate	1%	504 000	582 000	1 086 000	-1%
Discount rate	-1%	565 000	520 000	1 085 000	1%
Average retirement age	2 yrs	582 000	600 000	1 182 000	10%
Average retirement age	(2 yrs)	481 000	471 000	952 000	-11%
Withdrawal Rate	x2	413 000	446 000	859 000	-20%
Withdrawal Rate	x0.5	615 000	605 000	1 220 000	13%
				2022 Rm	2021 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				32 000	-21 000
Assets: Gain / (loss)				-	-
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		2020 Rm	2019 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss		55 476	131 542	131 542	143 660
Assets: Gain / (loss)		-	-	-	-
			2022 R	2021 R	

14.3 Retirement funds

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

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

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 133% (30 June 2020 - 132.2%).

CAPE JOINT PENSION FUND

The contribution rate paid by the members (9.0%) and Council (18.0%). The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 104.9% (30 June 2020 - 100%).

SALA PENSION FUND

The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

SAMWU PENSION FUND

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2008.

The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2445.9 (30 June 2005: R1 511.5) million, with funding levels of 100.0% (30 June 2009: 100.0%). The contribution rate paid by the members (7.50%) and Council (18.00%) is sufficient to fund the benefits accruing from the fund in the future.

MUNICIPAL COUNCILLORS PENSION FUND

Council contribute to the Municipal Retirement Workers 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. The contribution rate paid by the members (9.0%) and Council (18.0%).

15. CONSUMER DEPOSITS

	2022 R	2021 R
Electricity	18 037	19 126
Water	2 800 720	2 659 759
Total Consumer Deposits	2 818 757	2 678 885

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

For guarantees held in lieu of electricity and water deposits refer to note 54

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

	2022 R	2021 R
16. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	801 489	608 715
Staff Bonuses	2 794 159	2 849 436
Staff Leave	8 634 692	8 611 733
Current Portion of Non-Current Provisions	1 755 000	2 026 000
Current Portion of Post Retirement Benefits - Note 14	1 224 000	1 451 000
Current Portion of Long-Service Provisions - Note 14	531 000	575 000
Total current employee benefits	13 985 340	14 095 884

The movement in current employee benefits are reconciled as follows:

	2022	2021
16.1 Performance Bonuses		
Balance at beginning of year	608 715	678 118
Contribution to current portion	693 270	403 346
Expenditure incurred	(500 495)	(472 749)
Balance at end of year	801 489	608 715

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

	2022 R	2021 R
16.2 Staff Bonuses		
Balance at beginning of year	2 849 436	2 727 852
Contribution to current portion	(55 277)	121 584
Balance at end of year	2 794 160	2 849 436

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

	2022 R	2021 R
16.3 Staff Leave		
Balance at beginning of year	8 611 733	8 246 747
Contribution to current portion	22 959	364 986
Balance at end of year	8 634 692	8 611 733

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. There is no possibility of reimbursement.

	2022 R	2021 R
17.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Salary control	89 223	20 758
Payments received in advance	7 293 606	6 663 652
Retentions	481 188	631 074
Sundry creditors	7 876 407	8 197 260
Sundry deposits	184 801	165 091
Trade Payables	124 433 922	99 545 634
Total Trade Payables	140 358 847	114 223 769
Balance previously reported		114 200 519
Reclassification		(0)
Correction of error - note 42.2		23 250
Restated balance		114 223 769

Payables are being recognised net of any discounts.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. The Municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Sundry deposits is relating to hire of community halls.

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

The largest creditor is Eskom (Main account) R121 315 413 (2021:R95 735 811)

	2022 R	2021 R
17.2 TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments received in advance	1 538 618	1 535 050
Other creditors	10 039 167	8 564 172
Total trade payables	11 577 786	10 119 222

Payables are being recognised net of any discounts.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts

The Municipality did default on payment of its Creditors. However, no terms for payment have been re negotiated by the Municipality.

The management of the Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

	2022 R	2021 R
18. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	15 013 240	20 315 027
National Government Grants	13 753 425	19 082 927
Provincial Government Grants	1 259 816	1 232 100
Less: Unpaid Transfers and Subsidies	-	(740 000)
Provincial Government Grants	-	(740 000)
Total Unspent Transfers and Subsidies	15 013 240	19 575 027
Balance previously reported		20 315 030
Correction of error - note 42.4		(740 000)
Restated balance		19 575 030
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised. The Unspent Grants are cash backed by term deposits. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Amount available in short term investment deposits	20 644 932	25 574 090
Available Cash for Unspent Conditional Grants and Receipts	20 644 932	25 574 090

See Note 22 for the reconciliation of Grants from Government. Refer to Appendix "E" for more detail on Conditional Grants
 Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2022 R	2021 R
19. TAXES		
Net VAT (Payable)/Receivable	20 110 027	12 670 076
Balance previously reported		12 667 044
Correction of error - note 42.1		3 033
Restated balance		12 670 076

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.
 No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

	2022 R	2021 R
20. NET ASSET RESERVES		
RESERVES		
Capital Replacement Reserve	2 252 793	2 252 793
Total Net Asset Reserve and Liabilities	2 252 793	2 252 793

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

	2022 R	2021 R
21. PROPERTY RATES		
Valuations - 1 JULY 2021		
Rateable Land and Buildings		
Business and Commercial Property	308 962 000	308 962 000
Farm Properties	2 544 961 000	2 544 961 000
Industrial Property	18 343 000	18 343 000
Municipal Properties	319 876 000	319 876 000
Public Benefit Organisations	11 575 000	11 575 000
Public Service Infrastructure Properties	42 231 000	42 231 000
Residential Properties	1 240 676 000	1 240 676 000
Small Holdings	41 127 400	41 127 400
State-owned Properties	328 321 000	328 321 000
Multiple Purposes	16 638 000	16 638 000
Other Categories	84 937 000	84 937 000
Total Property Rates	4 957 647 400	4 957 647 400

	2022 R	2021 R
Actual		
Rateable Land and Buildings		
Business and Commercial Property	43 302 524	42 579 233
Farm Properties	9 402 712	8 981 052
Industrial Property	8 510 544	8 178 735
Municipal Properties	252 801	243 089
Residential Properties	18 267 731	17 579 683
State-owned Properties	6 425 267	6 948 521
Other Categories - including open space	443 469	648 152
Less: Revenue Forgone	(3 682 122)	(3 159 360)
Total Assessment Rates	39 620 402	39 419 873

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

	2022 R	2021 R
Basic Rate		
Residential	0.0134	0.0129
Vacant land	0.0262	0.0384
Business and commercial	0.0195	0.0187
Agricultural	0.0034	0.0032
PSI	0.0195	0.0187
State-owned	0.0206	0.0223
Municipal Properties	0.0000	0.0000
Church	0.0134	0.0129
Industrial	0.0245	0.0236
Public benefit organisations	0.0034	0.0032

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

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

Residential	The first R28 000 on the valuation is exempted.
Farm Properties	10% rebate (on application)

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.

	2022 R	2021 R
22. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	53 237 657	51 749 597
National Equitable Share	49 935 573	48 465 000
National: Financial Management Grant	1 700 000	1 700 000
National: Municipal Infrastructure Grant	429 800	1 134 597
Provincial Housing Accreditation	400 000	450 000
Provincial: Sport, Arts and Culture (Library Grant)	772 284	-
Government Grants and Subsidies - Capital	10 376 138	11 786 049
National: Integrated National Electrification Programme Grant	1 561 584	489 863
National: Municipal Infrastructure Grant	3 808 825	7 387 631
National: Energy Efficiency and Demand Management Grant	2 971 181	3 357 455
National: Expanded Public Works Programme Integrated Grant	1 001 854	470 900
National: Water services infrastructure grant	1 032 685	-
Total Government Grants and Subsidies	63 613 787	63 455 646

Included in above are the following grants and subsidies received:

	2022 R	2021 R
Unconditional	50 335 573	48 915 000
Equitable Share	49 935 573	48 465 000
Provincial Housing Accreditation	400 000	450 000
Conditional	21 825 000	27 647 000
National: Financial Management Grant	1 700 000	1 700 000
National: Municipal Infrastructure Grant	8 596 000	19 957 000
Provincial: Department of Education	-	-
National: Integrated National Electrification Programme Grant	1 600 000	1 010 000
National: Water services infrastructure grant	4 000 000	-
National: Expanded Public Works Programme Integrated Grant	1 389 000	1 389 000
National: Energy Efficiency and Demand Management Grant	3 000 000	3 600 000
Provincial: Sport, Arts and Culture (Library Grant)	1 540 000	-
Total Government Grants and Subsidies	72 160 573	76 562 000

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

	2022 R	2021 R
Equitable share	49 935 573	48 465 000
Executive and Council	-	-
Community and social services	772 284	-
Finance and administration	1 700 000	1 700 000
Road transport	5 240 480	8 993 327
Waste water management	1 032 685	-
Housing	400 000	450 000
Energy sources	4 532 764	3 847 317
Total Government Grants and Subsidies	63 613 787	63 455 644

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.

	2022 R	2021 R
22.1 National Grants		
Opening balance	19 082 929	5 976 573
Correction of Error	-	-
Grants received	57 112 000	76 112 000
Conditions met - Own Income	(1 278 233)	(1 643 731)
Conditions met - Operating	(52 065 373)	(51 315 797)
Conditions met - Capital	(9 097 897)	(10 046 116)
Conditions still to be met	13 753 426	19 082 929
22.2 Provincial Grants		
Opening balance	492 100	1 232 100
Correction of Error	-	(740 000)
Grants received	1 940 000	450 000
Conditions met - Own Income	(10 675)	-
Conditions met - Operating	(1 181 507)	(450 000)
Conditions still to be met	1 259 816	492 100
22.3 National: Equitable Share		
Grants received	49 935 573	48 465 000
Conditions met - Operating	(49 935 573)	(48 465 000)
Conditions still to be met	-	-

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

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned.

	2022 R	2021 R
22.4 National: Financial Management Grant		
Grants received	1 700 000	1 700 000
Conditions met - Operating	(1 700 000)	(1 700 000)
Conditions still to be met	-	-
<i>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 (Act No. 56 of 2003). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns)</i>		
	2022 R	2021 R
22.5 Provincial: Sports, Arts and Culture (Library Grant)		
Opening balance	(740 000)	-
Correction of Error	-	(740 000)
Grants received	1 540 000	-
Conditions met - Own Income	(10 678)	-
Conditions met - Operating	(781 607)	-
Conditions still to be met	27 716	(740 000)
<i>This grant was allocated for the upgrading of library operational expenditure</i>		
	2022 R	2021 R
22.6 Provincial: Housing Accreditation		
Grants received	400 000	450 000
Conditions met - Operating	(400 000)	(450 000)
Conditions still to be met	-	-
<i>The grant was utilised for COVID expenditure</i>		
	2022 R	2021 R
22.7 National: Expanded Public Works Programme		
Opening balance	1 560 726	651 626
Grants received	1 389 000	1 380 000
Transfer to equitable share	(909 000)	-
Conditions met - Own Income	(55 501)	(27 981)
Conditions met - Capital	(846 352)	(442 919)
Conditions still to be met	1 038 873	1 560 726
<i>This grant was used for the upgrading of Roads facilities.</i>		
	2022 R	2021 R
22.8 National: Integrated National Electrification Grant		
Opening balance	522 338	2 200
Grants received	1 800 000	1 010 000
Transfer to equitable share	(522 000)	-
Conditions met - Own Income	(203 685)	(63 895)
Conditions met - Operating	-	(16 200)
Conditions met - Capital	(1 357 899)	(409 767)
Conditions still to be met	38 754	522 338
<i>This grant was allocated for the construction and upgrading of electricity networks within the municipal boundaries.</i>		
	2022 R	2021 R
22.9 National: Municipal Infrastructure Grant		
Opening balance	16 757 320	5 322 747
Grants received	8 596 000	19 957 000
Transfer to equitable share	(11 434 573)	-
Conditions met - Own Income	(496 803)	(1 113 026)
Conditions met - Operating	(429 800)	(1 134 597)
Conditions met - Capital	(3 312 023)	(6 273 904)
Conditions still to be met	9 680 121	16 757 320
<i>The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of previously disadvantaged areas</i>		
	2022 R	2021 R
22.10 Provincial: Department of Education		
Opening balance	1 232 100	1 232 100
Conditions still to be met	1 232 100	1 232 100
<i>For the construction of athletics fields</i>		
	2022 R	2021 R
22.11 National: Water Services Infrastructure Grant		
Opening balance	-	-
Grants received	4 000 000	-
Conditions met - own income	(134 698)	-
Conditions met - Capital	(897 987)	-
Conditions still to be met	2 967 315	-
<i>The Water Services Infrastructure Grant was used for the development of boreholes</i>		

	2022 R	2021 R
22.12 National: Energy Efficiency and Demand Management Grant		
Opening balance	242 545	-
Grants received	3 000 000	3 600 000
Transfer to equitable share	(243 000)	-
Conditions met - own income	(387 545)	(437 929)
Conditions met - Capital	(2 583 635)	(2 919 526)
Conditions still to be met	<u>28 364</u>	<u>242 545</u>
<i>The grant was for utilised for streetlights.</i>		
	2022 R	2021 R
22.15 Total Grants		
Opening balance	19 575 029	7 238 873
Correction of Error	-	(740 000)
Grants received	72 160 573	76 562 000
Transfers to equitable share	(13 108 573)	-
Conditions met - own income	(1 298 911)	(1 643 731)
Conditions met - Operating	(53 226 980)	(51 765 797)
Conditions met - Capital	(9 097 897)	(10 046 116)
Conditions still to be met (Grant expenditure to be recovered)	<u>15 013 240</u>	<u>19 575 029</u>
	2022 R	2021 R
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	15 013 240	20 315 027
Unpaid Conditional Government Grants and Receipts	-	(740 000)
Total	<u>15 013 240</u>	<u>19 575 027</u>
	2022 R	2021 R
23. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Contributed PPE	1 096 868	4 975 198
Total Contributed Property, Plant and Equipment	<u>1 096 868</u>	<u>4 975 198</u>
	2022 R	2021 R
24. LICENCES AND PERMITS		
Road and Transport	918 264	969 538
Total Licences and Permits	<u>918 264</u>	<u>969 538</u>
	2022 R	2021 R
25. SERVICE CHARGES		
Electricity	94 588 290	88 105 850
Service Charges	97 137 278	88 826 585
Less: Revenue Forgone	(2 548 988)	(720 735)
Water	33 890 990	31 917 471
Service Charges	38 009 522	36 133 944
Less: Revenue Forgone	(4 118 533)	(4 216 474)
Waste Management	7 677 571	6 875 784
Service Charges	12 497 573	11 753 106
Less: Revenue Forgone	(4 820 003)	(4 877 322)
Waste Water Management	15 331 485	13 803 269
Service Charges	22 554 424	21 008 230
Less: Revenue Forgone	(7 222 939)	(7 204 961)
Total Service Charges	<u>151 488 336</u>	<u>140 702 374</u>
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.		
	2022 R	2021 R
26. OPERATIONAL REVENUE		
Building Plan Approval	90 945	91 171
Cemetery and Burial	566 026	612 465
Drainage Fees	12 806	16 070
Removal of Restrictions	270 448	37 057
Sale of Goods	44 257	59 915
Sundry income	869 376	1 587 121
Valuation Services	6 473	18 470
Total Sales of Goods and Rendering of Services	<u>1 860 329</u>	<u>2 422 269</u>

	2022 R	2021 R
27. RENTAL FROM FACILITIES AND EQUIPMENT		
Investment Property	454 619	
Property, Plant and Equipment	1 938 821	1 238 274
Total Rental from Fixed Assets	2 393 440	1 238 274
Balance previously reported		1 236 966
Reclassification		1 308
Correction of error - note 42.6		
Restated balance		1 238 274
	2022 R	2021 R
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	25 121	90 964
Investments	1 271 868	1 091 373
Total Interest Earned - External Investments	1 296 990	1 182 337
	2022 R	2021 R
29. INTEREST EARNED - OUTSTANDING DEBTORS		
Exchange transactions	2 861 061	748 913
Non-Exchange transactions	2 253 985	2 023 361
Total Interest Earned - Outstanding Receivables	5 114 457	2 772 274
	2022 R	2021 R
30. FINES		
Traffic fines	1 244 484	1 045 789
Penalties for Consumers	202 738	241 873
TOTAL FINES	1 447 222	1 287 663
	2022 R	2021 R
31. EMPLOYEE RELATED COSTS		
Acting Allowance	87 799	69 711
Basic Salaries and Wages	66 773 063	62 202 688
Bargaining council	39 026	38 127
Bonuses	5 199 796	5 175 465
Cell Phone Allowance	335 701	324 562
Group Insurance	45 868	47 198
Housing Allowances	241 807	571 429
Medical Aid Contributions	3 054 354	2 962 462
Motor Vehicle Allowance	1 945 168	1 895 366
Overtime	2 210 734	1 375 680
Payments in lieu of leave	1 297 840	1 107 025
Pension and UIF Contributions	11 966 547	11 270 910
Performance bonus	192 774	(69 403)
Standby Allowances	1 161 198	977 184
Post retirement obligations	(891 000)	(944 000)
Current Service Cost - Long Service Awards - Note 14.2	(56 000)	(108 000)
Current Service Cost - Medical - Note 14.1	(835 000)	(836 000)
Total Employee Related Costs	93 670 636	87 004 404
Balance previously reported		87 328 644
Correction of error - note 42.6		(324 240)
Restated balance		87 004 404
KEY MANAGEMENT PERSONNEL		
The Municipal Manager are appointed on a fixed five year contract. The Directors accountable to the municipal manager are permanently employed.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL	2022 R	2021 R
Remuneration of the Municipal Manager - I Visser		
Basic Salary	823 593	823 593
Bonus	68 633	68 633
Cell Phone Allowance	60 000	60 000
Pension and UIF contributions	150 372	150 060
Motor Vehicle Allowance	172 705	172 705
Other benefits and allowances	178 469	178 781
Performance Bonus	130 839	193 063
Total	1 584 611	1 648 835
	2022 R	2021 R
Remuneration of the Chief Financial Officer - MF Manuel		
Basic Salary	896 100	896 100
Bonus	74 675	74 675
Pension and UIF contributions	2 125	1 813
Motor Vehicle Allowance	204 696	204 696
Other benefits and allowances	1 144	1 456
Performance Bonus	160 899	-
Total	1 339 639	1 178 740

	2022 R	2021 R
Remuneration of Director: Corporate Services - TW Msengana		
Basic Salary	585 000	585 000
Bonus	48 750	48 750
Cell Phone Allowance	36 000	36 000
Motor Vehicle Allowance	150 000	150 000
Other benefits and allowances	97 545	98 138
Pension and UIF contributions	164 703	164 110
Performance Bonus	97 380	147 031
Total	1 179 377	1 229 029

	2022 R	2021 R
Remuneration of Director: Community and Development Services - M Joka		
Basic Salary	508 056	508 056
Bonus	42 338	42 338
Cell Phone Allowance	36 000	36 000
Pension and UIF contributions	136 531	146 018
Motor Vehicle Allowance	144 000	144 000
Other benefits and allowances	100 013	90 526
Payments in lieu of leave	60 967	-
Performance Bonus	37 024	130 655
Total	1 114 929	1 097 693

	2022 R	2021 R
Remuneration of Director: Infrastructure and Housing Services - MLV Owies		
Basic Salary	-	65 020
Bonus	-	27 092
Cell Phone Allowance	-	3 000
Pension and UIF contributions	-	149
Motor Vehicle Allowance	-	14 738
Other benefits and allowances	-	10 038
Payments in lieu of leave	-	28 089
Total	-	148 126

	2022 R	2021 R
Remuneration of Acting Director: Infrastructure - W Lubbe		
Acting Allowance	-	4 018
Total	-	4 018

The director acted for the period August 2020 to April 2021.

	2022 R	2021 R
Remuneration of Director: Infrastructure - L Thiso		
Basic Salary	516 000	129 000
Bonus	43 000	-
Cell Phone Allowance	36 000	9 000
Pension and UIF contributions	117 142	27 321
Motor Vehicle Allowance	117 000	29 400
Other benefits and allowances	98 816	26 668
Performance Bonus	24 353	-
Total	952 910	221 389

The director was appointed from 1 April 2021.

TOTAL KEY MANAGEMENT

	2022 R	2021 R
Acting Allowance	-	4 018
Basic Salary	3 328 749	3 006 769
Bonus	277 395	261 458
Cell Phone Allowance	168 000	144 000
Pension and UIF contributions	570 873	489 470
Motor Vehicle Allowance	789 001	715 539
Other benefits and allowances	475 985	405 607
Payments in lieu of leave	60 967	28 089
Performance Bonus	500 495	472 749
Total	6 171 467	5 527 729

32. REMUNERATION OF COUNCILLORS

	2022 R	2021 R
Total Remuneration of Councillors		
Annual Remuneration	3 803 836	3 763 359
Telephone Allowance	667 009	662 300
Travelling	1 243 501	1 214 821
Pension and UIF Contributions	-	41 990
Total	5 714 447	5 682 471

	2022 R	2021 R
Remuneration of Councillor - ST Sithonga		
Annual Remuneration	215 256	604 550
Telephone Allowance	15 809	44 400
Travelling	71 752	201 517
Pension and UIF Contributions	-	5 566
Total	302 817	857 033

ST Sithonga was Mayor till November 2021

Remuneration of Councillor - MC Kivedo		
Annual Remuneration	473 674	483 640
Telephone Allowance	44 400	44 400
Travelling	157 891	161 213
Pension and UIF Contributions	-	5 290
Total	675 965	694 543
Remuneration of Councillor - CJ Louw		
Annual Remuneration	90 064	252 946
Telephone Allowance	15 809	44 400
Travelling	30 021	84 315
Pension and UIF Contributions	-	2 724
Total	135 894	384 385
CJ Louw was a councillor till November 2021		
Remuneration of Councillor - NP Mkontwana		
Annual Remuneration	90 064	252 946
Telephone Allowance	15 809	44 400
Travelling	30 021	84 315
Pension and UIF Contributions	-	2 787
Total	135 894	384 448
NP Mkontwana was a councillor till November 2021		
Remuneration of Councillor - RR Faul		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	63 773
Pension and UIF Contributions	-	2 150
Total	106 637	301 641
RR Faul was a councillor till November 2021		
Remuneration of Councillor - WJ du Plessis		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	63 773
Tools of trade	-	1 774
Pension and UIF Contributions	-	2 151
Total	106 637	301 265
WJ du Plessis was a councillor till November 2021		
Remuneration of Councillor - PD van Wyk		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	62 917
Pension and UIF Contributions	-	2 151
Total	106 637	300 796
PD van Wyk was a councillor till November 2021		
Remuneration of Councillor - LE Andrews		
Annual Remuneration	228 902	191 318
Telephone Allowance	44 400	44 400
Travelling	76 301	62 917
Pension and UIF Contributions	-	2 232
Total	349 602	300 867
Remuneration of Councillor - SJ Hoffman		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	62 917
Pension and UIF Contributions	-	2 137
Total	106 637	300 772
SJ Hoffman was a councillor till November 2021		
Remuneration of Councillor - L Billie		
Annual Remuneration	87 422	245 525
Telephone Allowance	15 809	44 400
Travelling	29 141	81 842
Pension and UIF Contributions	-	2 778
Total	132 372	374 544
L Billie was a councillor till November 2021		
Remuneration of Councillor - MO Maramba		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	62 917
Pension and UIF Contributions	-	2 376
Total	106 637	301 011
MO Maramba was a councillor till November 2021		
Remuneration of Councillor - PP Mhualii		
Annual Remuneration	191 318	191 318
Telephone Allowance	41 709	44 400
Travelling	63 773	62 917
Pension and UIF Contributions	-	2 137
Total	296 800	300 772
Remuneration of Councillor - D Vanel		
Annual Remuneration	68 121	191 318
Telephone Allowance	15 809	44 400
Travelling	22 707	63 773
Pension and UIF Contributions	-	2 150
Total	106 637	301 641
D Vanel was a councillor till November 2021		
Remuneration of Councillor - SP Wales		
Annual Remuneration	68 121	47 830
Telephone Allowance	15 809	11 100
Travelling	22 707	15 943
Pension and UIF Contributions	-	1 369
Total	106 637	76 241
SP Wales was a councillor till November 2021		

Remuneration of Councillor - HJ Rust		
Annual Remuneration	19 258	154 061
Telephone Allowance	3 700	29 600
Travelling	2 000	16 000
Pension and UIF Contributions	-	971
Total	24 958	200 631
HJ Rust was a councillor till August 2021		
Remuneration of Councillor - PN Bushula		
Annual Remuneration	191 318	191 318
Telephone Allowance	44 400	44 400
Travelling	63 773	63 773
Pension and UIF Contributions	-	2 390
Total	299 491	301 880
Remuneration of Councillor - JM Fortuin		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
JM Fortuin was a councillor from November 2021		
Remuneration of Councillor - JT Brandt		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
JT Brandt was a councillor from November 2021		
Remuneration of Councillor - MN Mackay		
Annual Remuneration	156 284	-
Telephone Allowance	28 591	-
Travelling	52 095	-
Total	236 970	-
MN Mackay was a councillor from November 2021		
Remuneration of Councillor - FCS Swanepoel		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
FCS Swanepoel was a councillor from November 2021		
Remuneration of Councillor - RH Adams Beukes		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
RH Adams Beukes was a councillor from November 2021		
Remuneration of Councillor - SW Makhandula		
Annual Remuneration	44 400	-
Telephone Allowance	123 197	-
Travelling	28 591	-
Total	192 854	-
SW Makhandula was a councillor from November 2021		
Remuneration of Councillor - BS Swanepoel		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
BS Swanepoel was a councillor from November 2021		
Remuneration of Councillor - RS Smith		
Annual Remuneration	162 882	-
Telephone Allowance	28 591	-
Travelling	54 291	-
Total	245 764	-
RS Smith was a councillor from November 2021		
Remuneration of Councillor - GL Nkumbi		
Annual Remuneration	375 206	-
Telephone Allowance	28 591	-
Travelling	125 069	-
Total	528 865	-
GL Nkumbi was mayor from November 2021		
Remuneration of Councillor - GK Engelbrecht		
Annual Remuneration	126 932	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	196 589	-
GK Engelbrecht was a councillor from November 2021		
Remuneration of Councillor - MST Booysen		
Annual Remuneration	123 197	-
Telephone Allowance	28 591	-
Travelling	41 066	-
Total	192 854	-
MST Booysen was a councillor from November 2021		

In-kind Benefits

Councillors may utilise official council transportation when engaged in official duties. The Mayor has use of a council owned vehicle for official duties. The Executive Mayor and Speaker, Chief Whip are full-time Councillors. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Councillors receive the use of tablets/Laptops upon commencing their term in order to perform their daily tasks. Upon completion of this term they are entitled to keep these assets at no cost.

	2022 R	2021 R
33. CONTRACTED SERVICES		
Consultants and Professional Services	7 633 544	3 891 255
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	6 440 922	2 355 676
Consultants and Professional Services: Business and Advisory: Audit Committee	47 385	20 193
Consultants and Professional Services: Business and Advisory: Human Resources	195 969	-
Consultants and Professional Services: Business and Advisory: Medical Examinations	39 205	58 617
Consultants and Professional Services: Infrastructure and Planning: Engineering/Electrical	52 730	-
Consultants and Professional Services: Laboratory Services: Water	-	137 920
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	897 372	818 849
Contractors	3 019 917	2 889 972
Contractors: Catering Services	65 800	58 554
Contractors: Employee wellness	(110 346)	760 451
Contractors: Maintenance of Buildings and Facilities	9 883	58 962
Contractors: Maintenance of Equipment	648 845	628 779
Contractors: Maintenance of Unspecified Assets	1 544 140	128 565
Contractors: Repair Electricity Vendors	818 519	1 054 660
Contractors: Photographer	4 217	-
Contractors: Transportation	29 762	-
Outsourced Services	4 919 656	3 774 840
Outsourced Services: Business and Advisory: Valuer	1 713 501	-
Outsourced Services: Driver Licence Cards	262 156	243 421
Outsourced Services: Internal Auditors	227 391	227 493
Outsourced Services: Meter Management	4 700	-
Outsourced Services: Personnel and Labor	303 280	205 100
Outsourced Services: Security Services	2 103 172	3 098 826
Outsourced Services: Traffic Fines Management	305 456	-
Total Contracted Services	15 564 017	10 156 067
	2022 R	2021 R
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	52 632 837	52 184 735
Intangible Assets	12 754	24 203
Total Depreciation and Amortisation	65 385 591	52 208 938
Balance previously reported		52 992 143
Reclassification note		-
Correction of error		(783 205)
Restated balance		52 208 938
	2022 R	2021 R
35. FINANCE COSTS		
Finance leases	140 693	788 212
Non-current Provisions	6 669 569	5 744 388
Non-current Employee Benefits	2 474 000	2 042 000
Overdue creditors	4 584 750	3 248 078
Overdraft Facilities	94 636	26 780
Total Finance Costs	13 963 680	11 851 357
	2022 R	2021 R
36. BULK PURCHASES		
Electricity	80 406 271	71 826 730
Water	4 273	1 063 612
Total Bulk Purchases	80 410 544	72 890 341
Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the Municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from various sources.		
Refer to note 48.8 on material losses for loss on electricity and water		

	2022	2021
	R	R
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	68 772	86 810
Audit Fees	2 051 986	3 463 230
Bank Charges, Facility and Card Fees	598 988	663 426
Cleaning Services	106 102	127 950
Diesels	11 381	283 416
Digging of graves	8 000	66 100
Drivers Licences and Permits	110 126	99 856
Electricity Compliance Certificate	22 405	-
Entertainment	2 304	3 660
Hire Charges	388 297	2 805 200
Insurance excess	1 887 942	1 781 583
Licences	629 913	164 028
Municipal Services	6 387 463	9 551 510
Printing, Publications and Books	520 745	589 228
Professional Bodies, Membership and Subscription	1 750 938	888 917
Skills Development Fund Levy	775 722	618 894
Storage of Files (Archiving)	129 000	213 500
Telephone Costs	1 448 797	1 721 246
Travel and Subsistence	722 345	364 347
Uniform and Protective Clothing	508 237	13 646
Ward Committee	186 000	289 000
Electricity	2 460 089	2 688 220
Wet Fuel	3 367 675	3 117 739
Total Operational Costs	24 251 227	29 595 807
Balance previously reported		29 575 586
Correction of error - note 42.6		20 220
Restated balance		29 595 807
	2022	2021
	R	R
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 9	15 764 389	21 300 709
Receivables from Non-exchange Revenue - Note 10	10 784 124	9 506 800
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	26 548 513	30 807 509
	2022	2021
	R	R
39. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	7 057 360	213 125
Total Gains/ (Loss) on Sale of Fixed Assets	7 057 360	213 125
	2022	2021
	R	R
40. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Property, Plant and Equipment	-	-
	2022	2021
	R	R

41. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS

Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Accumulated Surplus/(Deficit)	561 811 562	0	561 811 562
Non-current Provisions	67 337 731	-	67 337 731
Non-current Employee Benefits	25 061 001	-	25 061 001
Consumer Deposits	2 678 885	-	2 678 885
Current Employee Benefits	14 095 884	-	14 095 884
Trade and Other Payables from Exchange Transactions	114 200 519	(0)	114 200 519
Trade and Other Payables from Non-Exchange Transactions	10 119 222	-	10 119 222
Unspent Transfers and Subsidies	20 315 030	-	20 315 030
Cash and Cash Equivalents	19 766 637	-	19 766 637
Current Portion of Long-term Liabilities	-	-	(0)
Property, Plant and Equipment	694 853 225	-	694 853 225
Investment Property	5 718 600	-	5 718 600
Intangible Assets	25 508	-	25 508
Heritage Assets	6 959 273	-	6 959 273
Investments	28 355	-	28 355
Inventory	26 462 195	-	26 462 195
Receivables from exchange transactions	39 436 332	-	39 436 332
Receivables from non-exchange transactions	21 387 131	(0)	21 387 131
Taxes	12 667 044	-	12 667 044
Cash and Cash Equivalents	30 101 602	-	30 101 602
	(2 252 793)	0	0

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Performance			
Property Rates	39 419 873	-	39 419 873
Property Rates - Penalties imposed and collection charges	-	-	-
Government Grants and Subsidies - Capital	11 706 049	-	11 706 049
Government Grants and Subsidies - Operating	51 749 597	-	51 749 597
Contributed Property, Plant and Equipment	4 975 198	-	4 975 198
Actuarial Gains	-	-	-
Fines, Penalties and Forfeits	1 287 663	-	1 287 663
Service Charges	140 702 374	-	140 702 374
Sales of Goods and Rendering of Services	2 422 269	-	2 422 269
Rental from Fixed Assets	1 236 966	-	1 236 966
Interest Earned - External Investments	1 182 337	-	1 182 337
Interest Earned - Exchange Transactions	2 023 361	-	2 023 361
Licences and Permits	969 538	-	969 538
Operational Revenue	-	-	-
Employee related costs	87 328 644	-	87 328 644
Remuneration of Councillors	5 682 471	-	5 682 471
Bad Debts Written Off	-	-	-
Contracted Services	10 156 067	-	10 156 067
Depreciation and Amortisation	52 992 143	-	52 992 143
Actuarial Losses	-	-	-
Finance Costs	11 851 357	-	11 851 357
Bulk Purchases	72 890 341	-	72 890 341
Inventory Consumed	3 770 796	-	3 770 796
Operating Leases	-	-	-
Transfers and Subsidies	-	-	-
Operational Costs	29 575 586	-	29 575 586
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(27 230 237)	-	(27 230 237)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(30 807 509)	-	(30 807 509)
Gains/(Loss) on Sale of Fixed Assets	(506 009)	-	(506 009)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-
Profit/(Loss) on Fair Value Adjustments	665	-	665
Net Surplus/(Deficit) for the year	(75 115 273)	-	(75 115 273)
		2022	2021
		R	R
42. CORRECTION OF ERROR IN TERMS OF GRAP 3			
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:			
			2021
			R
42.1 Taxes			
Balance previously reported			12 667 044
Correction as result of creditor incorrectly recorded			3 033
Restated Balance			12 670 076
			2021
			R
42.2 Trade and Other Payables from Exchange Transactions			
Balance previously reported			114 200 519
Correction as result of creditor incorrectly recorded			23 250
Restated Balance			114 223 769
			2021
			R
42.3 Cash and Cash Equivalents			
Balance previously reported			19 766 637
Correction as result bank reconciliation			127 229
Restated Balance			19 893 866
			2021
			R
42.4 Unpaid Transfers and Subsidies			
Balance previously reported			-
Correction on library grant			740 000
Restated Balance			740 000

	2021
	R
42.5 Accumulated Surplus/(Deficit) - 1 JULY 2020	561 811 562
Correction on employee related cost, based on bank reconciliation - note 42.3 and 42.6	(125 362)
Correction on employee related cost, library grant unpaid - note 42.4 and 42.6	449 602
Correction on inventory consumed, library grant unpaid - note 42.4 and 42.6	290 398
Correction on operational cost, based on bank reconciliation - note 42.3 and 42.6	(20 13)
Correction on operational cost, creditor incorrectly recorded - note 42.2 and 42.5	(20 217)
Correction on rental income, based on bank reconciliation - note 42.3 and 42.6	1 308
Correction on bank reconciliation items 2019/2020 - note 42.3	(3 172)
Total	562 404 116
42.6 Investment property	
Balance previously reported	5 718 600
Reclassifying buildings from PPE to Investment property	1 976 092
Total	7 694 692
46.8 Property, plant and equipment	R
Balance previously reported	
Correction of Property, Plant and equipment	694 853 225
	180 283 786
Total	875 137 011

42.7 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Balance previously reported	Adjustments	Restated Balance
Revenue			
Property Rates	39 419 873	-	39 419 873
Property Rates - Penalties imposed and collection charges	-	-	-
Government Grants and Subsidies - Capital	11 706 049	-	11 706 049
Government Grants and Subsidies - Operating	51 749 597	-	51 749 597
Contributed Property, Plant and Equipment	4 975 198	-	4 975 198
Actuarial Gains	-	-	-
Fines and Penalties	1 287 663	-	1 287 663
Service Charges	140 702 374	-	140 702 374
Operational Revenue	2 422 269	-	2 422 269
Rental of Facilities and Equipment	1 236 966	1 308	1 238 274
Interest Earned - External Investments	1 182 337	-	1 182 337
Interest Earned - Exchange Transactions	2 023 361	-	2 023 361
Licences and Permits from Exchange Transactions	969 538	-	969 538
Operational Revenue	-	-	-
Total	258 422 136	1 308	258 423 444
Expenditure			
Employee related costs	87 328 644	(324 240)	87 004 404
Remuneration of Councillors	5 682 471	-	5 682 471
Bad Debts Written Off	-	-	-
Contracted Services	10 156 067	-	10 156 067
Depreciation and Amortisation	52 992 143	(783 205)	52 208 938
Actuarial Losses	-	-	-
Finance Costs	11 851 357	-	11 851 357
Bulk Purchases	72 890 341	-	72 890 341
Inventory Consumed	3 770 796	(290 398)	3 480 398
Operating Leases	-	-	-
Transfers and Subsidies	-	-	-
Operational Costs	29 575 586	20 220	29 595 807
Total	274 247 405	(1 377 622)	272 869 783
Gains and Losses			
Actuarial gain/(loss)	(2 656 000)	-	(2 656 000)
Investment: (Write-down)/Reversal of Write-down to Net Realizable Value	(27 230 237)	-	(27 230 237)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(30 807 509)	-	(30 807 509)
Gains/(Loss) on Sale of Fixed Assets	(506 009)	292 884	(213 125)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-
Profit/(Loss) on Fair Value Adjustments	665	-	665
Total	(61 199 090)	292 884	(60 906 206)
Net Surplus/(Deficit) for the year	(77 024 369)	1 671 815	(75 352 545)

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

	2022	2021
	R	R
Surplus/(Deficit) for the year	(28 361 665)	(75 352 545)
Adjustments for:		
Depreciation	52 632 837	52 184 735
Amortisation	12 754	24 203
Loss/(Gain) on Sale of Fixed Assets	7 057 360	213 125
Fair value adjustment investments	(1 075 924)	(665)
Impairment Loss/(Reversal of Impairment Loss) - Receivables	26 548 513	30 807 509
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	-	-
Finance cost - non-current provision	-	-
Landfill site adjustments	-	-
Contributed Property, Plant and Equipment	(1 096 868)	(4 975 198)
Government Grants and Subsidies received	-	-
Government Grants and Subsidies recognised as revenue	-	-
Interest on debtors	-	-
Increase in discounting - non-current provisions	6 669 569	5 744 388
Change in Provision for Rehabilitation Cost	-	-
Contribution from/to provisions - Non-Current Employee Benefits - finance cost	2 474 000	2 042 000
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-	2 656 000
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(3 227 000)	-
Contribution from/to - Current Employee Benefits	660 952	(472 749)
Contribution to employee benefits - current - expenditure incurred	(500 436)	889 916
Contribution from/to employee benefits - non-current - expenditure incurred	1 136 000	985 000
Contribution from/to - Non-Current Employee Benefits	(2 026 000)	(1 929 000)
Finance cost - non-current employee benefits	-	-
Contribution to provisions - Bad Debt	-	-
Impairment written off	-	-
Additional debt Impairment transactions	-	-
Reversal of Provision for Bad Debt	-	-
Bad Debts written off	-	-
Inventory written off/reversal	(19 508 113)	27 230 237
Operating Surplus/(Deficit) before changes in working capital	41 394 920	40 046 955
Changes in working capital	(34 415 786)	(25 720 297)
Increase/(Decrease) in Trade and Other Payables Exchange	26 284 964	(4 954 210)
Increase/(Decrease) in Trade and Other Payables Non-exchange	1 458 564	(32 496)
Increase/(Decrease) in Employee Benefits	-	-
Increase/(Decrease) in Taxes	(7 439 950)	(354 706)
Increase/(Decrease) in Short-term Loans	-	-
(Increase)/Decrease in Inventory	(1 075 389)	365 397
Increase/(Decrease) in Consumer Deposits	139 871	160 386
Increase/(Decrease) in Current portion of Long-term Receivables	-	-
(Increase)/Decrease in Receivables from Exchange Transactions	(33 825 513)	(22 959 367)
(Increase)/Decrease in Receivables from Non-Exchange Transactions	(15 397 118)	(10 311 655)
(Increase)/Decrease in Long-term receivables	-	-
(Increase)/Decrease Unpaid Transfers and Subsidies	740 000	(740 000)
(Increase)/Decrease Investments	-	-
Increase/(Decrease) in Unspent Transfers and Subsidies	(5 301 214)	13 106 354
Cash generated/(absorbed) by operations	6 979 134	14 326 659

	2022 R	2021 R		
44. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Current Accounts - Note 11	3 807 106	4 524 532		
Call Deposits and Investments - Note 11	20 644 932	25 574 090		
Cash Floats - Note 11	2 980	2 980		
Bank Overdraft - Note 11	(16 558 310)	(19 858 866)		
Total cash and cash equivalents	7 896 708	10 207 736		
	2022 R	2021 R		
45. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 11	7 896 708	10 207 736		
Less:	35 123 267	32 985 104		
Unspent Transfers and Subsidies - Note 18	15 013 240	20 315 027		
VAT - Note 19	20 110 027	12 670 076		
Net cash resources available for internal distribution	(27 226 559)	(22 777 367)		
Allocated to:				
Capital Replacement Reserve - Note 20	(2 252 793)	(2 252 793)		
Resources available for working capital requirements	(29 479 352)	(20 524 674)		
	2022 R	2021 R		
46. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term Liabilities - Note 12	690 526	-		
Used to finance property, plant and equipment - at cost	(690 526)	-		
Cash invested for repayment of long-term liabilities	-	-		
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.				
Finance lease loans at amortised cost is calculated at 9.75% interest rate, with the last maturity date of January 2025. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.				
	2022 R	2021 R		
47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED				
47.1 Unauthorised expenditure				
Reconciliation of unauthorised expenditure:				
Opening balance	204 296 847	116 423 528		
Unauthorised expenditure current year - operational	80 523 814	76 601 230		
Unauthorised expenditure current year - capital	194 858	11 272 089		
Written off by Council	(211 613 770)	-		
Unauthorised expenditure awaiting authorisation	73 401 748	204 296 847		
	2022 R	2021 R		
Unauthorised expenditure can be summarised as follow:				
Incident	Disciplinary steps/criminal proceedings			
Actual vs Budgeted spending	None			
	80 718 672	87 873 319		
	80 718 672	87 873 319		
The overspending of the Budget per municipal vote can be summarised as follows:				
	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Office of the Mayor	76 670 522	13 194 981	63 475 541	63 475 541
Vote 2 - Municipal Manager	2 090 580	3 991 014	(1 900 434)	-
Vote 3 - Finance	42 386 565	25 338 292	17 048 273	17 048 273
Vote 4 - Corporate Services	7 238 325	14 943 665	(7 705 340)	-
Vote 5 - Community and Social Services	44 002 851	65 999 237	(21 996 386)	-
Vote 6 - Infrastructure	125 723 994	160 764 016	(35 040 022)	-
	298 112 836	284 231 205	13 881 631	80 523 814
	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - Office of the Mayor	10 000	-	10 000	10 000
Vote 2 - Municipal Manager	184 858	-	184 858	184 858
Vote 3 - Finance	-	660 000	(660 000)	-
Vote 4 - Corporate Services	32 579	199 620	(167 041)	-
Vote 5 - Community and Social Services	5 518 318	30 196 000	(24 677 682)	-
Vote 6 - Infrastructure	-	-	-	-
	5 745 755	31 055 620	(25 309 865)	194 858
	2022 R	2021 R		
47.2 Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure:				
Opening balance	15 769 759	15 680 142		
Fruitless and wasteful expenditure current year	1 732 027	89 618		
Prior fruitless and wasteful expenditure discovered current year	-	-		
Written off by Council	(15 769 759)	-		
Fruitless and wasteful expenditure awaiting condonement	1 732 027	15 769 759		

Frivolous and wasteful expenditure can be summarised as follows:

	2022 R	2021 R
Incident		
Interest paid on creditors overdue accounts	1 731 403	-
SARS penalties and interest	624	89 618
	1 732 027	89 618

47.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2022 R	2021 R
Opening balance	88 309 438	78 881 310
Irregular expenditure identified current year	2 819 302	9 628 128
Written off by Council	(65 155 380)	-
Irregular expenditure awaiting further action	25 773 359	88 309 438

Irregular expenditure can be summarised as follows:

	2022 R	2021 R
Incident		
2018/2019 - SCM process not followed	None	27 140 394
2019/2020 - Quotation process not followed	None	192 557
2019/2020 - Valid or no contracts in place for service providers	None	7 372 853
2019/2020 - Irregularities resulting from Bid Adjudication committee not being properly constituted	None	43 975 506
2020/2021 - Valid/no contracts in place for service providers & non-compliance SCM regulations	None	9 628 128
2021/2022 - Quotation process not followed	None	198 750
2021/2022 - Contracts/Suppliers identified in previous financial years as irregular	None	-
	2 420 552	-
	90 928 740	88 309 438

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies for expenditure. Irregular expenditure is disclosed inclusive of VAT

48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

	2022 R	2021 R
Opening balance	830 018	524 066
Council subscriptions	973 489	1 019 840
Amount paid - current year	(810 684)	(713 888)
Amount paid - previous years	(160 000)	-
Balance unpaid	832 823	830 018

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

	2022 R	2021 R
Opening balance	4 747 942	3 476 600
Current year audit fee	2 648 655	4 221 911
Amount paid - current year	(2 581 593)	(589 946)
Amount paid - previous year	(1 791 080)	(2 361 723)
Balance unpaid	3 023 925	4 747 942

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

	2022 R	2021 R
VAT	20 110 027	12 670 076
Closing balance	20 110 027	12 670 076

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.

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

	2022 R	2021 R
Opening balance	7	-
Current year payroll deductions	12 860 686	12 057 607
Amount paid - current year	(12 762 325)	(12 057 600)
Amount paid - previous year	(7)	-
Balance unpaid	98 365	7

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

	2022 R	2021 R
Current year payroll deductions and Council Contributions	20 245 453	19 589 615
Amount paid - current year	(20 245 453)	(19 589 615)
Balance unpaid	-	-

	2022 R	2021 R
48.6 Councillor's arrear consumer accounts - (MFMA 124 (1)(b))		
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2022:		
	Outstanding more than 90 days	Outstanding more than 90 days
FCS Swanspoel	8 039	-
MN Mackay	7 976	-
SW Makhandula	40 982	-
JT Brandt	9 648	-
GK Engebrencht	1 477	-
LE Andrew	6 638	-
JM Fortuin	19 265	-
PP Mhauili	9 939	-
PN Bushula	73 156	-
R Smith	-	-
B Swanspoel	11 491	-
RH Adams-Beukes	23 290	-
MST Booysen	4 385	-
MC Kivedo	6 021	-
GL Nkumbi	0	-
D Vanel	-	4 829
NP Mkontwana	-	203
PP Mhauili	-	4 484
SP Wales	-	1
MO Maramba	-	10 022
Total Councillor Arrear Consumer Accounts	222 307	19 519

48.7 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 2022	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-21	74 481	-	-	25 974	48 507
Aug-21	97 854	-	-	51 568	46 286
Sep-21	10 589	10 589	-	-	-
Oct-21	-	-	-	-	-
Nov-21	4 374	-	-	4 374,23	-
Dec-21	-	-	-	-	-
Jan-22	-	-	-	-	-
Feb-22	1 033 361	-	-	891 181	142 180
Mar-22	64 722	5 246	-	52 977	6 600
Apr-22	51 820	-	-	4 888	47 032
May-22	31 023	-	-	31 023	-
Jun-22	-	-	-	-	-
	1 368 324	15 834	-	1 061 885	290 605

30 JUNE 2021	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-20	39 885	24 685	-	-	15 200
Aug-20	152 685	29 505	6 557	69 897	46 726
Sep-20	126 825	-	27 399	18 464	80 962
Oct-20	38 657	32 621	-	3 236	-
Nov-20	232 683	6 000	26 270	11 348	189 065
Dec-20	-	-	-	-	-
Jan-21	6 000	6 000	-	-	-
Feb-21	9 703	-	-	9 703	-
Mar-21	32 480	32 480	-	-	-
Apr-21	60 950	-	-	-	60 950
May-21	-	-	-	-	-
Jun-21	17 825	-	-	17 825	-
	714 693	131 291	60 225	130 473	392 904

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager	Total Deviations	2021/22 Amounts
Deviations between 0 - 2000	-	-
Deviations between 2001 -10 000	11	63 383
Deviations between 10 001 - 200 000	13	429 941
Deviations greater than 200 001	1	875 000
	25	1 368 324

	2022 R	2021 R
48.8 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	52 370 969	59 700 003
Units lost during distribution (Kwh)	6 393 978	7 636 295
Percentage lost during distribution	12.21%	12.79%
Distribution loss (Rand Value)	9 716 766	10 027 047

Inactive by Engineering to inspect meters to reduce the amount of meter tampering.

	2022	2021
	R	R
Water distribution losses		
Units purchased (ml)	3 086 793	3 113 807
Units lost during distribution (ml)	313 606	496 645
Percentage lost during distribution	10.16%	15.95%
Distribution loss (Rand Value)	395 144	625 773
<i>Faulty meters and leakages are replaced/repaired as soon as they are reported.</i>		
The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.		
48.9 Other non-compliance	2022	2021
	R	R
MFMA Section 15		
Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.		
MFMA Section 32(4)		
Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.		
MFMA Section 62		
Reasonable steps were not taken to prevent irregular, fruitless and wasteful and unauthorised expenditure		
MFMA Section 64		
Non-compliance with systems to be placed with regards to revenue management		
MFMA Section 65(2)		
Adequate management, accounting and information system was not in place which accounted for creditors and pay within 30 days		
MFMA Section 71		
Monthly reports not submitted timeously to Provincial Treasury		
MFMA section 75		
Non-compliance with information to be placed on the municipalities website		
MFMA Section 112		
The supply chain management policy did not comply with the Prescribed Framework		
49. FINANCIAL RISK MANAGEMENT	2022	2021
	R	R
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 entity's surplus/(deficit) for the year due to changes in interest rates were as follows:		
	2022	2021
	R	R
0.5% (2022: 0.5%) Increase in interest rates	(164 805)	(137 445)
0.5% (2022: 0.5%) Decrease in interest rates	164 805	137 445
(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 and trade and other receivable		
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 to 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.		
The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.		
All services are payable within 30 days from invoice date. Refer to note 9 and 10 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.		

EMTHANJENI LOCAL MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2022 %	2022 R	2021 %	2021 R
Non-exchange Receivables				
Other (sundry debtors)	100.00%	1 096 667	100.00%	609 614
	100.00%	1 096 667	100.00%	609 614
Exchange Receivables				
Electricity	23.28%	47 755 463	21.33%	35 362 728
Water	40.29%	82 654 987	39.24%	65 045 771
Property Rentals	1.43%	2 925 767	1.33%	2 205 988
Waste Management (refuse)	11.17%	22 904 771	11.87%	19 682 657
Waste Water Management (Sewerage)	21.17%	43 435 233	23.11%	38 306 357
Town Commonage	2.48%	5 091 585	2.85%	4 728 797
Other	0.18%	359 757	0.27%	444 764
	100.00%	205 131 582	100.00%	165 784 471

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 9 and 10 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.

Rates and fines are regarded as Statutory receivables and therefore does not form part of financial risk disclosure.

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

	2022 %	2022 R	2021 %	2021 R
Non-exchange Receivables				
Other	0.00%	-	0.00%	-
	100.00%	109 141 407	0.00%	-
Exchange Receivables				
Electricity	17.75%	26 202 826	21.54%	27 214 440
Water	43.33%	63 956 247	38.81%	49 040 164
Waste Management (refuse)	11.78%	17 387 891	12.12%	15 319 367
Waste Water Management (Sewerage)	21.56%	31 823 823	21.84%	27 589 294
Property Rentals	1.87%	2 755 648	1.68%	2 100 617
Town Commonage	3.46%	5 105 325	3.72%	4 704 351
Other	0.27%	392 366	0.30%	379 905
	100.00%	147 634 126	100.00%	126 348 139

The provision for bad debts could be allocated between the different categories of receivables (excl. fines and rates) as follow:

	2022 %	2022 R	2021 %	2021 R
National and Provincial Government	0.00%	-	0.06%	(74 917)
Industrial and Business	4.71%	(6 956 248)	7.50%	(9 475 683)
Residential	95.29%	(140 677 878)	92.44%	(116 797 539)
	100.00%	(147 634 126)	100.00%	(126 348 139)

No bad debt were written off during the year

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

	Exchange Receivables	Non-exchange Receivables
2022		
1 month past due	249 327	-
2+ months past due	6 408 848	-
	6 658 175	-
2021		
1 month past due	241 315	-
2+ months past due	6 163 920	-
	6 405 235	-

In previous financial years, the ageing for non-exchange receivables were disclosed. However as rates are a statutory receivable and not financial instrument, the disclosure were updated to exclude the ageing (outside scope of GRAP 104)

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

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). 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.

	2022 R	2021 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from Exchange Transactions	205 131 582	165 784 471
Receivables from Non-Exchange Transactions	3 003 366	2 028 832
Cash and Cash Equivalents	24 452 038	30 098 622
	232 586 987	197 911 925

(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
2022				
Long-term Liabilities	46 683	83 842	-	-
Trade and Other Payables	140 358 847	-	-	-
	140 405 531	83 842	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years	More than 10 years
2021				
Trade and Other Payables	114 223 769	-	-	-
	114 223 769	-	-	-

50. FINANCIAL INSTRUMENTS

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

50.1 Financial Assets	Classification	2022 R	2021 R
Investments			
Listed Investments	Financial Instruments at fair value	31 878	28 355
		2022 R	2021 R
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	47 755 463	35 362 728
Water management	Financial Instruments at amortised cost	82 654 987	65 045 771
Property Rentals	Financial Instruments at amortised cost	2 929 787	2 208 398
Waste Management	Financial Instruments at amortised cost	22 904 771	19 682 657
Waste Water Management	Financial Instruments at amortised cost	43 435 233	38 306 357
Town commage	Financial Instruments at amortised cost	5 091 585	4 728 797
Other receivables from exchange transactions	Financial Instruments at amortised cost	359 757	449 764
Receivables from Non-Exchange Transactions			
Sundry debtors	Financial Instruments at amortised cost	1 096 667	609 614
Sundry deposits	Financial Instruments at amortised cost	1 906 700	1 419 218
		2022 R	2021 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	3 807 106	4 524 532
Call Deposits	Financial Instruments at amortised cost	20 644 932	25 574 090
Total Financial Assets			

SUMMARY OF FINANCIAL ASSETS

		2022 R	2021 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	47 755 463	35 362 728
Receivables from Exchange Transactions	Water management	82 654 987	65 045 771
Receivables from Exchange Transactions	Property Rentals	2 929 787	2 208 398
Receivables from Exchange Transactions	Waste Management	22 904 771	19 682 657
Receivables from Exchange Transactions	Waste Water Management	43 435 233	38 306 357
Receivables from Exchange Transactions	Town commage	5 091 585	4 728 797
Receivables from Exchange Transactions	Other receivables from exchange transactions	359 757	449 764
Receivables from Non-Exchange Transactions	Sundry debtors	1 096 667	609 614
Receivables from Non-Exchange Transactions	Sundry deposits	1 906 700	1 419 218
Cash and Cash Equivalents	Bank Balances	3 807 106	4 524 532
Cash and Cash Equivalents	Call Deposits	20 644 932	25 574 090
		232 586 987	197 911 925

Financial Instruments at fair value:

		2022 R	2021 R
Investments	Listed Investments	31 878	28 355
		31 878	28 355

Total Financial Assets

		2022 R	2021 R
		232 586 987	197 911 925

50.2 Financial Liabilities

	Classification	2022 R	2021 R
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	643 842	-

		2022	2021
		R	R
Trade and Other Payables			
Retentions	Financial Instruments at amortised cost	481 188	631 074
Sundry creditors	Financial Instruments at amortised cost	7 876 407	8 197 260
Sundry deposits	Financial Instruments at amortised cost	184 801	165 091
Trade payables	Financial Instruments at amortised cost	124 433 622	98 545 634
		2022	2021
		R	R
Current Portion of Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	46 683	-
		2022	2021
		R	R
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	16 558 310	19 893 866
		2022	2021
		R	R
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:		2022	2021
		R	R
Long-term Liabilities	Capitalised Lease Liability	643 842	-
Current portion of Long-term liabilities	Capitalised Lease Liability	46 683	-
Trade and Other Payables	Retentions	481 188	631 074
Trade and Other Payables	Sundry creditors	7 876 407	8 197 260
Trade and Other Payables	Sundry deposits	184 801	165 091
Trade and Other Payables	Trade payables	124 433 622	98 545 634
Cash and Cash Equivalents	Bank Overdraft	16 558 310	19 893 866
		160 224 854	127 432 924

51. STATUTORY RECEIVABLES

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

		2022	2021
		R	R
Taxes			
VAT Receivable		20 110 027	12 670 076
Receivables from Non-Exchange Transactions		202 204 258	187 782 386
Rates		85 553 897	71 852 550
Fines		116 650 361	115 929 836
Total Statutory Receivables (before provision)		222 314 285	200 452 463
Less: Provision for Debt Impairment		(179 499 213)	(168 715 801)
Total Statutory Receivables (after provision)		42 815 072	31 736 661

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedures Act

Statutory receivables are initially measured at transaction value, and subsequently at cost.

		2022	2021
		R	R
(Rates): Ageing			
Current (0 - 30 days)		1 332 643	1 380 067
31 - 60 Days		739 698	712 981
61 - 90 Days		645 202	655 396
+ 90 Days		82 036 354	69 104 147
Total		85 553 897	71 852 550

Reconciliation of Provision for Debt Impairment

		2022	2021
		R	R
Balance at beginning of year		168 715 801	159 014 321
Contribution to provision		10 783 411	9 701 480
Balance at end of year		179 499 212	168 715 801

Property Rates: Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment per the debt control policy of the municipality. The indication of impairment is the non-ability of the debtor to settle their account.

Fines: Fines are impaired per individual fine based on collection of debt. The indication of impairment is the non-ability of the debtor to settle their account.

		2022	2021
		R	R
Ageing of amounts past due and impaired:			
1 month past due		391 056	401 772
2+ months past due		69 519 576	59 604 088
		69 910 631	60 005 860

Management base the consideration past due and impaired on the rate debtor's payments. Per the debt control policy of the municipality past due and impaired include the category of residential, industrial & commercial and other debtors. Government debtors are not impaired.

	2022 R	2021 R			
Ageing of amounts past due but not impaired:					
1 month past due	144 605	115 315			
2+ months past due	4 597 243	4 494 388			
	4 741 848	4 609 703			
Management base the consideration on the debtor's payments. Per the debt control policy government debtors are not impaired as it is viewed that they are obliged to pay and therefore included in the category past due and not impaired					
	2022 R	2021 R			
Interest Received from Statutory Receivables					
Rates	2 253 395	746 913			
	2 253 395	746 913			
Interest is levied at a rate determined by the council on outstanding rates amounts.					
	2022 R	2021 R			
52. IN-KIND DONATIONS AND ASSISTANCE					
The municipality did not receive any in-kind donations or assistance during the year under review.	-	-			
	2022 R	2021 R			
53. PRIVATE PUBLIC PARTNERSHIPS					
Council has not entered into any private public partnerships during the financial year.	-	-			
	2022 R	2021 R			
54. CONTINGENCIES					
Emthanjeni // Hamsa Consulting – Northern Cape High Court					
The litigation is in relation to capital project for the supply and install on grid streetlights. At the 30 June 2022 the litigation was still under way and therefore outcome was still uncertain.	-	-			
Emthanjeni//Luvacon Civils					
The litigation is in relation to capital project for the implementation of boreholes. At the 30 June 2022 the litigation was still under way and therefore outcome was still uncertain.	-	-			
Emthanjeni//Various farmers					
There is a brewing dispute between the Municipality and various land owners about the extraction of water by the Municipality from farms. It is foreseen that these land owners may institute legal claims against the Municipality in due course. At 30 June 2022 the possible claim amount could not be measured with certainty.	-	-			
Emthanjeni//GIBB Engineering and Architecture					
The litigation is in relation to capital project for capital project - Stormwater phase 2. A demand letter was received on 25 June 2021, for the settlement of an outstanding balance, the matter however was not settled yet at 30 June 2022.	206 352	206 352			
	2022 R	2021 R			
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					
	Rates - Levied 1 July 2021- 30 June 2022	Service charges - Levied 1 July 2021- 30 June 2022	Other - Levied 1 July 2021- 30 June 2022	Outstanding Balance - 30 June 2022	Provision for impairment - 30 June 2022
Year ended 30 JUNE 2022					
Councillors					
<i>FCS Swanepoel</i>	309	1 872	-	8 039	8 036
<i>MN Mackay</i>	188	6 689	-	7 976	5 571
<i>SW Makhandula</i>	1 088	4 860	-	40 982	28 605
<i>JT Brandt</i>	40	5 319	-	9 648	3 858
<i>GK Engelbrecht</i>	10 140	7 071	-	1 477	-
<i>LE Andrews</i>	94	5 079	-	6 638	2 655
<i>JM Fortuin</i>	2 538	3 504	-	19 265	9 632
<i>PP Mthauli</i>	74	12 651	(1 657)	9 939	-
<i>PN Bushula</i>	161	6 661	2 715	73 158	29 263
<i>R Smith</i>	-	-	-	-	-
<i>B Swanepoel</i>	175	3 986	-	11 491	11 491
<i>RH Adams-Beukes</i>	389	28 256	-	58 225	23 290
<i>MST Booysen</i>	2 458	5 001	-	8632,45	4 385
<i>MC Kivedo</i>	2 189	13 253	1 949	9 935	6 021
<i>GL Nkumbi</i>	1 048	8 229	-	0	0
	20 891	112 429	3 006	265 405	132 806
	Rates - Levied 1 July 2021- 30 June 2022	Service charges - Levied 1 July 2021- 30 June 2022	Other - Levied 1 July 2021- 30 June 2022	Outstanding Balance - 30 June 2022	Provision for impairment - 30 June 2022
Year ended 30 JUNE 2022					
Municipal Manager and Section 57 Employees					
<i>J Visser</i> <i>Municipal Manager</i>	11 362	7 893	-	1 607	-
<i>MF Manuel</i> <i>Director: Financial services</i>	12 544	8 522	-	1 733	-
<i>TW Msengana</i> <i>Director: Corporate services</i>	1 206	1 414	1	7 151	3 575
<i>HM Joka</i> <i>Director: Community services</i>	2 874	10 896	11 570	65 209	26 084
<i>L Thiso</i> <i>Director: Infrastructure and Technical Services</i>	-	-	-	-	-
	27 986	28 726	11 571	75 699	29 659

EMTHANJENI LOCAL MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Rates - Levied 1 July 2020 - 30 June 2021	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balance - 30 June 2021	Provision for impairment - 30 June 2021
Year ended 30 JUNE 2021					
Councillors					
D Vanel	142	6 759	-	4 902	237
NP Mkontwana	1 838	5 682	12 930	3 210	642
PD Van Wyk	959	7 902	-	1 365	241
WJ Du Plessis	10 449	13 799	6 788	600	-
L Billie	-	5 485	13 114	-	-
PP Mhlauli	-	4 768	5 813	6 482	-
ST Stronga	3 126	5 797	13 464	-	-
SJ Hoffman	465	5 894	-	-	-
SP Wales	-	653	16	5	5
CJ Louw	258	3 695	1	0	-
MO Maramba	5 916	7 365	-	1 395	-
PN Bushule	-	2 443	508	10 465	10 465
HJ Rust	7 524	5 191	7 919	0.01	0.01
	30 686	75 433	60 553	28 424	11 590
Year ended 30 JUNE 2021					
Municipal Manager and Section 57 Employees					
I Visser - Municipal Manager	11 017	7 366	4 510	918	-
MF Manuel - Director Financial Services	14 350	13 256	1 566	340	136
TW Masangana - Director Corporate Services	1 766	1 308	334	-	-
HM Joka - Director Community Services	2 617	18 364	9 995	4 749	1 900
L Thiso - Director Infrastructure and Technical Services	-	-	-	-	-
W Lubbe - Director Infrastructure and Technical Services	12 671	20 096	49	-	-
	42 421	60 390	16 455	6 007	2 036

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.

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

55.3 Compensation of related parties

The compensation of related parties is set out in note 31 and 32 to the Annual Financial Statements. Councillors and management comprises of persons responsible for planning, directing and controlling the activities of the Municipality

2022
R

2021
R

55.4 Other related party transactions

Councillors and/or management of the municipality had relationships with business during the financial period as indicated below:

No purchases was made from them during the financial year and prior year.

30 JUNE 2022

Company Name	Amount	Interest
Noedus Bakery Primary Co-Operative	-	PP Mhlauli (councillor) is a director
Jupiter Construction and Enterprise	-	J.Fortuin (councillor) is a director
Zyuka Security and Training Company	-	J.Fortuin (councillor) is a director
Pinky Sime Rose 2 Men	-	RH Adams-Beukes (councillor) is a director
Khazimia Sound Equipment	-	SW Makandula (councillor) is a director
Primary Co-operative Limited	-	SW Makandula (councillor) is a director
Ingomoso Youth General Trading	-	SW Makandula (councillor) is a director
Emthanjeni Business Council	-	SW Makandula (councillor) is a director
De Aar Community Forum	-	SW Makandula (councillor) is a director
SNS Empowerment	-	SW Makandula (councillor) is a director
Rehoboth Joan Wertheim Centre	-	R.Smith (councillor) is a director
Van Zyl Booyesen Institution	-	M Booyesen (councillor) is a director
Chartered Institute of Government Finance Audit and Risk Officers	-	F Manuel (CFO) is a director
Dirathata	-	L Thiso (Director-Infrastructure) is a director
The Rise of the Umpire	-	H.Joka (Director:Community Services) is a director

30 JUNE 2021

Company Name	Amount	Interest
Noedus Bakery Primary Co-Operative	-	PP Mhlauli is a director
Rehoboth Joan Wertheim Centre	-	W Wales is a director
The Rise of Umpire	-	H.Joka is a director
Dirathata	-	L Thiso is a director

56. FINANCIAL SUSTAINABILITY

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

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

Financial Indicators

The current ratio decreased to 0.87 from 0.72 in the prior year.

The municipality have budgeted for a surplus of R31 055 620 for the 2021/2022 financial year. The municipality is also budgeting for positive cash flows during 2021/2022 and 2022/2023 amounting to R31 055 620 and R58 730 168 respectively.

The municipality had an actual deficit R28 361 664 for the current year.

The average debtors' payment days increased to 754 days from 380 days.

The average creditors payment period is 381 days (2021: 334 days).

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R25 251 215 (2021: R50 529 319).

A bank overdraft facility is utilised amounting to R16 558 309

The municipality is in had a positive bank balance with ABSA to an amount of R1 490 383 (2021 - R592 310 in arrears) as per bank statement.

The bank balance as per the cash book (primary account) for the current year is (R16 558 309) and (R19 893 866) (2021).

There was a decrease of R2 311 028 in cash and cash equivalents for the current year and increase R3 692 228 for the prior year, as per cashflow statement.

The municipality has call investment deposits for the current year of R20 644 931 and R25 574 090 (2021)

Unless sustainable job creation is achieved, the municipality will not be able to function as a going concern without Government Grants and Subsidies.

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

57. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

58. PRINCIPAL/AGENT AGREEMENTS

Agent in arrangement

The municipality (agent) collects licencing fees on behalf of the Provincial Department of Transport and Public Works (principal). 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 Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

There was not a change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.

	2021	2020
	R	R
Compensation received for agency activities		
Commission	538 344	606 676
Total Compensation received	538 344	606 676

EMTHANJENI LOCAL MUNICIPALITY

REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

60 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS - Municipal Function

- Vote 1 - Office of the Mayor
- Vote 2 - Municipal Manager
- Vote 3 - Finance
- Vote 4 - Corporate Services
- Vote 5 - Community and Social Services
- Vote 6 - Infrastructure

SECONDARY SEGMENTS

Mscoc Functional Segments identified	Aggregation	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, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Public safety	Aggregated	Governance and Administration	Supporting service departments
	Health services	Aggregated	Governance and Administration	Supporting service departments
	Housing services	Aggregated	Governance and Administration	Supporting service departments
• Economic and environmental services	Planning and development	Individually Reported	Economic and environmental services	Building plans
	Road transport	Aggregated	Governance and Administration	Supporting service departments
	Environmental protection services	Aggregated	Governance and Administration	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management service
• Other	Abattoirs	Aggregated	Governance and Administration	Supporting service departments
	Air Transport	Aggregated	Other	Airfield Rental
	Forestry	Aggregated	Governance and Administration	Supporting service departments
	Licensing and Regulation	Aggregated	Other	Licensing
	Markets	Aggregated	Governance and Administration	Supporting service departments
	Tourism	Aggregated	Other	Tourism

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

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

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.

EMTHANJENI LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Vote 1 - Office of the Mayor	Vote 2 - Municipal Manager	Vote 3 - Finance	Vote 4 - Corporate Services	Vote 5 - Community and Social Services	Vote 6 - Infrastructure	Total
	R	R	R	R	R	R	
SEGMENT REVENUE							
External revenue from exchange transactions							
Service Charges - Electricity Revenue	-	-	-	-	-	(94 588 290)	(94 588 290)
Service Charges - Water Revenue	-	-	-	-	-	(33 890 990)	(33 890 990)
Service Charges - Sanitation Revenue	-	-	-	-	-	(15 331 485)	(15 331 485)
Service Charges - Refuse Revenue	-	-	-	-	(7 677 571)	-	(7 677 571)
Rental of Facilities and Equipment	(1 901 754)	-	(15 869)	-	(475 817)	-	(2 393 440)
Interest Earned - External Investments	-	-	(1 292 645)	-	(4 345)	-	(1 296 990)
Interest Earned - Outstanding Debtors	-	-	(2 253 395)	-	(304 421)	(2 556 640)	(5 114 457)
Licences and Permits	-	-	-	-	(379 920)	(538 344)	(918 264)
Other Revenue	(1 148 012)	-	(97 417)	-	(575 387)	(39 513)	(1 860 329)
Gains	2 754 436	-	-	-	-	-	2 754 436
External revenue from non-exchange transactions							
Fines	-	-	-	-	(1 244 484)	(202 738)	(1 447 222)
Property rates	-	-	(39 620 403)	-	-	-	(39 620 403)
Agency Services	-	-	-	-	-	-	-
Transfers Recognised - Operational	(2 275 184)	(13 461 999)	(14 999 516)	-	(6 876 816)	(15 623 570)	(53 237 084)
Total Segment Revenue (excluding capital transfers and contributions)	(2 570 513)	(13 461 999)	(58 279 244)	-	(17 538 762)	(162 771 569)	(254 622 088)
SEGMENT EXPENDITURE							
Employee Related Costs	3 374 449	1 980 386	15 492 322	6 386 405	32 895 798	33 541 277	93 670 636
Remuneration of Councillors	5 714 447	-	-	-	-	-	5 714 447
Debt Impairment	-	-	9 914 463	-	3 528 007	13 106 042	26 548 513
Depreciation and Asset Impairment	49 854 806	-	-	12 754	2 778 032	-	52 645 591
Finance Charges	9 152 423	-	4 706 176	-	15 094	89 988	13 963 680
Bulk Purchases	-	-	-	-	-	80 410 544	80 410 544
Other Materials	21 078	-	2 203	11 954	825 941	1 233 018	2 094 194
Contracted Services	2 924 728	-	9 392 407	(23 117)	676 550	2 593 450	15 564 017
Other Expenditure	2 874 155	110 195	2 878 995	850 329	3 283 430	14 254 124	24 251 227
Losses	-	-	-	-	-	(19 508 113)	(19 508 113)
Total Segment Expenditure	73 916 086	2 090 580	42 386 565	7 238 325	44 002 851	125 720 330	295 354 737
Surplus/(Deficit)							
Transfers Recognised - Capital	-	-	-	-	-	(11 274 117)	(11 274 117)
Contributions Recognised - Capital	-	-	-	-	-	(1 096 868)	(1 096 868)
Contributed Assets	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	71 345 572	(11 371 419)	(15 892 679)	7 238 325	26 464 089	(49 422 223)	28 361 665
Capital expenditure per segment	-	10 000	184 858	-	32 579	5 518 318	5 745 755

EMTHANJENI LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Trading services						Other	Governance and Administration	Unallocated	Total
	Community and public safety	Economic and environmental services	Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	(1 404 712)	-	(95 628 302)	(34 853 628)	(15 898 281)	(7 977 968)	-	(7 308 924)	-	(160 317 379)
Service Charges - Electricity Revenue	-	-	(94 588 290)	-	-	-	-	-	-	(94 588 290)
Service Charges - Water Revenue	-	-	(3 736)	(33 887 253)	-	-	-	-	-	(33 890 990)
Service Charges - Sanitation Revenue	-	-	-	-	(15 331 485)	-	-	-	-	(15 331 485)
Service Charges - Refuse Revenue	-	-	-	-	-	(7 677 571)	-	-	-	(7 677 571)
Rental of Facilities and Equipment	(445 059)	-	-	-	-	-	-	(1 948 381)	-	(2 393 440)
Interest Earned - External Investments	(4 345)	-	-	-	-	-	-	(1 292 645)	-	(1 296 990)
Interest Earned - Outstanding Debtors	-	-	(1 036 276)	(966 374)	(553 990)	(300 397)	-	(2 257 419)	-	(5 114 457)
Licences and Permits	(379 920)	-	-	-	-	-	-	(538 344)	-	(918 264)
Other Revenue	(575 387)	-	-	-	(12 806)	-	-	(1 272 136)	-	(1 860 329)
Gains	-	-	-	-	-	-	-	2 754 436	-	2 754 436
External revenue from non-exchange transactions	(2 016 768)	-	(2 449 306)	(4 919 460)	(8 457 542)	(5 704 531)	-	(70 757 101)	-	(94 304 709)
Fines	(1 244 484)	-	(202 738)	-	-	-	-	-	-	(1 447 222)
Property rates	-	-	-	-	-	-	-	(39 620 403)	-	(39 620 403)
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	(772 284)	-	(2 246 568)	(4 919 460)	(8 457 542)	(5 704 531)	-	(31 136 699)	-	(53 237 084)
Other Revenue	-	-	-	-	-	-	-	-	-	-
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	(3 421 480)	-	(98 077 608)	(39 773 088)	(24 355 823)	(13 682 499)	-	(78 066 025)	-	(254 622 088)
SEGMENT EXPENDITURE										
Employee Related Costs	20 928 017	8 049 440	7 424 082	3 372 590	5 550 209	9 518 692	-	38 827 606	-	93 670 636
Remuneration of Councillors	-	-	-	-	-	-	-	5 714 447	-	5 714 447
Debt Impairment	869 660	-	(1 540 274)	11 203 597	3 442 720	1 723 999	-	10 848 811	-	26 548 513
Depreciation and Asset Impairment	-	-	-	-	-	2 778 032	-	49 867 560	-	52 645 591
Finance Charges	-	-	48 972	10 285	10 119	15 094	-	13 879 210	-	13 963 680
Bulk Purchases	-	-	80 406 271	4 273	-	-	-	-	-	80 410 544
Other Materials	568 407	5 493	447 289	398 859	46 167	257 533	-	370 445	-	2 094 194
Contracted Services	676 550	-	1 071 494	1 059 585	276 523	-	-	12 479 866	-	15 564 017
Other Expenditure	1 962 306	1 376 900	(14 247 626)	3 497 099	2 819 929	1 170 302	-	8 164 205	-	4 743 114
Losses	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	25 004 941	9 431 833	73 610 208	19 546 288	12 145 666	15 463 651	-	140 152 149	-	295 354 737
Surplus/(Deficit)										
Transfers Recognised - Capital	-	(3 973 034)	(1 561 584)	(1 930 673)	-	-	-	(3 808 826)	-	(11 274 117)
Contributions Recognised - Capital	-	-	(1 096 868)	-	-	-	-	-	-	(1 096 868)
Contributed Assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	21 583 461	5 458 798	(26 028 983)	(22 157 473)	(12 210 157)	1 781 152	-	58 277 298	-	28 361 665

EMTHANJENI LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Vote 1 - Office of the Mayor	Vote 2 - Municipal Manager	Vote 3 - Finance	Vote 4 - Corporate Services	Vote 5 - Community and Social Services	Vote 6 - Infrastructure	Total
	R	R	R	R	R	R	
SEGMENT REVENUE							
External revenue from exchange transactions	(2 444 650)	-	(2 040 787)	-	(8 558 730)	(136 241 562)	(149 285 729)
Service Charges - Electricity Revenue	-	-	-	-	-	(88 105 850)	(88 105 850)
Service Charges - Water Revenue	-	-	-	-	-	(31 917 471)	(31 917 471)
Service Charges - Sanitation Revenue	-	-	-	-	-	(13 803 269)	(13 803 269)
Service Charges - Refuse Revenue	-	-	-	-	(6 875 784)	-	(6 875 784)
Rental of Facilities and Equipment	(794 496)	-	(6 433)	-	(437 345)	-	(1 238 274)
Interest Earned - External Investments	-	-	(1 177 801)	-	(4 536)	-	(1 182 337)
Interest Earned - Outstanding Debtors	-	-	(746 913)	-	(253 644)	(1 769 717)	(2 770 274)
Licences and Permits	-	-	-	-	(362 862)	(606 676)	(969 538)
Other Revenue	(1 649 489)	-	(109 641)	-	(624 559)	(38 580)	(2 422 269)
Gains	(665)	-	-	-	-	-	(665)
External revenue from non-exchange transactions	(3 446 467)	(615 290)	(58 388 274)	-	(9 479 220)	(20 527 881)	(92 457 132)
Fines	-	-	-	-	(1 045 789)	(241 873)	(1 287 663)
Property Rates	-	-	(39 419 873)	-	-	-	(39 419 873)
Licences and Permits	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-
Transfers Recognised - Operational	(3 446 467)	(615 290)	(18 968 401)	-	(8 433 431)	(20 286 008)	(51 749 597)
Other Revenue	-	-	-	-	-	-	-
Gains on Disposal of PPE	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	(5 891 117)	(615 290)	(60 429 062)	-	(18 037 950)	(156 769 443)	(241 742 861)
SEGMENT EXPENDITURE							
Employee Related Costs	2 234 015	1 907 915	12 910 322	6 612 976	31 364 045	31 975 132	87 004 404
Remuneration of Councillors	5 682 471	-	-	-	-	-	5 682 471
Debt Impairment	-	-	6 109 674	-	4 804 151	19 893 683	30 807 509
Depreciation and Asset Impairment	(565 717)	-	6 310 720	72 344	2 201 817	44 189 775	52 208 938
Finance Charges	7 882 659	-	3 461 344	-	57 297	450 057	11 851 357
Bulk Purchases	-	-	-	-	-	72 890 341	72 890 341
Other Materials	440 016	14 350	8 694	19 617	503 554	2 494 168	3 480 398
Contracted Services	945 121	-	6 484 763	966 262	229 813	1 530 107	10 156 067
Other Expenditure	2 124 334	109 701	2 775 705	516 738	3 489 098	20 580 230	29 595 807
Losses	2 869 125	-	-	-	-	27 230 237	30 099 362
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	21 612 024	2 031 967	38 061 222	8 187 938	42 649 775	221 233 729	333 776 654
Surplus/(Deficit)	15 720 907	1 416 677	(22 367 840)	8 187 938	24 611 825	64 464 286	92 033 792
Transfers Recognised - Capital	-	-	-	-	-	(11 706 049)	(11 706 049)
Contributions Recognised - Capital	-	-	-	-	-	(4 975 198)	(4 975 198)
Contributed Assets	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	15 720 907	1 416 677	(22 367 840)	8 187 938	24 611 825	47 783 038	75 352 545
Capital expenditure per segment	29 464	-	4 480 708	-	44 830	24 265 540	28 820 542

EMTHANJENI LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management services				
	R	R	R				R	R	R	
SEGMENT REVENUE										
External revenue from exchange transactions	(1 389 992)	-	(88 776 190)	(32 570 162)	(14 266 024)	(7 125 761)	-	(5 157 599)	-	(149 285 729)
Service Charges - Electricity Revenue	-	-	(88 105 850)	-	-	-	-	-	-	(88 105 850)
Service Charges - Water Revenue	-	-	-	(31 917 471)	-	-	-	-	-	(31 917 471)
Service Charges - Sanitation Revenue	-	-	-	-	(13 803 269)	-	-	-	-	(13 803 269)
Service Charges - Refuse Revenue	-	-	-	-	-	(6 875 784)	-	-	-	(6 875 784)
Rental of Facilities and Equipment	(398 035)	-	-	-	-	-	(840 239)	-	-	(1 238 274)
Interest Earned - External Investments	(4 536)	-	-	-	-	-	(1 177 801)	-	-	(1 182 337)
Interest Earned - Outstanding Debtors	-	-	(670 340)	(652 692)	(446 685)	(249 978)	-	(750 579)	-	(2 770 274)
Licences and Permits	(362 862)	-	-	-	-	-	-	(606 676)	-	(969 538)
Other Revenue	(624 559)	-	-	-	(16 070)	-	-	(1 781 640)	-	(2 422 269)
Gains	-	-	-	-	-	-	-	(665)	-	(665)
External revenue from non-exchange transactions	(1 045 789)	-	(3 158 869)	(6 387 542)	(10 981 470)	(7 983 431)	-	(62 900 031)	-	(92 457 132)
Fines	(1 045 789)	-	(241 873)	-	-	-	-	-	-	(1 287 663)
Property Rates	-	-	-	-	-	-	-	(39 419 873)	-	(39 419 873)
Licences and Permits	-	-	-	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	-	-	-	-	-
Transfers Recognised - Operational	-	-	(2 916 996)	(6 387 542)	(10 981 470)	(7 983 431)	-	(23 480 158)	-	(51 749 597)
Other Revenue	-	-	-	-	-	-	-	-	-	-
Gains on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	(2 435 782)	-	(91 935 060)	(38 957 704)	(25 247 494)	(15 109 192)	-	(68 057 629)	-	(241 742 861)
SEGMENT EXPENDITURE										
Employee Related Costs	19 556 690	7 887 166	7 329 127	2 980 148	5 110 355	9 567 226	-	34 573 693	-	87 004 404
Remuneration of Councillors	-	-	-	-	-	-	-	5 682 471	-	5 682 471
Debt Impairment	3 397 125	-	4 887 906	13 014 681	1 991 097	714 985	-	6 801 715	-	30 807 509
Depreciation and Asset Impairment	212 346	376 645	23 343 368	6 770 506	3 722 007	1 965 780	-	15 818 285	-	52 208 938
Finance Charges	53 513	-	211 864	38 928	195 482	3 784	-	11 347 787	-	11 851 357
Bulk Purchases	-	-	71 826 730	1 063 612	-	-	-	-	-	72 890 341
Other Materials	328 354	8 763	1 422 170	308 002	218 313	175 200	-	1 019 597	-	3 480 398
Contracted Services	229 813	13 119	1 148 591	265 667	-	-	-	8 498 876	-	10 156 067
Other Expenditure	2 028 701	889 871	8 412 202	4 331 348	4 649 849	1 347 501	-	7 936 334	-	29 595 807
Loss on Disposal of PPE	-	-	27 230 237	-	-	-	-	2 869 125	-	30 099 362
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	25 806 541	9 175 564	145 812 194	28 772 892	15 887 103	13 774 477	-	94 547 883	-	333 776 654
Surplus/(Deficit)	23 370 760	9 175 564	53 877 134	(10 184 812)	(9 360 392)	(1 334 715)	-	26 490 254	-	92 033 792
Transfers Recognised - Capital	-	(3 828 356)	(489 863)	-	-	-	-	(7 387 831)	-	(11 706 049)
Contributions Recognised - Capital	-	-	(4 975 198)	-	-	-	-	-	-	(4 975 198)
Contributed Assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	23 370 760	5 347 208	48 412 073	(10 184 812)	(9 360 392)	(1 334 715)	-	19 102 423	-	75 352 545

**APPENDIX A
EMTHANJENI LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022**

EXTERNAL LOANS	Rate	Supplier	Maturity date	Balance at 30 JUNE 2021	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2022
LEASE LIABILITY							
1 x PIDNEY BOWES D1425 DEMO MACHINE	9.75%	ITEC Freestate	2025/01/01	-	690 526	-	690 526
Total Lease Liabilities				-	690 526	-	690 526
TOTAL EXTERNAL LOANS				-	690 526	-	690 526

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

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			Governance and Administration			
6 505 742	22 333 062	(15 827 320)	Executive and council	18 786 949	77 518 586	(58 731 637)
60 429 062	46 249 159	14 179 902	Finance and administration	58 279 244	49 624 890	8 654 354
			Community and Public Safety			
1 006 212	13 977 560	(12 971 348)	Community and social services	1 765 149	12 759 741	(10 994 591)
6 861	5 353 063	(5 346 202)	Sport and recreation	21 219	5 247 521	(5 226 302)
1 422 709	6 388 652	(4 965 943)	Public safety	1 635 112	6 786 327	(5 151 215)
492 976	3 068 757	(2 575 781)	Housing	434 782	3 534 259	(3 099 477)
824	25 397	(24 573)	Health	974	31 262	(30 288)
			Economic and Environmental Services			
3 828 356	9 175 564	(5 347 208)	Planning and development	3 973 034	9 431 833	(5 458 798)
8 016 191	21 560 579	(13 544 388)	Road transport	4 372 903	10 955 073	(6 582 170)
			Trading Services			
97 400 121	145 812 194	(48 412 073)	Energy sources	100 739 723	73 613 872	27 125 851
38 957 704	28 772 892	10 184 812	Water management	41 703 760	19 546 288	22 157 473
25 247 494	15 887 103	9 360 392	Waste water management	24 355 823	12 145 666	12 210 157
15 109 192	13 861 743	1 247 449	Waste management	13 682 499	15 675 003	(1 992 504)
-	1 310 264	(1 310 264)	Other	-	1 242 516	(1 242 516)
258 423 444	333 775 989	(75 352 545)		269 751 172	298 112 836	(28 361 665)

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

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
5 890 452	21 611 359	(15 720 907)	Office of the Mayor	5 324 949	76 670 522	(71 345 572)
615 290	2 031 967	(1 416 677)	Municipal Manager	13 461 999	2 090 580	11 371 419
60 429 062	38 061 222	22 367 840	Finance	58 279 244	42 386 565	15 892 679
-	8 187 938	(8 187 938)	Corporate Services	-	7 238 325	(7 238 325)
18 037 950	42 649 775	(24 611 825)	Community & Social Services	17 538 762	44 002 851	(26 464 089)
173 450 691	221 233 729	(47 783 038)	Infrastructure	175 146 217	125 723 994	49 422 223
258 423 444	333 775 989	(75 352 545)	Sub Total	269 751 172	298 112 836	(28 361 665)
			Less Inter-Departmental Charges			
258 423 444	333 775 989	(75 352 545)	Total	269 751 172	298 112 836	(28 361 665)

APPENDIX D
EMTHANJENI LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2022
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation							Accumulated Impairment					Accumulated Depreciation					Carrying Value	
	Opening Balance	Correction of Error	Revaluation	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Correction of Error	Additions	Disposals	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals		Closing Balance
Executive & Council	16 124 356		1 072 400.00	10 793		11 291	17 196 259	-			-		-	1 100 447		62 520	11 291	1 151 676	16 044 583
Finance & Admin	242 166 935			184 858		31 096 446	211 255 346	4 268 021			157 504.76		4 110 517	130 579 954		6 886 603	23 698 782	113 767 775	93 377 054
Planning & Development	4 981 615			-		6 360	4 975 255	7			-		7	2 530 391		496 106	6 360	3 020 137	1 955 111
Health	43 338			-		-	43 338	-			-		-	8 326		5 786	-	14 112	29 227
Community & Social Services	2 548 117			31 681		24 481	2 555 316	1 540			6.05		1 534	2 018 925		145 768	24 475	2 140 218	413 564
Housing	1 391 018			-		1 938	1 389 080	215			-		215	787 515		15 806	1 938	801 383	587 482
Public Safety	746 266			898		-	747 164	-			-		-	585 497		19 729	-	605 226	141 938
Sport & Recreation	433 595			-		103 107	330 488	-			-		-	384 871		24 292	103 107	306 056	24 432
Waste Management	50 415 688			(5 363 929)		-	45 051 758	3 038			-		3 038	17 635 895		2 810 645	-	20 446 540	24 602 181
Waste Water Management	142 857 294			3 147 855		-	146 005 149	-			-		-	41 301 741		2 386 586	-	43 688 327	102 316 823
Road Transport	435 967 166			2 069 133		-	438 036 299	3 474 448			-		3 474 448	301 202 266		9 905 940	-	311 108 206	123 453 645
Water	344 723 449			1 147 227		117	345 870 559	2 023 683			-		2 023 683	132 486 700		6 405 463	117	138 892 046	204 954 831
Electricity	1 048 012 597			4 518 032		20 095	1 052 510 534	505 096			-		505 096	759 700 509		23 478 527	20 088	783 158 948	268 846 491
Other	55 574			-		-	55 574	-			-		-	51 018		1 823	-	52 841	2 733
	2 290 467 008	0		5 746 548	-	31 263 836	2 266 022 120	10 276 049	-		157 511	-	10 118 538	1 390 374 055	-	52 645 592	23 866 159	1 419 153 488	836 750 094

APPENDIX E
EMTHANJENI LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2021	Correction of Error	Restated Balance 1 July 2021	Contributions during the year	Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Transferred to Revenue	Balance 31 June 2022
National Government Grants									
National Equitable Share	-	-	-	36 827 000	13 108 573	(49 935 573)			-
National: Financial Management Grant	-	-	-	1 700 000		(1 700 000)			-
National: Municipal Infrastructure Grant	16 757 320	-	16 757 320	8 596 000	(11 434 573)	(429 800)	(3 312 023)	(496 803)	9 680 120
National: Integrated National Electrification Programme Grant	522 337	-	522 337	1 600 000	(522 000)	-	(1 357 899)	(203 685)	38 754
National: Energy Efficiency and Demand Management Grant	242 545	-	242 545	3 000 000	(243 000)	-	(2 583 635)	(387 545)	28 364
National: Expanded Public Works Programme Integrated Grant	1 560 725	-	1 560 725	1 389 000	(909 000)	-	(946 352)	(55 501)	1 038 872
National: Water services infrastructure grant	-	-	-	4 000 000		-	(897 987)	(134 698)	2 967 315
Total National Government Grants	19 082 927	-	19 082 927	57 112 000	-	(52 065 373)	(9 097 897)	(1 278 233)	13 753 425
Provincial Government Grants									
Provincial Housing Accreditation	-	-	-	400 000		(400 000)	-	-	-
Provincial: Sport, Arts and Culture (Library Grant)	0	(740 000)	(740 000)	1 540 000		(761 607)		(10 678)	27 716
Provincial: Department of Education	1 232 100	-	1 232 100	-		-	-	-	1 232 100
Total Provincial Government Grants	1 232 100	(740 000)	492 100	1 940 000	-	(1 161 607)	-	(10 678)	1 259 816
Total Grants	20 315 027	(740 000)	19 575 027	59 052 000	-	(53 226 980)	(9 097 897)	(1 288 911)	15 013 240

APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2021/2022								2020/2021			
	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	39 820	–	39 820	39 620	–	(200)	-0.5%	-0.5%				39 420
Service charges	154 708	(6 000)	148 708	151 488	–	2 780	1.9%	-2.1%				140 702
Investment revenue	425	–	425	6 411	–	5 987	1410.1%	1410.1%				3 953
Transfers recognised - operational	54 274	–	54 274	53 237	–	(1 037)	-1.9%	-1.9%				51 750
Other own revenue	56 863	(2 000)	54 863	3 865	–	(50 999)	-93.0%	-93.2%				5 918
Total Revenue (excluding capital transfers and contributions)	306 091	(8 000)	298 091	254 622	–	(43 469)	14.6%	-16.8%				241 743
Employee costs	93 351	1 200	94 551	93 671	–	(880)	-0.9%	0.3%	–	–	–	87 004
Remuneration of councillors	6 715	–	6 715	5 714	–	(1 001)	-14.9%	-14.9%	–	–	–	5 682
Depreciation & asset impairment	9 891	–	9 891	52 646	42 755	42 755	432.3%	432.3%	–	–	–	52 209
Finance charges	3 342	(600)	2 742	13 964	11 222	11 222	409.3%	317.9%	–	–	–	11 851
Materials and bulk purchases	98 066	–	98 066	82 505	82 505	(15 561)	-15.9%	-15.9%	–	–	–	76 371
Other expenditure	80 868	(8 600)	72 268	66 364	–	(5 904)	-8.2%	-17.9%	–	–	–	100 659
Total Expenditure	292 232	(8 000)	284 232	314 863	34 899	30 631	10.8%	7.7%	–	–	–	333 777
Surplus/(Deficit)	13 859	–	13 859	(60 241)	–	(74 099)	-534.7%	-534.7%				(92 034)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27 596	(10 400)	17 196	11 274	–	(5 922)	-34.4%	-59.1%				11 706
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)	–	–	–	1 097	–	–	0.0%	0.0%				4 975
Surplus/(Deficit) after capital transfers & contributions	41 455	(10 400)	31 055	(47 870)	–	(80 021)	(0)	(0)				(75 353)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–				–
Surplus/(Deficit) for the year	41 455	(10 400)	31 055	(47 870)	–	(80 021)	-254.1%	-215.5%				(75 353)
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	27 596	(10 400)	17 196	11 274	–	(5 922)	-34.4%	-59.1%				22 344
Public contributions & donations	–	–	–	1 097	–	1 097	0.0%	0.0%				3 567
Borrowing	13 000	–	13 000	–	–	(13 000)	0.0%	0.0%				–
Internally generated funds	860	–	860	–	–	(860)	-100.0%	-100.0%				2 909
Total sources of capital funds	41 456	(10 400)	31 056	–	–	(18 685)	(0)	(0)				28 821
Cash flows												
Net cash from (used) operating	29 170	(10 600)	18 570	6 979	–	(11 591)	-62.4%	-76.1%				14 327
Net cash from (used) investing	(41 126)	10 400	(30 726)	(9 981)	–	20 745	-67.5%	-75.7%				(10 390)
Net cash from (used) financing	12 193	–	12 193	691	–	(11 502)	-94.3%	-94.3%				(241)
Cash/cash equivalents at the year end	237	(200)	37	7 897	–	7 859	21040.3%	3227.0%				10 208

APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2021/2022								2020/2021			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	65 270	-	65 270	77 066		11 797	18.07%	18.07%				66 935
Executive and council	4 879	-	4 879	18 787		13 908	285.02%	285.02%				6 506
Finance and administration	60 390	-	60 390	58 279		(2 111)	-3.50%	-3.50%				60 429
Internal audit		-					#DIV/0!	#DIV/0!				-
Community and public safety	4 592	-	4 592	3 857		(735)	-16.00%	-16.00%				2 929
Community and social services	1 716	-	1 716	1 765		49	2.84%	2.84%				1 006
Sport and recreation	31	-	31	21		(9)	-30.87%	-30.87%				7
Public safety	2 340	-	2 340	1 635		(705)	-30.14%	-30.14%				1 423
Housing	505	-	505	435		(70)	-13.82%	-13.82%				493
Health	-	-	-	1		1	#DIV/0!	0.00%				-
Economic and environmental services	14 434	(4 000)	10 434	8 346		(2 088)	-20.01%	-14.47%				11 845
Planning and development	13 985	(4 000)	9 985	3 973		(6 012)	-60.21%	-42.99%				3 828
Road transport	449	-	449	4 373		3 924	874.21%	874.21%				8 016
Trading services	249 391	(14 400)	234 991	180 482		(54 510)	-23.20%	-21.86%				176 715
Energy sources	139 162	(8 400)	130 762	100 740		(30 022)	-22.96%	-21.57%				97 400
Water management	53 820	(6 000)	47 820	41 704		(6 116)	-12.79%	-11.36%				38 958
Waste water management	35 831	-	35 831	24 356		(11 475)	-32.03%	-32.03%				25 247
Waste management	20 579	-	20 579	13 682		(6 896)	-33.51%	-33.51%				15 109
Other												
Total Revenue - Standard	333 687	(18 400)	315 287	269 751		(45 536)	-14.44%	-13.65%				258 423
Expenditure - Standard												
Governance and administration	57 710	(230)	57 480	127 143	-	69 663	121.2%	120.7%	-	-	-	68 582
Executive and council	17 042	152	17 193	77 519	-	60 325	350.9%	354.0%	-	-	-	22 333
Finance and administration	40 668	(381)	40 287	49 625	-	9 338	23.2%	23.0%	-	-	-	46 249
Internal audit					-		#DIV/0!	#DIV/0!	-	-	-	-
Community and public safety	31 865	659	32 524	28 359	-	(4 165)	-12.8%	-13.1%	-	-	-	28 813
Community and social services	14 467	227	14 694	12 760	-	(1 935)	-13.2%	-13.4%	-	-	-	13 978
Sport and recreation	5 325	94	5 419	5 248	-	(171)	-3.2%	-3.2%	-	-	-	5 353
Public safety	9 109	(125)	8 984	6 786	-	(2 197)	-24.5%	-24.1%	-	-	-	6 389
Housing	2 797	464	3 261	3 534	-	273	8.4%	9.8%	-	-	-	3 069
Health	166	-	166	31	-	(135)	-81.2%	-81.2%	-	-	-	25
Economic and environmental services	30 661	(451)	30 210	20 387	-	(9 823)	-32.5%	-32.0%	-	-	-	30 736
Planning and development	12 579	(572)	12 007	9 432	-	(2 575)	-21.4%	-20.5%	-	-	-	9 176
Road transport	18 082	121	18 203	10 955	-	(7 248)	-39.8%	-40.1%	-	-	-	21 561
Trading services	170 655	(7 980)	162 674	120 981	-	(41 693)	-25.6%	-24.4%	-	-	-	204 334
Energy sources	107 983	(1 881)	106 102	73 614	-	(32 488)	-30.6%	-30.1%	-	-	-	145 812
Water management	19 998	(98)	19 900	19 546	-	(353)	-1.8%	-1.8%	-	-	-	28 773
Waste water management	22 778	(3 723)	19 055	12 146	-	(6 909)	-36.3%	-30.3%	-	-	-	15 887
Waste management	19 896	(2 278)	17 618	15 675	-	(1 943)	-11.0%	-9.8%	-	-	-	13 862
Other	1 342	1	1 342	1 243	-		0.0%	0.0%	-	-	-	1 310
Total Expenditure - Standard	292 232	(8 001)	284 231	298 113		13 882	4.9%	4.8%				333 776
Surplus/(Deficit) for the year	41 455	(10 399)	31 056	(28 362)		(59 417)	-191.3%	-143.3%				(75 353)

**APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description	2021/2022								2020/2021			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Office of the Mayor	4 399	–	4 399	5 325		–	0.0%	0.0%				5 890
Vote 2 - Municipal Manager	480	–	480	13 462		–	0.0%	0.0%				615
Vote 3 - Finance	60 262	–	60 262	58 279		–	0.0%	0.0%				60 429
Vote 4 - Corporate Services	128	–	128	–		–	0.0%	0.0%				–
Vote 5 - Community & Social Services	61 102	–	61 102	17 539		–	–	–				18 038
Vote 6 - Infrastructure	207 316	(18 400)	188 916	175 146		–	–	–				173 451
Total Revenue by Vote	333 687	(18 400)	315 287	269 751		–	0.0%	0.0%				258 423
Expenditure by Vote to be appropriated												
Vote 1 - Office of the Mayor	13 037	158	13 195	76 671	63 476	–	0.0%	0.0%	–	–	–	21 611
Vote 2 - Municipal Manager	4 005	(14)	3 991	2 091	–	–	0.0%	0.0%	–	–	–	2 032
Vote 3 - Finance	25 269	69	25 338	42 387	17 048	–	0.0%	0.0%	–	–	–	38 061
Vote 4 - Corporate Services	15 399	(455)	14 944	7 238	–	–	0.0%	0.0%	–	–	–	8 188
Vote 5 - Community & Social Services	68 952	(2 953)	65 999	44 003	–	–	0.0%	0.0%	–	–	–	42 650
Vote 6 - Infrastructure	165 570	(4 806)	160 764	125 724	–	–	0.0%	0.0%	–	–	–	221 234
Total Expenditure by Vote	292 232	(8 001)	284 231	298 113	80 524	–	0.0%	0.0%	–	–	–	333 776
Surplus/(Deficit) for the year	41 455	(10 399)	31 056	(28 362)		–	0.0%	0.0%				(75 353)

APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2021/2022						2020/2021					
	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	39 820	–	39 820	39 620		(200)	-0.5%	-0.5%				39 420
Service charges - electricity revenue	79 333	(4 000)	75 333	94 588		19 256	25.6%	24.3%				88 106
Service charges - water revenue	38 396	(2 000)	36 396	33 891		(2 505)	-6.9%	-6.5%				31 917
Service charges - sanitation revenue	23 925	–	23 925	15 331		(8 593)	-35.9%	-35.9%				13 803
Service charges - refuse revenue	13 055	–	13 055	7 678		(5 378)	-41.2%	-41.2%				6 876
Rental of facilities and equipment	877	–	877	2 393		1 516	172.8%	172.8%				1 238
Interest earned - external investments	425	–	425	1 297		872	205.5%	205.5%				1 182
Interest earned - outstanding debtors	1 746	–	1 746	5 114		3 369	193.0%	193.0%				2 770
Fines, penalties and forfeits	1 160	–	1 160	1 447		287	24.7%	24.7%				1 288
Licences and permits	1 945	–	1 945	918		(242)	-20.8%	-12.4%				970
Transfers and subsidies	54 274	–	54 274	53 237		53 237	#DIV/0!	98.1%				51 750
Other revenue	50 805	(2 000)	48 805	1 860		(52 414)	-96.6%	-103.2%				2 423
Gains	330	–	330	(2 754)		(51 559)	-105.6%	-15624.0%				–
Total Revenue (excluding capital transfers and contributions)	306 091	(8 000)	298 091	254 622		(44 299)	-17.4%	-14.5%				241 743
Expenditure By Type												
Employee related costs	93 351	1 200	94 551	93 671		(880)	-0.9%	-0.9%				87 004
Remuneration of councillors	6 715	–	6 715	5 714		(1 001)	-14.9%	-14.9%				5 682
Debt impairment	7 214	–	7 214	26 549	19 335	19 335	268.0%	268.0%				30 808
Depreciation & asset impairment	9 891	–	9 891	52 646	42 755	42 755	432.3%	432.3%				52 209
Finance charges	3 342	(600)	2 742	13 964	11 222	11 222	409.3%	335.8%				11 851
Bulk purchases - electricity	85 055	–	85 055	80 411		(4 644)	-5.5%	-5.5%				72 890
Inventory consumed	13 011	–	13 011	2 094		(10 917)	-83.9%	-83.9%				3 480
Contracted services	10 762	–	10 762	15 564	4 802	4 802	44.6%	44.6%				10 156
Other expenditure	62 892	(8 601)	54 291	4 743		(49 548)	-91.3%	-78.8%				29 596
Losses	–	–	–	–		–	#DIV/0!	#DIV/0!				30 099
Total Expenditure	292 232	(8 001)	284 231	295 355	78 114	11 124	3.9%	3.8%				333 777
Surplus/(Deficit)	13 859	1	13 860	(40 733)		(54 592)	-393.9%	-393.9%				(92 034)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	27 596	(10 400)	17 196	11 274		(5 922)	-34.4%	-21.5%				11 706
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	1 097		1 097	#DIV/0!	#DIV/0!				4 975
Transfers and subsidies - capital (in-kind - all)	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	41 455	(10 399)	31 056	(28 362)		(59 417)	-191.3%	-143.3%				(75 353)
Taxation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after taxation	41 455	(10 399)	31 056	(28 362)		(59 417)	-191.3%	-143.3%				(75 353)
Attributable to minorities	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) attributable to municipality	41 455	(10 399)	31 056	(28 362)		(59 417)	-191.3%	-143.3%				(75 353)
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	41 455	(10 399)	31 056	(28 362)		(59 417)	-191.3%	-143.3%				(75 353)

**APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote Description	2021/2022								2020/2021			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Office of the Mayor		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 3 - Finance		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 5 - Community & Social Services		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 6 - Infrastructure		-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Single-year expenditure												
Vote 1 - Office of the Mayor		-					#DIV/0!	#DIV/0!	-	-		29
Vote 2 - Municipal Manager		-		10	10	10	#DIV/0!	#DIV/0!	-	-		-
Vote 3 - Finance		-		185	185	185	#DIV/0!	#DIV/0!	-	-		4 481
Vote 4 - Corporate Services	660		660			(660)	-100%	-100%	-	-		-
Vote 5 - Community & Social Services	200		200	33		(167)	-84%	-84%	-	-		45
Vote 6 - Infrastructure	40 596	(10 400)	30 196	5 518		(24 678)	-82%	-82%	-	-		24 266
Capital single-year expenditure	41 456	(10 400)	31 056	5 746	195	(25 310)	-81%	-61%	-	-		28 821
Total Capital Expenditure - Vote	41 456	(10 400)	31 056	5 746	195	(25 310)	-81%	-61%	-	-	-	28 821
Capital Expenditure - Standard												
Governance and administration	660	-	660	-	-	(660)	-100%	-100%	-	-		4 483
Executive and council		-					#DIV/0!	#DIV/0!	-	-		3
Finance and administration	660	-	660			(660)	-100%	-100%	-	-		4 481
Community and public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-		75
Community and social services		-					#DIV/0!	#DIV/0!	-	-		45
Sport and recreation		-					#DIV/0!	#DIV/0!	-	-		-
Public safety		-					#DIV/0!	#DIV/0!	-	-		-
Housing		-					#DIV/0!	#DIV/0!	-	-		-
Health		-					#DIV/0!	#DIV/0!	-	-		30
Economic and environmental services	12 596	8 596	-	-	-	-	#DIV/0!	0%	-	-		2 495
Planning and development		-					#DIV/0!	#DIV/0!	-	-		1 914
Road transport	12 596	8 596					#DIV/0!	0%	-	-		582
Trading services	28 200	(6 400)	21 800	-	-	(21 800)	-100%	-77%	-	-		21 767
Energy sources	20 000	(2 400)	17 600			(17 600)	-100%	-88%	-	-		4 188
Water management	8 000	(4 000)	4 000			(4 000)	-100%	-50%	-	-		2 055
Waste water management		-					#DIV/0!	#DIV/0!	-	-		5 587
Waste management	200	-	200			(200)	-100%	-100%	-	-		9 937
Other	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-		-
Total Capital Expenditure - Standard	41 456	6 196	22 460	-	-	(22 460)	-100%	-54%	-	-	-	28 821
Funded by:												
National Government	27 596	(10 400)	17 196			(17 196)	-100%	-62%	-	-		22 344
Provincial Government		-					#DIV/0!	#DIV/0!	-	-		-
Transfers recognised - capital	27 596	(10 400)	17 196	-	-	(17 196)	-100%	-62%	-	-	-	22 344
Public contributions & donations	-	-	0	-	-	0	-	-	-	-	-	3 567
Borrowing	13 000	-	13 000	-	-	(13 000)	-	-	-	-	-	-
Internally generated funds	860	-	860	1 194	-	335	39%	39%	-	-	-	2 909
Total Capital Funding	41 456	(10 400)	31 056	1 194	-	(29 861)	-96%	-72%	-	-	-	28 821

APPENDIX F - Unaudited
EMTHANJENI LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
CASH FLOWS

Description	2021/2022							2020/2021
	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	33 838	–	33 838	24 223	(9 615)	-28.4%	-28.4%	151 245
Service charges	128 937	(6 000)	122 937	118 412	(4 525)	-3.7%	-8.2%	
Other revenue	33 526	(2 000)	31 526	6 619	(24 906)	-79.0%	-80.3%	
Transfers and Subsidies - Operational	55 274	–	55 274	53 237	(2 037)	-3.7%	-3.7%	75 822
Transfers and Subsidies - Capital	27 596	(10 400)	17 196	5 973	(11 223)	-65.3%	-78.4%	
Interest	1 845	–	1 845	6 411	4 567	247.6%	247.6%	3 953
Taxes				(7 440)				
Payments								
Suppliers and employees	(248 504)	(241 304)		(196 518)	(196 518)	#DIV/0!	-20.9%	(213 417)
Finance charges	(3 342)	(2 742)		(4 679)	(4 679)	#DIV/0!	40.0%	(3 277)
Transfers and Grants		–		–	–	#DIV/0!	#DIV/0!	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	29 170	(262 446)	262 616	6 239	–	-97.6%	-78.6%	14 327
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	330	–	330	–	(330)	0.0%	0.0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) in non-current investments	–	–	–	–	–	0.0%	0.0%	–
Payments								
Capital assets	(41 456)	10 400	(31 056)	(9 981)	21 075	-67.9%	-75.9%	(10 390)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(41 126)	10 400	(30 726)	(9 981)	–	-67.5%	-75.7%	(10 390)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	13 000	–	13 000	–	(13 000)	0.0%	0.0%	–
Increase (decrease) in consumer deposits	82	–	82	–	(82)	0.0%	0.0%	–
Payments								
Repayment of borrowing	(889)	–	(889)	691	1 579	-177.7%	-177.7%	(241)
NET CASH FROM/(USED) FINANCING ACTIVITIES	12 193	–	12 193	691	–	-94.3%	0.0%	(241)
NET INCREASE/ (DECREASE) IN CASH HELD	237	–	37	(2 311)				3 695
Cash/cash equivalents at the year begin:	487	–	487	10 208				6 512
Cash/cash equivalents at the year end:	724	(200)	524	7 897	7 373	1406.7%	990.6%	10 208

EMTHANJENI LOCAL MUNICIPALITY
APPENDIX G
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2022

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
	R	R	R	R	R	R
Mayor						
GL Nkumbi	9 276	375 206		153 659		528 865
Speaker						
Kivedo MC	17 391	473 674	-	202 291	-	675 965
Councillors						
Sthonga ST	-	215 256	-	87 561	-	302 817
HJ Rust	-	19 258	-	5 700	-	24 958
WJ Du Plessis	-	68 121	-	38 516	-	106 637
PD Van Wyk	-	68 121	-	38 516	-	106 637
LE Andrews	5 173	228 902	-	120 701	-	349 602
SJ Hoffman	-	68 121	-	38 516	-	106 637
L Billie	-	87 422	-	44 950	-	132 372
RR Faul	-	68 121	-	38 516	-	106 637
MO Maramba	-	68 121	-	38 516	-	106 637
PP Mhlauti	11 068	191 318	-	105 482	-	296 800
D Vanel	-	68 121	-	38 516	-	106 637
CJ Louw	-	90 064	-	45 830	-	135 894
PN Bushula	9 537	191 318	-	108 173	-	299 491
NP Mkontwana	-	90 064	-	45 830	-	135 894
SP Wales	-	68 121	-	38 516	-	106 637
JM Fortuin	6 042	123 197	-	69 657	-	192 854
JT Brandt	5 359	123 197	-	69 657	-	192 854
MN Mackay	6 877	156 284	-	80 686	-	236 970
FCS Swanepoel	2 180	123 197	-	69 657	-	192 854
RH Adams Beukes	28 645	123 197	-	69 657	-	192 854
SW Makhandula	5 948	123 197	-	69 657	-	192 854
BS Swanepoel	4 161	123 197	-	69 657	-	192 854
RS Smith	-	162 882	-	82 882	-	245 764
GK Engelbrecht	17 210	126 932	-	69 657	-	196 589
MST Booysen	7 459	123 197	-	69 657	-	192 854
Total for Councillors	136 327	3 747 807	-	1 910 610	-	5 658 418
Municipal Manager						
Visser I	19 255	823 593	199 472	411 174	150 372	1 584 611
Chief Financial Officer						
Manuel MF	21 066	896 100	235 574	205 840	2 125	1 339 639
Director: Community Services						
Joka HM	25 341	508 056	129 362	340 980	136 531	1 114 929
Director: Corporate Services						
Msengana TW	2 621	585 000	146 130	283 545	164 703	1 179 377
Director: Infrastructure and Technical Services						
L Thiso	-	516 000	67 353	252 416	117 142	952 910
Total for Senior Managers	68 282	3 328 749	777 891	1 493 954	570 873	6 171 467
Total for Management	204 609	7 076 556	777 891	3 404 564	570 873	11 829 885

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
	R	R	R	R	R	R
Mayor						
Sthonga ST	22 386	604 550		245 917	6 566	857 033
Speaker						
Kivedo MC	-	483 640		205 613	5 290	694 543
Councillors						
HJ Rust	20 634	154 061		45 600	971	200 631
WJ Du Plessis	31 036	191 318		108 173	1 774	301 265
PD Van Wyk	8 871	191 318		107 317	2 161	300 796
LE Andrews	-	191 318		107 317	2 232	300 867
SJ Hoffman	6 359	191 318		107 317	2 137	300 772
L Billie	18 599	245 525		126 242	2 778	374 544
RR Faul	-	191 318		108 173	2 150	301 641
MO Maramba	13 280	191 318		107 317	2 376	301 011
PP Mhlaui	10 581	191 318		107 317	2 137	300 772
D Vanel	6 901	191 318		108 173	2 150	301 641
CJ Louw	3 954	252 946		128 715	2 724	384 385
PN Bushula	2 951	191 318		108 173	2 390	301 880
NP Mkontwana	20 451	252 946		128 715	2 787	384 448
SP Wales	669	47 830		27 043	1 369	76 241
Total for Councillors	166 672	3 763 359	-	1 877 121	41 990	5 682 471
Municipal Manager						
Visser I	22 893	823 593	263 696	411 486	150 060	1 648 835
Chief Financial Officer						
Manuel MF	29 172	896 100	74 675	206 152	1 813	1 178 740
Director: Community Services						
Joka HM	30 976	508 056	172 993	270 526	146 018	1 097 593
Director: Corporate Services						
Msengana TW	3 408	585 000	195 781	284 138	164 110	1 229 029
Director: Infrastructure and Technical Services						
L Thiso	-	129 000	-	65 068	27 321	221 389
Owies MJV	-	65 020	27 092	55 865	149	148 126
W Lubbe	32 816	4 018				4 018
Total for Senior Managers	119 265	3 010 787	734 237	1 293 235	489 470	5 527 729
Total for Management	285 937	6 774 147	734 237	3 170 356	531 460	11 210 200