Siyancuma
MUNICIPALITY

(These statements have not been audited)

FINANCIAL STATEMENTS

30 JUNE 2022

SIYANCUMA LOCAL MUNICIPALITY

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma 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

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

EXECUTIVE MAYOR

WJ van Bergen

SPEAKER

LC van Niekerk

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*WJ van Bergen*
Executive Councillor	*PJ Mc Klein*
Executive Councillor	IA Baardman Koaho

MUNICIPAL MANAGER

JL Marwane (Acting)

CHIEF FINANCIAL OFFICER

CC Zealand

REGISTERED OFFICE

7 Charl Cilliers Street	*P.O. Box 27*
Douglas	*Douglas*
8730	*8730*

GRADING

Grade 2
Medium Capacity

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA Bank, Douglas *Standard Bank, Douglas* First National Bank, Douglas

ATTORNEYS

None

RELEVANT LEGISLATION

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

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	*JH George*
2	*MJ Katz*
3	*VB Makabe*
4	*WJ van Bergen*
4	*LC Van Niekerk*
5	*DRN Ellison*
6	*IA Baardman Koaho*
7	*HT Kolberg*
Proportional	*PJ Mc Klein*
Proportional	*CZ Nyangintaka*
Proportional	*EK Louw*
Proportional	*DV Smous*
Proportional	*SA Buitendag*

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 107 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 GRAP.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised 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 2022 and is 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.

JL Marwane
Municipal Manager (Acting)

31 August 2022
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Non-Current Assets		**459 390 388**	**452 583 381**
Property, Plant and Equipment	**2**	459 073 215	452 231 319
Intangible Assets	**3**	63 395	123 718
Biological Assets	**4**	211 082	183 297
Operating Lease Asset	**9**	42 696	45 047
Current Assets		**54 347 388**	**60 642 981**
Inventory	**5**	3 228	2 786
Trade Receivables from exchange transactions	**6**	15 399 943	28 088 445
Other Receivables from non-exchange transactions	**7**	2 491 030	10 801 401
Taxes	**10**	23 164 410	18 585 836
Cash and Cash Equivalents	**11**	13 288 777	3 164 513
Total Assets		**513 737 776**	**513 226 362**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**50 913 070**	**182 711 767**
Long-term Liabilities	**12**	299 474	2 668 846
Employee benefits	**13**	19 482 000	18 779 000
Non-Current Provisions	**14**	31 131 596	25 064 107
Non-Current Payables From Exchange Transactions	**18**	-	136 199 814
Current Liabilities		**263 315 560**	**90 063 834**
Consumer Deposits	**15**	180 499	184 291
Current Employee benefits	**16**	5 504 576	4 395 474
Provisions	**17**	-	-
Payables From Exchange Transactions	**18**	239 436 930	59 832 736
Unspent Conditional Government Grants and Receipts	**19**	15 824 183	23 035 101
Current Portion of Long-term Liabilities	**12**	2 369 372	2 616 231
Total Liabilities		**314 228 630**	**272 775 601**
Net Assets		**199 509 145**	**240 450 761**
Accumulated Surplus		199 509 145	240 450 761
Total Net Assets and Liabilities		**513 737 776**	**513 226 362**

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 (Actual) R	2021 (Restated) R	Correction of error R	2021 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**96 252 159**	**120 357 943**	**(18 546 961)**	**138 904 904**
Taxation Revenue		**18 347 464**	**22 952 049**	(13 475 171)	**36 427 220**
Property taxes	**20**	18 347 464	22 952 049	(13 475 171)	36 427 220
Transfer Revenue		**74 124 562**	**95 323 413**	(50 000)	**95 373 413**
Government Grants and Subsidies - Capital	**21**	12 503 739	34 203 657	-	34 203 657
Government Grants and Subsidies - Operating	**21**	58 983 254	59 087 536	(50 000)	59 137 536
Public Contributions and Donations	**22**	2 637 569	2 032 220	-	2 032 220
Other Revenue		**3 780 134**	**2 082 481**	**-5 021 790**	**7 104 271**
Fines		519 368	113 620	-	113 620
Interest Earned - outstanding debtors		970 044	1 124 427	(5 021 790)	6 146 217
Licences and Permits		11 478	433 151	-	433 151
Actuarial Gains	**13**	1 112 585	-	-	-
Availability Charges	**25**	474 244	411 283	-	411 283
Contributed PPE	**23**	692 414	-	-	-
Revenue from Exchange Transactions		**92 242 531**	**84 737 731**	(181 235)	**84 918 966**
Service Charges	**24**	82 817 863	75 018 094	-	75 018 094
Rental of Facilities and Equipment		847 300	474 719	-	474 719
Interest Earned - external investments		178 230	173 968	-	173 968
Interest Earned - outstanding debtors		7 399 802	8 190 445	(181 235)	8 371 680
Agency Services		310 070	210 870	-	210 870
Other Income	**26**	689 266	669 634	-	669 634
Total Revenue		**188 494 690**	**205 095 674**	**(18 728 197)**	**223 823 871**
EXPENDITURE					
Employee related costs	**27**	65 318 930	64 349 312	-	64 349 312
Remuneration of Councillors	**28**	5 190 760	5 232 483	-	5 232 483
Bad Debt Written off	**29**	15 607 566	9 436 884	-	9 436 884
Depreciation and Amortisation	**34**	10 936 501	9 275 785	28 894	9 246 892
Repairs and Maintenance		1 775 346	1 746 690	-	1 746 690
Actuarial losses	**13**	-	76 724	-	76 724
Finance Charges	**32**	8 549 953	6 343 423	(495 548)	6 838 971
Bulk Purchases	**33**	56 691 890	49 653 923		49 653 923
Stock Adjustments	**33**	(320 751)	188 530	-	188 530
General Expenses	**35**	20 835 433	16 718 895	(22 377)	16 741 272
Total Expenditure		**184 585 626**	**163 022 649**	(489 032)	**163 511 681**
Operating Surplus/(Deficit) for the Year		**3 909 064**	**42 073 025**	**-18 239 164**	**60 312 189**
(Debt Impairment) / Reversal of Debt Impairment on Receivables	**30**	(44 974 273)	(16 057 523)	24 666 561	(40 724 083)
Gains/(Loss) on Sale of Property, Plant and Equipment	**2**	91 757	(265 220)	-	(265 220)
Reversal of Impairment Loss/(Impairment Loss) on Property, Plant and Equipment	**31**	4 050	(26 979)	(12 846)	(14 132)
Gain on Landfill site Provision adjustment	**14**	-	(0)	-4 781 239	4 781 239
Change in fair value of biological assets	**4**	27 785	46 994	-	46 994
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(40 941 617)**	**25 770 297**	**1 633 311**	**24 136 986**

SIYANCUMA LOCAL MUNICIPALITY

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

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 July 2020		**220 895 383**	**220 895 383**
Correction of error	36.08	-6 214 910	-6 214 910
Restated Balance at 1 July 2020		**214 680 474**	**214 680 474**
Net Surplus for the year		24 136 986	24 136 986
Correction of error	36.09	1 633 311	1 633 311
Restated Balance at 1 July 2021		**240 450 761**	**240 450 761**
Net (Deficit) for the year		-40 941 617	-40 941 617
Balance at 30 June 2022		**199 509 145**	**199 509 145**

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges		18 347 464	25 015 607
Service charges		50 247 661	40 493 723
Other revenue		9 319 332	5 407 193
Government - operating		59 376 952	58 947 636
Government - capital		2 039 130	48 812 747
Interest		7 578 032	8 545 648
Dividends		-	-
Payments			
Suppliers and employees		(112 489 416)	(149 414 885)
Finance charges		(8 549 953)	(6 343 423)
Transfers and Grants		-	-
Net Cash from Operating Activities	**37**	**25 869 202**	**31 464 246**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**2**	(13 358 775)	(29 624 257)
Proceeds on Disposal of Fixed Assets		233 859	1 548
Purchase of Intangible Assets	**3**	-	-
Proceeds on Disposal of Biolocial Assets	**4**	-	-
Net Cash from Investing Activities		**-13 124 916**	**(29 622 709)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised		-	-
Loans (repaid)		(2 616 231)	(2 452 936)
(Increase)/Decrease in Long-term Receivables		-	-
Increase/(Decrease) in Non-Current Provisions		-	-
Increase/(Decrease) in Consumer Deposits		(3 792)	1 651
Rounding		1	(10)
Net Cash from Financing Activities		**(2 620 022)**	**-2 451 294**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10 124 264**	**-609 757**
Cash and Cash Equivalents at the beginning of the year		3 164 513	3 774 270
Cash and Cash Equivalents at the end of the year	**38**	13 288 777	3 164 513
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10 124 264**	**-609 757**

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Buget)	2022 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	11 722 533	29 503 919	(17 781 386)	Due to the non payment of debtors account funds were utilised for cash flow. Property rates were also withheld by the business forum
Call investment deposits	1 566 244	248 707	1 317 537	Funds wthat were not spend were invested on call deposit account
Consumer debtors	38 564 353	63 677 700	(25 113 347)	No payment culture of consumers
Other Receivables	2 491 030	19 459 199	(16 968 169)	No payment culture of consumers
Inventory	3 228	1 971	1 257	
Total current assets	54 347 388	112 891 497	(58 544 109)	
Non current assets				
Operating Lease Asset	42 696	-	42 696	
Investment property	-	-	-	
Property, plant and equipment	459 073 215	520 508 412	(61 435 198)	Due to underspending on planned projects not all capitalise arised as expected.
Biological Assets	211 082	144 603	66 479	Increase in numbers of biological assets
Intangible Assets	63 395	26 390	37 005	Increase in intangible assets
Total non current assets	459 390 388	520 679 406	(61 289 018)	
TOTAL ASSETS	513 737 776	633 570 902	(119 833 127)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	2 369 372	2 005 018	364 355	
Consumer deposits	180 499	190 171	(9 672)	
Trade and other payables	255 261 113	29 952 532	225 308 581	No repayment agreement with ESKOM relocated to current liability
Provisions and Employee Benefits	5 504 576	17 595 452	(12 090 876)	Due to actuarial calculation which is only performed at year end differences, this results in movement per year
Total current liabilities	263 315 560	49 743 172	213 572 388	
Non current liabilities				
Borrowing	299 474	133 404 384	(133 104 910)	No repayment agreement with ESKOM relocated to current liability
Provisions and Employee Benefits	50 613 596	36 262 346	14 351 250	Due to actuarial calculation which is only performed at year end differences, this results in movement per year
Total non current liabilities	50 913 070	169 666 730	(118 753 660)	
TOTAL LIABILITIES	314 228 630	219 409 902	94 818 728	
NET ASSETS	199 509 145	414 161 000	(214 651 854)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	199 509 145	414 160 999	(214 651 854)	
TOTAL COMMUNITY WEALTH/EQUITY	199 509 145	414 160 999	(214 651 854)	

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

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	11 274 213	18 229 706	29 503 919	Reduction in MIG grant
Call investment deposits	248 707	-	248 707	
Consumer debtors	63 677 700	-	63 677 700	
Other Receivables	19 459 199	-	19 459 199	
Inventory	1 971	-	1 971	
Total current assets	94 661 791	18 229 706	112 891 497	
Non current assets				
Investment property	-	-	-	
Property, plant and equipment	517 989 265	2 025 000	520 014 265	
Biological Assets	144 603	-	144 603	
Intangible Assets	26 390	-	26 390	
Other non-current assets	494 147	-	494 147	
Total non current assets	518 654 406	2 025 000	520 679 406	
TOTAL ASSETS	613 316 196	20 254 706	633 570 902	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	2 005 018	-	2 005 018	
Consumer deposits	190 171	-	190 171	
Trade and other payables	29 952 532	-	29 952 532	
Provisions and Employee Benefits	17 595 452	-	17 595 452	
Total current liabilities	49 743 172	-	49 743 172	
Non current liabilities				
Borrowing	133 404 384	-	133 404 384	
Provisions and Employee Benefits	36 262 346	-	36 262 346	
Total non current liabilities	169 666 730	-	169 666 730	
TOTAL LIABILITIES	219 409 902	-	219 409 902	
NET ASSETS	393 906 294	20 254 706	414 161 000	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	393 906 292	20 254 706	414 160 999	
TOTAL COMMUNITY WEALTH/EQUITY	393 906 292	20 254 706	414 160 999	

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Buget)	2022 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	18 347 464	37 534 100	(19 186 636)	Agriculture Property rates dispute
Service charges	83 292 107	83 248 964	43 143	
Rental of facilities and equipment	847 300	531 938	315 362	
Interest earned - external investments	178 230	131 988	46 242	
Interest earned - outstanding debtors	8 369 845	15 605 420	(7 235 575)	Interest written off - Agriculture property rates
Fines	519 368	150 984	368 384	Increase in number of fines issued
Licences and permits	11 478	117 728	(106 250)	
Agency services	310 070	223 523	86 547	
Government Grants and Subsidies - Operating	61 620 822	58 212 000	3 408 822	LG Seta, WSIG operating and donations not included
Other revenue	1 829 637	2 111 670	(282 033)	
Gains on disposal of PPE	166 885	-	166 885	
Total Operating Revenue	175 493 207	197 868 315	(22 375 108)	
EXPENDITURE BY TYPE				
Employee related costs	65 318 930	64 264 791	1 054 139	Overtime and standby challenges due to emergency repairs
Remuneration of councillors	5 190 760	5 109 194	81 566	
Debt impairment	60 581 839	11 744 602	48 837 237	
Depreciation & asset impairment	10 936 501	9 456 266	1 480 235	
Finance charges	8 549 953	5 336 703	3 213 250	Actuarial and Landfill site charges under budgeted
Bulk purchases	56 371 138	56 062 000	309 138	
Other materials	-	4 506 466	(4 506 466)	The actual under Other Expenditure
Contracted services	-	11 177 437	(11 177 437)	The actual under Other Expenditure
Grants and subsidies paid	-	-	-	
Other expenditure	22 606 729	10 156 596	12 450 133	The actual under Other Expenditure
Loss on disposal of PPE	75 128	200	74 928	Claims at insurance not anticipated
Total Operating Expenditure	229 630 978	177 814 255	51 816 723	
Operating Surplus/(Deficit) for the year	(54 137 771)	20 054 060	(74 191 831)	
Government Grants and Subsidies - Capital	12 503 739	41 820 000	(29 316 261)	
Transfers and subsidies - capital (in-kind - all)	692 414	220 000	472 414	
Net Surplus/(Deficit) for the year	(40 941 617)	61 874 060	(103 508 092)	

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

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Buget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	38 383 908	(849 808)	37 534 100	
Property rates - penalties & collection charges	-	-	-	
Service charges	97 312 454	(14 063 490)	83 248 964	Meter implementation project delay
Rental of facilities and equipment	329 058	202 880	531 938	Under budgeted
Interest earned - external investments	332 073	(200 085)	131 988	Excess funds not invested
Interest earned - outstanding debtors	2 100 000	13 505 420	15 605 420	Interest charged on all services
Dividends received	-	-	-	
Fines	587 654	(436 670)	150 984	Fines were not realising during the first 6 months
Licences and permits	141 279	(23 551)	117 728	
Agency services	542 386	(318 863)	223 523	Decrease in number of transactions at Traffic department
Government Grants and Subsidies - Operating	58 212 000	-	58 212 000	
Other revenue	2 602 073	(490 403)	2 111 670	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	200 542 885	(2 674 570)	197 868 315	
EXPENDITURE BY TYPE				
Employee related costs	72 661 227	(8 396 436)	64 264 791	No MM, resignation/death of some personnel
Remuneration of councillors	5 912 246	(803 052)	5 109 194	
Debt impairment	11 744 602	0	11 744 602	
Depreciation & asset impairment	9 456 266	0	9 456 266	
Finance charges	4 042 982	1 293 721	5 336 703	
P Bulk purchases	56 061 968	32	56 062 000	
Other materials	10 160 009	(5 653 543)	4 506 466	Reduction in budget because of slow spending
Contracted services	17 016 312	(5 838 875)	11 177 437	Reduction in budget because of slow spending
Grants and subsidies paid	-	-	-	
Other expenditure	13 467 920	(3 311 324)	10 156 596	Reduction in budget because of slow spending
Loss on disposal of PPE	-	200	200	
Total Operating Expenditure	200 523 531	-22 709 276	177 814 255	
Operating Surplus for the year	19 354	20 034 706	20 054 060	
Government Grants and Subsidies - Capital	41 820 000	-	41 820 000	
Transfers and subsidies - capital (in-kind - all)	-	220 000	220 000	
Net Surplus for the year	41 839 354	20 254 706	62 094 060	

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

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Buget)	2022 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
				Agriculture Property rates dispute
Property rates, penalties & collection charges	18 347 464	32 626 000	(14 278 536)	
Service charges	50 247 661	83 890 000	(33 642 339)	Economic decline, consumers has a culture of non payment
Other revenue	9 319 332	3 679 000	5 640 332	Economic decline, consumers has a culture of non payment
Government - operating	59 376 952	58 212 000	1 164 952	
Government - capital	2 039 130	41 820 000	(39 780 870)	
Interest	7 578 032	752 000	6 826 032	Non payment of debtors, increase in interest charges
Dividends	-	-	-	
Payments				
Suppliers and Employees	(112 489 416)	(173 618 000)	61 128 584	Eskom repayments not done monthly
Finance charges	(8 549 953)	(4 043 000)	(4 506 953)	Finnace charges for landfill and actuarial not correctly budgeted
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	25 869 202	43 318 000	-17 448 798	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	233 859	-	233 859	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(13 358 775)	41 820 000	(55 178 775)	Reducting in spending of conditional grants
NET CASH FROM/(USED) INVESTING ACTIVITIES	-13 124 916	41 820 000	-54 944 916	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	(3 792)	-	(3 792)	
Payments				
Repayment of borrowing	(2 616 231)	(12 000 000)	9 383 769	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2 620 023	(12 000 000)	9 379 977	
NET INCREASE/(DECREASE) IN CASH HELD	10 124 263	73 138 000	-63 013 737	
Cash and Cash Equivalents at the beginning of the year	3 164 513	22 356 000	(19 191 487)	
Cash and Cash Equivalents at the end of the year	(13 288 777)	95 494 000	(108 782 777)	

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

ADJUSTMENTS TO APPROVED BUDGET

		2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
	Property rates, penalties & collection charges	32 626 000		32 626 000	
	Service charges	83 890 000		83 890 000	
	Other revenue	3 679 000	-	3 679 000	
	Government - operating	58 212 000	-	58 212 000	
	Government - capital	41 820 000	-	41 820 000	
	Interest	752 000	-	752 000	
	Dividends	-	-	-	
Payments					
	Suppliers and Employees	(173 618 000)	-	(173 618 000)	
	Finance charges	(4 043 000)	-	(4 043 000)	
	Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES		43 318 000	-	43 318 000	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
	Proceeds on disposal of Assets	-	-	-	
P	Decrease/(increase) in non-current receivables	-	-	-	
	Decrease/(increase) in non-current investments	-	-	-	
Payments					
	Capital assets	41 820 000	-	41 820 000	
NET CASH FROM/(USED) INVESTING ACTIVITIES		41 820 000	-	41 820 000	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
	Borrowing	-	-	-	
	Increase/(decrease) in consumer deposits	-	-	-	
Payments					
	Repayment of borrowing	(12 000 000)	-	(12 000 000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES		(12 000 000)	-	(12 000 000)	
NET INCREASE/(DECREASE) IN CASH HELD		73 138 000	-	73 138 000	
	Cash and Cash Equivalents at the beginning of the year	22 356 000	-	22 356 000	
	Cash and Cash Equivalents at the end of the year	95 494 000	-	95 494 000	

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - GOVERNANCE - COUNCIL	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 2 - Office of the Municipal Manager	2.1 - MUNICIPAL MANAGER	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 3 - Department of Finance	3.1 - FINANCE	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
	3.2 - ASSESMENT RATES	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
	3.3 - INTERNS	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 4 - Department of Administration & Community Services	4.1 - CORPORATE AND HUMAN RESOURCES	Aggregated to Municipal Governance and Adr	Municipal Governance and Administration	Supporting service departments
Vote 5 - Department of Infrastructure Development & Technical Services	5.1 - CLEANSING	Aggregated to Trading services	Trading Services	Water management, Electricity services and waste water management
	5.2 - ELECTRICITY	Aggregated to Trading services	Trading Services	
	5.3 - PARKS & RECREATION	Aggregated to Trading services	Trading Services	
	5.4 - PROPERTIES	Aggregated to Trading services	Trading Services	
	5.5 - PUBLIC WORKS: ROADS	Aggregated to Trading services	Trading Services	
	5.6 - STORMWATER DRAINAGE	Aggregated to Trading services	Trading Services	
	5.7 - WATER	Aggregated to Trading services	Trading Services	
	5.8 - SEWERAGE AND SANITATION	Aggregated to Trading services	Trading Services	
	5.9 - SANITATION	Aggregated to Trading services	Trading Services	
Vote 6 - Community & Social Services	6.1 - CEMETARY	Aggregated to Community and Public Safety	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	6.2 - CIVIC CENTRE	Aggregated to Community and Public Safety	Community and Public Safety	
	6.3 - DOUGLAS HOLIDAY RESORT	Aggregated to Community and Public Safety	Community and Public Safety	
	6.4 - FIRE BRIGADE	Aggregated to Community and Public Safety	Community and Public Safety	
	6.5 - HEALTH SERVICES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.6 - LIBRARY'S	Aggregated to Community and Public Safety	Community and Public Safety	
	6.7 - LICENSES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.8 - TRAFFIC	Aggregated to Community and Public Safety	Community and Public Safety	
	6.9 - VEHICLE LICENSES	Aggregated to Community and Public Safety	Community and Public Safety	
	6.10 - MEENT	Aggregated to Community and Public Safety	Community and Public Safety	

Siyancuma Municipality has the following wards situated in different geographical areas:

Ward 1
Ward 2
Ward 3
Ward 4
Ward 5
Ward 6
Ward 7

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.

SIYANCUMA LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Municipal Governance and Administration	Community and Public Safety	Trading Services	Economic and environmental services	Unallocated	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	2 152 474	-	90 546 487	-	-	92 698 961
Service Charges - Electricity Revenue	-	-	45 663 644	-	-	45 663 644
Service Charges - Water Revenue	-	-	23 274 550	-	-	23 274 550
Service Charges - Sanitation Revenue	-	-	7 992 973	-	-	7 992 973
Service Charges - Refuse Revenue	-	-	6 360 941	-	-	6 360 941
Rental of Facilities and Equipment	847 300	-	-	-	-	847 300
Interest Earned - External Investments	178 230	-	-	-	-	178 230
Interest Earned - Outstanding Debtors	1 115 466	-	7 254 380	-	-	8 369 845
Licences and Permits	11 478	-	-	-	-	11 478
Other Revenue	-	-	-	-	-	-
External revenue from non-exchange transactions	58 136 587	2 020 909	344 462	-	-	60 501 958
Fines	-	437 030	82 338	-	-	519 368
Licences and Permits	-	-	-	-	-	-
Agency Services	-	310 070	-	-	-	310 070
Transfers Recognised - Operational	57 783 254	1 200 000	-	-	-	58 983 254
Other Revenue	353 333	73 810	262 123	-	-	689 266
	-	-	-	-	-	-
Revenue from transactions with other segments	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	60 289 061	2 020 909	90 890 949	-	-	153 200 919
SEGMENT EXPENDITURE						
Employee Related Costs	29 093 212	5 827 413	30 398 305	-	-	65 318 930
Remuneration of Councillors	5 190 760	-	-	-	-	5 190 760
Debt Impairment	33 771 108	-	26 810 731	-	-	60 581 839
Depreciation and Asset Impairment	418 001	7 693	10 506 758	-	-	10 932 451
Finance Charges	5 510 146	119 061	2 920 746	-	-	8 549 953
Bulk Purchases	-	-	56 371 138	-	-	56 371 138
Other Materials	297 061	61 587	1 416 697	-	-	1 775 346
Contracted Services	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-
Other Expenditure	17 301 393	16 516	3 517 523	-	-	20 835 433
Internal charges	-	-	-	-	-	-
Total Segment Expenditure	91 581 682	6 032 270	131 941 898	-	-	229 555 850
Surplus/(Deficit)	-31 292 621	-4 011 361	-41 050 949	-	-	-76 354 931
Transfers Recognised - Capital	-	-	12 800 190	-	-	12 800 190
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	-31 292 621	-4 011 361	-28 250 759	-	-	-63 554 741
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	-31 292 621	-4 011 361	-28 250 759	-	-	-63 554 741
Surplus/(Deficit) Attributable to Municipality	-31 292 621	-4 011 361	-28 250 759	-	-	-63 554 741
Surplus/(Deficit) for the year	-31 292 621	-4 011 361	-28 250 759	-	-	-63 554 741

REPORTABLE SEGMENTS TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Municipal Governance and Administration	Community and Public Safety	Trading Services	Economic and environmental services	Unallocated	Total
	R	R	R	R	R	R
OTHER INFORMATION						
Segment Assets	-	-	-	-	513 737 776	513 737 776
Segment liabilities	-	-	-	-	314 228 630	314 228 630

Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Revenue (including capital transfers and contributions)	166 001 109
Total Revenue as per Statement of Financial Performance	188 689 361
Difference	-22 688 252
Reconciling items	
Property rates	18 347 464
Public Contributions and Donations	2 637 569
Change in Fair Value	27 785

Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Expenditure	229 555 850
Total Expenditure as per Statement of Financial Performance	229 630 978
Difference	-75 128
Reconciling items	
Loss on Disposal of PPE	-75 128
Actuarial Losses	-

Reconciliation of the Statement of Financial Performance as at 30 June 2021 as per the Annual Financial Statements vs the Surplus of the Segment report

Surplus/(Deficit) for the year as per Segments	-40 941 617
Surplus/(Deficit) for the year as per Statement of Financial Performance	-40 941 617
Difference - as explained above	-

See the explanations for differences above under Revenue and Expenses.

Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Assets	513 737 776
Total Assets as per Statement of Financial Position	513 737 776
Difference	-

Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 June 2021

Total Segment Liabilities	314 228 630
Total Liabilities as per Statement of Financial Position	314 228 630
Difference	-

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations 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 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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

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.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5 CONSISTENT AND NEW ACCOUNTING POLICIES

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

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

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

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 25	**Employee benefits** The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
iGRAP 7	**The limit on a defined benefit asset, minimum funding requirement and their interaction** This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. No significant impact is expected as the Municipality does not hold any plan assets.	**Unknown**
iGRAP 21	**The Effect of Past Decisions on Materiality** This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality. No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.	1 April 2023
Guideline	**Landfill sites** No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage.	**Unknown**

	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. LEASES

1.9.1 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 or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.9.2 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 de-recognition 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 revenue is 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 recognises 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 leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality 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 creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on 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 the 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.

1.12. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

- Unspent public contributions 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 as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

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

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

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

1.14. EMPLOYEE BENEFITS

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

These contributions are recognised in 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 present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

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

1.14.2 Long Service Awards

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

1.14.3 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

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.

1.14.5 Provision for 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 accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 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 recognised in the Statement of Financial Performance 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 recognised in the Statement of Financial Performance 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.

The Municipality operate 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.

1.14.7 Other Short-term Employee Benefits

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

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

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

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

The 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 is 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 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 (including capitalised restoration cost).

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

Where an 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). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

1.15.2 Subsequent Measurement – Cost Model

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

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

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Road network	1-76	Air Conditioners	2-12
Stormwater network	11-76	Chairs	2-12
Electricity network	1-50	Electronic equipment	1-7
Water network	1-97	Motor Vehicles	5
Sanitation network	1-97	Furniture and fittings	2-24
		Office Equipment	1-5
Buildings		Trailers	2-4
Buildings	43-94	Tables and Desks	2-15
		Tractors	3-5
Community		Trucks	2-8
Recreational Facilities	88	Works Equipment	2-12
Halls	43-89	Computer Hardware	2-5
Libraries	21-88		
Leased Assets		**Capitalised Restoration Costs**	
Office equipment	2 – 8	Land-fill sites	3 – 13
Water network	7-10		
Electricity network	7-10		

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 recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

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

1.15.5 Decommisioning 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.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

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

An asset meets the identifiable criterion in the definition of an intangible asset when it:

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

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality 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.

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

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;

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

Intangible assets are initially recognised at cost.

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

1.16.2 Subsequent Measurement – Cost Model

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

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	1-3

1.16.4 De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is 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 Municipality, 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. Property with a currently undetermined use, is also classified as investment property.

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

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	30

1.17.4 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 HERITAGE ASSETS

1.18.1 Initial Recognition

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

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

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

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 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.

1.18.4 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.

1.19 BIOLOGICAL ASSETS

1.19.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

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

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

1.19.2 Subsequent Measurement

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

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

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

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

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

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

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

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the

technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

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

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

1.20.2 Non-cash-generating assets

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

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

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

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

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

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised 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, depending on the nature of the asset in question:

- *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 with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

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

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

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

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 form exchange and non-exchange transactions) and non-current investments. 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 or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 *Receivables*

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 *Cash and Cash Equivalents*

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

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, are stated at amortised cost.

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 of Financial Instruments

1.22.3.1 *Financial Assets*

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

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

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

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

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

1.22.3.2 *Financial Liabilities*

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

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

1.22.4 Offsetting of Financial Instruments

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

1.23 STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition

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

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

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

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

    i. derecognise the receivable; and
    ii. recognise separately any rights and obligations created or retained in the transfer.

1.23.4. Transitional 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.

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

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

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

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 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

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 is measured at the fair value of the consideration received or receivable.

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

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

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

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

Revenue arising from legislation is recognised in accordance with the approved tariff.

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.

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. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . 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 relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

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.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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

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

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality 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 Municipality.

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;
- 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

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person’s family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).

- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an 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

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

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.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.30.1 Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.30.2 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.

1.30.3 Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

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

1.30.4 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.

1.30.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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

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

1.30.6 Provisions and Contingent Liabilities

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

1.30.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 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. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.30.8 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 at the reporting date of the expected future cash flows to rehabilitate the landfill site. 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 are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

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

1.30.9 Provision for Staff leave

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

1.30.10 Provision for Performance bonuses

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

1.30.11 Pre-paid electricity estimation

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

1.30.12 Componentisation of Infrastructure assets

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

1.31. TAXES – VALUE ADDED TAX

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

1.32. CAPITAL COMMITMENTS

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

1.33. 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.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

1.34. EVENTS AFTER REPORTING DATE

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

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

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2022													
Land and Buildings	21 459 468	1 305 000	-	-	-	22 764 468	482 834	37 892	-	-	-	520 726	22 243 742
Land	18 060 624	126 324	-	-	-	18 186 948	-	-	-	-	-	-	18 186 948
Buildings	3 398 844	1 178 676	-	-	-	4 577 520	482 834	37 892	-	-	-	520 726	4 056 794
Infrastructure	518 549 816	15 805 046	-	-	-242 121	534 112 740	136 108 093	8 131 564	-4 050	-	-166 993	144 068 614	390 044 126
Road Network	96 624 114	-		-	-	96 624 114	40 230 792	1 101 945	-	-	-	41 332 737	55 291 376
Sanatation Network	95 058 906	127 986	-	-	-	95 186 892	26 583 580	1 517 471	-	-	-	28 101 051	67 085 841
Electricity Network	81 876 310	883 709	-	-	-146 405	82 613 614	20 110 713	2 147 059	-	-	-144 617	22 113 155	60 500 459
Water Network	146 462 765	115 598	-	-	-95 716	146 482 646	32 332 538	2 254 517	-	-	-22 376	34 564 678	111 917 968
Stormwater Network	2 571 535	-	-	-	-	2 571 535	716 686	42 995	-	-	-	759 681	1 811 854
Capitalised Restoration Costs	19 063 648	3 804 936	-	-	-	22 868 584	16 133 784	1 067 576	-4 050	-	-	17 197 311	5 671 273
Work-in-Progress	76 892 538	10 872 817	-	-	-	87 765 355	-	-	-	-	-	-	87 765 355
Community Assets	33 684 517	-	-	-	-	33 684 517	550 684	32 874	-	-	-	583 558	33 100 958
Library	466 394	-	-	-	-	466 394	62 749	5 097	-	-	-	67 847	398 547
Cemetary	176 000	-	-	-	-	176 000	-	-	-	-	-	-	176 000
Commonage	21 101 000	-	-	-	-	21 101 000	-	-	-	-	-	-	21 101 000
Community Halls	1 264 123	-	-	-	-	1 264 123	168 126	12 524	-	-	-	180 650	1 083 473
Game Farm	8 171 000	-	-	-	-	8 171 000	-	-	-	-	-	-	8 171 000
Holiday Resort	1 195 000	-	-	-	-	1 195 000	143 696	8 061	-	-	-	151 757	1 043 243
Sport Facilities	1 311 000	-	-	-	-	1 311 000	176 113	7 192	-	-	-	183 305	1 127 695
Lease Assets	9 453 100	-	-	-	-	9 453 100	3 028 530	1 173 362	-	-	-	4 201 892	5 251 208
Office Equipment	1 129 320	-	-	-	-	1 129 320	342 815	340 760	-	-	-	683 575	445 744
Electricity Network	1 708 480	-	-	-	-	1 708 480	465 822	170 904	-	-	-	636 726	1 071 754
Water Network	6 615 301	-	-	-	-	6 615 301	2 219 892	661 698	-	-	-	2 881 590	3 733 710
Other Assets	22 100 761	746 079	-	-	-131 491	22 715 349	12 846 202	1 500 486	-	-	-64 518	14 282 170	8 433 180
Air Conditioner	437 207	4 052	-	-	-	441 259	375 030	18 361	-	-	-	393 391	47 868
Chairs	289 051	-	-	-	-	289 051	246 202	12 892	-	-	-	259 093	29 958
Electronic Equipment	903 487	8 694	-	-	-	912 181	679 767	77 993	-	-	-	757 760	154 422
Motor Vehicles	131 491	-	-	-	-131 491	-	61 114	3 404	-	-	-64 518	0	-0
Furniture & Fittings	598 094	460 128	-	-	-	1 058 221	500 182	27 219	-	-	-	527 401	530 821
Office Equipment	5 885 078	-	-	-	-	5 885 078	5 549 775	64 086	-	-	-	5 613 861	271 217
Trailers	89 746	-	-	-	-	89 746	79 846	966	-	-	-	80 813	8 933
Tables and desks	183 936	7 777	-	-	-	191 713	149 798	7 273	-	-	-	157 071	34 642
Tractors	1 057 323	-	-	-	-	1 057 323	195 869	141 042	-	-	-	336 911	720 412
Trucks	9 750 273	-	-	-	-	9 750 273	3 184 253	953 700	-	-	-	4 137 953	5 612 320
Works Equipment	1 357 306	9 811	-	-	-	1 367 117	528 126	114 204	-	-	-	642 330	724 787
Computer hardware	1 417 769	255 617	-	-	-	1 673 386	1 296 240	79 346	-	-	-	1 375 586	297 800
	605 247 662	17 856 125	-	-	-373 613	622 730 175	153 016 343	10 876 178	-4 050	-	-231 511	163 656 960	459 073 215

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value		Cost						Accumulated Depreciation						Carrying Value
		Opening Balance R	Additions R	Work-in-progress	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Transfers	Closing Balance R	R
30 June 2021														
Land and Buildings		21 459 468	-	-	-		21 459 468	448 524	34 310	-	-		482 834	20 976 634
Land		18 060 624	-	-	-	-	18 060 624	-	-	-	-		-	18 060 624
Balance previously reported		18 066 624	-	-	-	-	18 066 624	-	-	-	-		-	18 066 624
Correction of error - Note	36.05	-6 000	-		-		-6 000	-	-	-	-		-	-6 000
Buildings		3 398 844	-	-	-	-	3 398 844	448 524	34 310	-	-	-	482 834	2 916 009
Infrastructure		488 729 186	30 326 769	-	-506 140	-	518 549 816	129 043 575	7 276 911	26 979	-239 372	-	136 108 093	382 441 723
Road Network		96 624 114	-	-	-	-	96 624 114	39 121 160	1 101 945	7 686	-	-	40 230 792	56 393 322
Sanitation Network		95 360 010	-	-	-301 104	-	95 058 906	25 163 471	1 480 336	-	-60 227	-	26 583 580	68 475 326
Electricity Network		79 212 138	2 664 172	-	-	-	81 876 310	18 133 655	1 977 058	-	-	-	20 110 713	61 765 597
Water Network		145 628 800	1 039 001	-	-205 036	-	146 462 765	30 326 787	2 168 909	15 986	-179 144	-	32 332 538	114 130 227
Stormwater Network		2 571 535	-	-	-	-	2 571 535	673 691	42 995	-	-	-	716 686	1 854 849
Capitalised Restoration Costs		15 630 073	3 433 575	-	-	-	19 063 648	15 624 810	505 668	3 306	-	-	16 133 784	2 929 864
Balance previously reported		20 428 859	99 657	-	-	-	20 528 516	18 621 420	476 774	-9 540	-	-	19 088 654	1 439 862
Correction of error - Note	36.05	-4 798 786	3 333 918		-		-1 464 868	-2 996 610	28 894	12 846	-		-2 954 870	1 490 002
Work-in-Progress		53 702 517	23 190 022	-	-	-	76 892 538	-	-	-	-		-	76 892 538
Community Assets		33 684 517	-	-	-		33 684 517	517 810	32 874	-	-		550 684	33 133 832
Libraries		466 394	-	-	-	-	466 394	57 652	5 097	-	-	-	62 749	403 645
Cemetery		176 000	-	-	-		176 000	-	-	-	-		-	176 000
Commonage		21 101 000	-	-	-		21 101 000	-	-	-	-		-	21 101 000
Community Halls		1 264 123	-	-	-		1 264 123	155 602	12 524	-	-	-	168 126	1 095 997
Game Farm		8 171 000	-	-	-		8 171 000	-	-	-	-		-	8 171 000
Holiday Resort		1 195 000	-	-	-		1 195 000	135 635	8 061	-	-	-	143 696	1 051 304
Sport Facilities		1 311 000	-	-	-		1 311 000	168 921	7 192	-	-	-	176 113	1 134 887
Lease Assets		10 798 252	1 025 426	-	-		9 453 100	3 963 259	1 229 610	-	-		3 028 530	6 424 570
Office Equipment		2 556 218	943 680	-	-	-2 370 578	1 129 320	2 104 509	402 645	-	-	-2 164 339	342 815	786 504
Electricity Network		1 661 874	46 605	-	-	-	1 708 480	297 929	167 894	-	-	-	465 822	1 242 657
Water Network		6 580 160	35 141	-	-	-	6 615 301	1 560 821	659 071	-	-	-	2 219 892	4 395 409
Other Assets		13 302 034	6 428 149	-	-		22 100 761	10 043 080	638 783	-	-		12 846 202	9 254 560
Air Conditioner		437 207	-	-	-	-	437 207	352 069	22 961	-	-	-	375 030	62 177
Chairs		289 051	-	-	-		289 051	233 310	12 892	-	-	-	246 202	42 849
Electronic Equipment		888 483	15 004	-	-	-	903 487	597 318	82 449	-	-	-	679 767	223 721
Motor vehicles		131 491	-	-	-		131 491	52 769	8 344	-	-	-	61 114	70 378
Furniture & Fittings		592 094	6 000	-	-	-	598 094	473 041	27 140	-	-	-	500 182	97 912
Office Equipment		3 513 213	1 288	-	-	2 370 578	5 885 078	3 257 907	127 529	-	-	2 164 339	5 549 775	335 303
Trailer		89 746	-	-	-		89 746	78 850	996	-	-	-	79 846	9 899
Tables and desks		183 936	-	-	-		183 936	142 534	7 264	-	-	-	149 798	34 138
Tractors		200 000	857 323	-	-	-	1 057 323	176 587	19 282	-	-	-	195 869	861 454
Trucks		4 356 132	5 394 142	-	-	-	9 750 273	3 013 486	170 767	-	-	-	3 184 253	6 566 020
Balance previously reported		4 356 132	4 226 931	-	-	-	8 583 063	3 013 486	170 767	-	-	-	3 184 253	5 398 810
Correction of error - Note	36.05	-	1 167 210	-	-		1 167 210	-	-	-	-		-	1 167 210
Works Equipment		1 208 172	149 133	-	-	-	1 357 306	424 989	103 136	-	-	-	528 126	829 180
Computer hardware		1 412 510	5 259	-	-	-	1 417 769	1 240 218	56 022	-	-	-	1 296 240	121 528
		567 973 458	37 780 344	-	-506 140		605 247 662	144 016 248	9 212 488	26 979	-239 372		153 016 343	452 231 319

		2022	2021
2	**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**	**R**	**R**

Work-in-progress

Work-in-progress is compiled from the following on-going capital projects:

	2022 R	2021 R
Bongani Bulk Supply - Upgrade	14 579 591	14 579 591
Upgrading of Breipaal Pump Station	6 520 233	6 520 233
Upgrading Gravel Roads Campbell	12 150 542	12 150 542
Upgrading of Breipaal Pumpstation and outfall sewer phase 2	15 566 377	15 566 377
Siyancuma High Mast Lights	10 036 307	10 036 307
Campbell oxidation pond	1 086 275	1 086 275
Breipaal 100 stand	2 608 696	2 608 696
Bongani 600 stands	13 007 147	13 007 147
Breipaal pumpstation line	1 337 369	1 337 369
Bongani 458 Stands - Electrification	3 774 026	-
Siya 02/2021 - Roads project	7 098 790	-
	87 765 355	**76 892 538**

	2022 R	2021 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	76 892 538	53 702 517
Expenditure during the year	10 872 817	23 190 022
Assets unbundled during the year	-	-
Balance at end of year	**87 765 355**	**76 892 538**

All the other projects listed are not considered to be long outstanding or stopped.

Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2022	2021
Employee related costs	-	-
Other materials	950 715	550 543
Contracted Services	281 757	829 190
Other Expenditure	542 874	366 957
	1 775 346	**1 746 690**

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

	2022	2021
Infrastructure	(4 050)	14 132
Community Assets	-	-
Other	-	-
	(4 050)	**14 132**

Land is not controlled, but Example Municipality is the legal owner/custodian

	2022	2021
No of Low Cost Houses	1 933	1 721
Total	**1 933**	**1 721**

<u>Key judgements and assumptions applied</u>

- No right to direct access to land, and to restrict/deny the access of others
- Title deed holder
- Binding arrangement
- etc

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.

2022 R	2021 R	2020 R
(105 612)	(5 318 418)	490 423

3 INTANGIBLE ASSETS

	2022 R	2021 R
Computer System & Software		
Net Carrying amount at 1 July	**123 718**	**187 015**
Cost	1 184 430	1 184 430
Accumulated Amortisation	(1 060 712)	(997 415)
Acquisitions	-	-
Disposals	-	-
Impairments	-	-
Amortisation	(60 323)	(63 297)
Disposals	-	-
Net Carrying amount at 30 June	**63 395**	**123 718**
Cost	1 184 430	1 184 430
Accumulated Amortisation	(1 121 035)	(1 060 712)

		Carrying Value	
Description	Remaining Amortisation Period	2022 R	2021 R
SEBATA - Accounting System	1	1 013	2 026
Microsoft Office	1 - 2	9 601	16 129
Cemetery Module	1	414	829
Implementation of Sebata	1 - 2	26 345	52 690
MPLS	1	1 867	3 734
Business Plan Pro Premier	1	87	174
Developed Website	1	4 255	8 510
Mail exchange Server	1	19 813	39 626

No intangible asset were assed having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.

2022 R	2021 R	2020 R
19 816	19 816	(25 970)

4 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2022 R	2021 R
Springbuck	210	1 005.15	211 082	183 297
			211 082	183 297

Fair value of biological assets is based on hunting prices an open active market less costs to sell. Hunting prices were obtained from J & B Visser Boerdery to determine the fair value of game as at year end 30 June 2022

Reconciliation of fair value:

	2022 R	2021 R
Opening Fair Value	183 297	136 303
Acquisitions	18 234	38 421
Fair Value adjustments	9 552	8 574
Closing Fair Value	211 082	183 297

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

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

All biological assets are located on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the hunting of game, resulting in an inflow of resources to the municipality.

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

5 INVENTORY

	2022 R	2021 R
Water – at Current Replacement Cost	3 228	2 786
Total Inventory	**3 228**	**2 786**

No inventory assets were pledged as security for liabilities.

			2022	2021
6	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**		**R**	**R**
	Service Receivables			
	Water		52 363 932	45 967 973
	Balance previously reported		-	45 968 033
	Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Water (Correction of Interest incorrectly charged in 2021)	36.02	-	-60
	Electricity		9 839 352	8 985 760
	Balance previously reported		-	9 166 936
	Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Electricity (Correction of Interest incorrectly charged in 2021)	36.02	-	-181 176
	Refuse		28 778 181	24 844 406
	Sewerage		33 835 896	28 622 301
	Total Service Receivables		**124 817 361**	**108 420 441**
	Less: Allowance for Doubtful Debts		-117 478 062	-87 456 486
	Net Service Receivables		**7 339 299**	**20 963 955**
	Other Receivables			
	Other Debtors		8 296 713	7 040 907
	Other Arrears		2 587 830	2 141 372
	Property Rentals		2 545 729	-1
	Sundry Accounts		42 102	2 136 152
	Other		-	5 221
	Total Other Receivables		**10 884 543**	**9 182 279**
	Less: Allowance for Doubtful Debts		-2 823 899	-2 057 789
	Net Other Receivables		**8 060 644**	**7 124 490**
	Total Net Receivables from Exchange Transactions		**15 399 943**	**28 088 445**

Ageing of Receivables from Exchange Transactions

	2022	2021
(Electricity): Ageing		
Current (0 - 30 days)	2 597 323	2 736 843
31 - 60 Days	228 782	372 759
61 - 90 Days	263 860	446 771
+ 90 Days	6 749 387	5 429 387
Total	**9 839 352**	**8 985 760**
(Water): Ageing		
Current (0 - 30 days)	2 253 056	2 408 040
31 - 60 Days	946 415	1 135 817
61 - 90 Days	909 148	1 045 390
+ 90 Days	48 255 312	41 378 726
Total	**52 363 932**	**45 967 973**
(Refuse): Ageing		
Current (0 - 30 days)	753 253	743 338
31 - 60 Days	565 500	612 101
61 - 90 Days	548 832	588 307
+ 90 Days	26 910 596	22 900 661
Total	**28 778 181**	**24 844 406**
(Sewerage): Ageing		
Current (0 - 30 days)	982 370	941 944
31 - 60 Days	647 865	741 508
61 - 90 Days	631 067	701 477
+ 90 Days	31 574 593	26 237 372
Total	**33 835 896**	**28 622 301**

			2022 R	2021 R
6	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)**			
	(Other Receivables): Ageing			
	Current (0 - 30 days)		50 938	115 093
	31 - 60 Days		54 220	33 372
	61 - 90 Days		37 924	33 226
	+ 90 Days		2 444 749	1 959 681
	Total		**2 587 830**	**2 141 372**

			2022 R	2021 R
7	**TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**			
	Service Receivables			
	Taxes - Rates		40 169 463	29 435 126
	Balance previously reported		-	59 259 278
	Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021)	36.03	-	-2 063 558
	Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021 due to agriculture extra 75% rebate)	36.03	-	-362 178
	Correction of Accumulated Surplus - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2020 due to agriculture extra 75% rebate)	36.03	-	-2 958 232
	Correction of Accumulated Surplus - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2020)	36.03	-	-10 965 013
	Correction of Statement of Financial Performance - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2021)	36.03	-	-13 475 171
	Fines		12 504 425	12 196 760
	Balance previously reported		-	12 189 147
	Correction of Trade and Other Receivables from Non-Exchange Transactions - Fines against Accumulated Surplus (Correction of Traffic fines as per iGRAP 1 correction recognition within the 2015/16 financial year)	36.03	-	7 613
	Other Debtors		-	1 150 000
	Balance previously reported		-	1 200 000
	Correction of Statement of Financial Performance - Grants and subsidies income earned against Trade and other receivables from Non-exchange transactions - Other (Correction of receivable relating to Library grant charged in 2021)	36.03	-	-50 000
	Total Service Receivables		**52 673 888**	**42 781 886**
	Less: Allowance for Doubtful Debts		-50 182 858	-31 980 485
	Balance previously reported		-	-56 647 046
	Correction of Trade and Other Receivables from Non-Exchange Transactions - Allowance for Doubtful Debts against Statement of Financial Performance - Debt Impairment (Correction of debt impairment after considering 75% rebate change in 2021)	36.03	-	24 666 561
	Net Service Receivables		**2 491 030**	**10 801 401**
	Total Net Receivables from Non-Exchange Transactions		**2 491 030**	**10 801 401**

Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

	2022	2021
Current (0 - 30 days)	1 529 729	1 342 466
31 - 60 Days	1 460 310	1 181 143
61 - 90 Days	467 706	1 135 768
+ 90 Days	36 711 718	25 775 749
Total	**40 169 463**	**29 435 126**

8 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial R's**	**Other Debtors R's**	**National and Provincial Government R's**	**Total R's**
2022				
Total Receivables	163 987 028	15 092 255	9 296 508	188 375 792
Less: Provision for doubtful debts	-156 262 385	-14 222 434	-	-170 484 819
Total Recoverable debtors by customer classification	**7 724 644**	**869 821**	**9 296 508**	**17 890 973**

Summary of Receivables by Customer Classification	**Residential, Industrial & Commercial R's**	**Other Debtors R's**	**National and Provincial Government R's**	**Total R's**
2021				
Total Receivables	122 057 170	14 859 205	22 318 231	159 234 606
Less: Provision for doubtful debts	-107 178 190	-14 316 570	-	-121 494 760
Total Recoverable debtors by customer classification	**14 878 979**	**542 635**	**22 318 231**	**37 739 846**

Trade and other receivables impairment

2022	**Exchange Transactions R's**	**Non-Exchange Transactions R's**	**Total R's**
Total	**(120 301 961)**	**(50 182 858)**	**(170 484 819)**

2021	**Exchange Transactions R's**	**Non-Exchange Transactions R's**	**Total R's**
Total	**(89 514 275)**	**(31 980 485)**	**(121 494 760)**

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision	**2022 R**	**2021 R**
Balance at beginning of the year	121 494 760	103 127 485
Contributions to provision	60 163 499	25 384 896
VAT Impairment	6 086 374	3 717 572
Doubtful debts written off against provision	(17 678 155)	(10 844 702)
Fines	418 341	109 509
Balance at end of year	**170 484 818**	**121 494 760**

9 OPERATING LEASE ARRANGEMENTS

9.1 The Municipality as Lessor

	2022 R	2021 R
Balance on 1 July	45 047	42 973
Movement during the year	(2 351)	2 075
Balance on 30 June	42 696	45 047

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 6% per year.
Siyancuma Municipality is leasing commonage land in Griekwastad to Vodacom for periods of 59 months with escalations of 3.7% per year.
Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 April 2023.
Siyancuma Municipality is leasing commonage land in Breipaal to Vodacom for periods of 59 months with escalations of 3.7% per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:	2022 R	2021 R
Up to 1 Year	65 364	104 126
2 to 5 Years	203 487	248 502
More than 5 Years	-	20 349
Total Operating Lease Arrangements	**268 851**	**372 976**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until October 2026.

10 VAT (RECEIVABLE) / PAYABLE FROM EXCHANGE-TRANSACTIONS

		2022 R	2021 R
VAT Payable		9 065 824	27 645
VAT Output in Suspense		13 084 246	11 702 606
Total VAT Payable		**22 150 070**	**11 730 251**
VAT Receivable		(10 471 472)	(1 107 178)
VAT Input in Suspense		(19 151 448)	(17 533 134)
		(29 622 920)	**(18 640 312)**
Balance previously reported		-	(18 468 290)
Correction of VAT Payable from Exchange Transactions - Output VAT in suspense against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.01	-	(175 082)
Correction of VAT Payable from Exchange Transactions - Input VAT in Accrual against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.01	-	3 060
VAT Impairment contribution		**(15 691 560)**	**(11 675 775)**
		(23 164 410)	**(18 585 836)**

VAT is (receivable) / payable on the cash basis.

		2022 R	2021 R
11	**CASH AND CASH EQUIVALENTS**		

Assets

	2022 R	2021 R
Call Investments Deposits	1 566 244	1 510 629
Primary Bank Account	11 721 983	1 653 334
Cash Floats	550	550
Total Cash and Cash Equivalents - Assets	13 288 777	3 164 513

The municipality has the following bank accounts:

Current Accounts

	2022 R	2021 R
Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):	7 487 641	197 018
Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	10 354	23 080
Douglas - ABSA Account number: 4087368160 (Primary Bank Account):	4 223 988	1 433 236
	11 721 983	1 653 334

Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):

	2022 R	2021 R
Cash book balance at beginning of year	197 018	166 760
Cash book balance at end of year	7 487 641	197 018
Bank statement balance at beginning of year	197 018	166 760
Bank statement balance at end of year	7 487 641	197 018

Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)

	2022 R	2021 R
Cash book balance at beginning of year	23 080	32 047
Cash book balance at end of year	10 354	23 080
Bank statement balance at beginning of year	23 080	32 047
Bank statement balance at end of year	10 354	23 080

Douglas - ABSA Account number: 4087368160 (Primary Bank Account):

	2022 R	2021 R
Cash book balance at beginning of year	1 433 236	1 190 483
Cash book balance at end of year	4 223 988	1 433 236
Bank statement balance at beginning of year	1 433 236	1 191 975
Bank statement balance at end of year	4 206 550	1 433 236

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Bank	Account Number	2022 R	2021 R
Standard Bank	048857432	1 435 003	1 381 165
Standard Bank	048857521	60 646	59 825
Standard Bank	048860077	70 594	69 639
		1 566 243	1 510 628

		2022 R	2021 R
12	**LONG TERM LIABILITIES**		
	Capitalised Lease Liability - At amortised cost	2 668 846	5 285 077
		2 668 846	**5 285 077**
	Less: Current Portion transferred to Current Liabilities	**2 369 372**	**2 616 231**
	Annuity Loans - At amortised cost	-	-
	Capitalised Lease Liability - At amortised cost	2 369 372	2 616 231
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**299 474**	**2 668 846**

	2022 R	2021 R
The obligations under finance leases are scheduled below:	**Minimum lease payments**	
Amounts payable under finance leases:		
Payable within one year	2 702 941	3 561 919
Payable within two to five years	352 545	3 055 486
Payable after five years	-	-
	3 055 486	6 617 405
Less: Future finance obligations	(386 640)	(1 332 328)
Present value of lease obligations	**2 668 846**	**5 285 077**

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 30 April 2026.

Refer to note 2 for the finance lease assets capitalised.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

Description of leased item	Effective Interest	Lease Term	Maturity Date	2022 R	2021 R
PABX (R16700)	19.5%	5	30/09/2020	-	-
CCTV Cameras (R24000)	25.4%	5	31/01/2021	-	-
Biometric Access Control (R28500)	23.5%	5	30/06/2021	-	-
Smartmeters	19 to 57%	5	30/04/2026	2 284 824	4 581 660
Nashua - PABX and Routers	11 to 16%	3	31/07/2023	357 837	644 384
Nashua - PABX (Mayors Office)	7.0%	2.25	31/03/2023	26 185	59 034
				2 668 846	5 285 077

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 2 and note 32

13 EMPLOYEE BENEFITS

		2022 R	2021 R
Post Retirement Benefits	13.1	16 507 000	15 919 000
Long Service Awards	13.2	2 975 000	2 860 000
Total Non-current Employee Benefit Liabilities		**19 482 000**	**18 779 000**

Post Retirement Benefits

Balance 1 July		16 494 000	15 143 000
Contribution for the year		(577 319)	(646 584)
Expenditure for the year		2 307 000	2 035 000
Actuarial Loss/(Gain)		(1 114 681)	(37 416)
Total post retirement benefits 30 June		**17 109 000**	**16 494 000**
Less: Transfer of Current Portion	16	(602 000)	(575 000)
Balance 30 June		16 507 000	15 919 000

Long Service Awards

Balance 1 July		3 216 000	2 906 000
Contribution for the year		(420 095)	(248 140)
Expenditure for the year		519 000	444 000
Actuarial Loss		2 096	114 140
Total long service 30 June		**3 317 000**	**3 216 000**
Less: Transfer of Current Portion	16	(342 000)	(356 000)
Balance 30 June		**2 975 000**	**2 860 000**

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July		19 710 000	18 049 000
Contribution for the year		(997 415)	(894 724)
Expenditure for the year		2 826 000	2 479 000
Actuarial Loss/(Gain)		(1 112 585)	76 724
Total employee benefits 30 June		**20 426 000**	**19 710 000**
Less: Transfer of Current Portion	16	(944 000)	(931 000)
Balance 30 June		**19 482 000**	**18 779 000**

13.1 Post Retirement Benefits

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

	2022 Number of members	2021 Number of members
In-service (employee) members	64	61
In-service (employee) non-members	106	114
Continuation members (e.g. Retirees, widows, orphans)	11	11
Total Members	**181**	**186**

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

	R	R
In-service (employee) members	10 302 000	9 737 000
In-service (non-employee) members	575 000	536 000
Continuation members	6 232 000	6 221 000
Total Liability	**17 109 000**	**16 494 000**

	2020 R	2019 R	2018 R
In-service members	7 849 000	9 703 435	9 902 418
Continuation members	7 294 000	7 803 491	7 963 512
Total Liability	**15 143 000**	**17 506 926**	**17 865 930**

		2022 R	2021 R
13	**EMPLOYEE BENEFITS (CONTINUE)**		

Experience adjustments were calculated as follows:

	Rm	Rm
Liabilities: (Gain) / loss	(0.921)	(1.960)
Assets: Gain / (loss)	-	-

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

	2020 Rm	2019 Rm	2018 Rm
Liabilities: (Gain) / loss	(0.667)	0.044	(0.898)
Assets: Gain / (loss)	-	-	-

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

Bonitas	Keyhealth	Samwumed
LA Health	Hosmed	

The Municipality's Accrued Unfunded Liability at 30 June 2022 is estimated at R17.109 million. The Current-service Cost for the year ending 30 June 2022 is estimated at R669 000. It is estimated to be R707 000 for the ensuing year.

Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	11.82%	10.10%
Health Care Cost Inflation Rate	8.44%	6.85%
Net Effective Discount Rate	3.12%	3.04%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

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

iv) Expected rate of salary increases

The next contribution rate increase is assumed to occur at 1 January 2022.

	2022 R	2021 R
Present value of fund obligations	17 109 000	16 494 000
Net liability/(asset)	**17 109 000**	**16 494 000**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year		16 494 000	15 143 000
Total expenses		1 729 681	1 388 416
Current service cost		669 000	514 000
Interest Cost		1 638 000	1 521 000
Benefits Paid		(577 319)	(646 584)
Actuarial (gains)/losses		(1 114 681)	(37 416)
Present value of fund obligation at the end of the year		17 109 000	16 494 000
Less: Transfer of Current Portion	16	(602 000)	(575 000)
Balance 30 June		**16 507 000**	**15 919 000**

		2022	2021
13	**EMPLOYEE BENEFITS (CONTINUE)**	**R**	**R**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		10.877	6.232	17.109	
Health care inflation	1%	13.072	6.756	19.828	16%
Health care inflation	-1%	9.123	5.769	14.892	-13%
Discount Rate	1%	9.184	5.786	14.970	-13%
Discount Rate	-1%	13.021	6.744	19.765	16%
Post-retirement mortality	+1 year	10.579	5.994	16.573	-3%
Post-retirement mortality	-1 year	11.172	6.472	17.644	3%
Average retirement age	-1 year	11.955	6.232	18.187	6%
Contiuation of membership at retirement	-10%	9.483	6.232	15.715	-8%

Sensitivity Analysis on the Current Service Cost and Interest Costs

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		669 000	1 638 000	2 307 000	
Health care inflation	1%	820 000	1 911 000	2 731 000	18%
Health care inflation	-1%	550 000	1 416 000	1 966 000	-15%
Discount Rate	1%	560 000	1 564 000	2 124 000	-8%
Discount Rate	-1%	809 000	1 717 000	2 526 000	9%
Post-retirement mortality	+1 year	652 000	1 586 000	2 238 000	-3%
Post-retirement mortality	-1 year	689 000	1 690 000	2 379 000	3%
Average retirement age	-1 year	733 000	1 739 000	2 472 000	7%
Contiuation of membership at retirement	-10%	585 000	1 507 000	2 092 000	-9%

13.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 170 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2022 is R248 000. The Current-service Cost for the ensuing year has been estimated to be R251 000.

Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	10.81%	8.89%
General Salary Inflation (long-term)	733.00%	5.71%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.24%	3.01%

Experience adjustments were calculated as follows:	2022 R	2021 R
Liabilities: (Gain) / loss	6 000	82 000
Assets: Gain / (loss)	-	-

			2022	2021
13	**EMPLOYEE BENEFITS (CONTINUE)**		R	R

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

	2020 R	2019 R	2018 R
Liabilities: (Gain) / loss	68 424	(11 112)	252 599
Assets: Gain / (loss)	-	-	-

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

	2022 R	2021 R
Present value of fund obligations	3 317 000	3 216 000
Net liability/(asset)	**3 317 000**	**3 216 000**

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

	2020 R	2019 R	2018 R
Total Liability	2 906 000	2 892 920	2 817 134

Reconciliation of present value of fund obligation:

		2022 R	2021 R
Present value of fund obligation at the beginning of the year		3 216 000	2 906 000
Total expenses		98 905	195 860
Current service cost		248 000	239 000
Interest Cost		271 000	205 000
Benefits Paid		(420 095)	(248 140)
Actuarial (gains)/losses		2 096	114 140
Present value of fund obligation at the end of the year		3 317 000	3 216 000
<u>Less:</u> Transfer of Current Portion	16	(342 000)	(356 000)
Balance as at 30 June		**2 975 000**	**2 860 000**

		2022	2021
13	**EMPLOYEE BENEFITS (CONTINUE)**	R	R

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions		3.317	
General salary inflation	1%	3.495	5%
General salary inflation	-1%	3.153	-5%
Discount Rate	1%	3.147	-5%
Discount Rate	-1%	3.505	6%
Average retirement age	-2 yrs.	3.537	7%
Average retirement age	2 yrs	2.698	-19%
Withdrawal rates	x2	2.804	-15%
Withdrawal rates	x0.5	3.651	10%

		2022	2021
13	**EMPLOYEE BENEFITS (CONTINUE)**	**R**	**R**

13.3 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 PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in an sound financial position with a funding level of 104,9% (30 June 2020 - 100%).

	2022	2021
Contributions paid recognised in the Statement of Financial Performance	3 137 383	2 909 073

IMATU PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2022	2021
Contributions paid recognised in the Statement of Financial Performance	349 940	415 828

SALA PENSION FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2022	2021
Contributions paid recognised in the Statement of Financial Performance	2 773 047	2 579 317

SAMWU PROVIDENT FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

	2022	2021
Contributions paid recognised in the Statement of Financial Performance	758 132	772 978

14 NON-CURRENT PROVISIONS

	2022 R	2021 R
Provision for Rehabilitation of Landfill-sites	31 131 596	25 064 107
Total Non-current Provisions	**31 131 596**	**25 064 107**

Landfill Sites

	Note	2022 R	2021 R
Balance 1 July		25 064 107	20 042 343
Balance previously reported		-	26 955 188
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.06	-	(4 798 786)
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.06	-	(3 052 101)
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020 - Unwinding of interest)	36.06	-	938 042
(Decrease) / Increase in Estimate		3 804 936	3 433 575
Balance previously reported		-	(4 681 582)
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites addition calculation for the 2020/21 financial year)	36.06		3 333 918
Correction of Non-current Provisions cost against Statement of Financial Performance - Gain on Landfill site provision amount (Correction of remaining useful lives for the period 2020/21 financial year)	36.06		4 781 239
Unwinding of discounted interest		2 262 553	1 588 189
Balance previously reported		-	2 083 034
Correction of Non-current Provisions cost against Statement of Financial Performance - Finance Charges - Landfill sites (Correction of remaining useful lives of the sites during 2020/21 - Unwinding of interest correction)	36.06	-	(494 845)
Total provision 30 June		**31 131 596**	**25 064 107**
Less: Transfer of Current Portion to Current Provisions	17	-	-
Balance 30 June		**31 131 596**	**25 064 107**

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

	Douglas	Campbell	Griekwastad
Area (m²)	20 544	5 710	15 108
Preliminary and general (Rand)	1 972 153	473 136	1 184 944
Site Clearance (Rand)	27 529	7 651	20 245
Storm water control measures (Rand)	1 476 195	657 672	1 370 438
Capping (Rand)	8 889 683	1 988 738	5 414 403
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	465 780	245 209	474 544
Fencing (Rand)	1 277 140	12 336	12 336
Other costs	4 274 901	1 927 802	3 206 618

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

Location	**Estimated decommission date**	**Cost of rehabilitation** 2022 R	2021 R
Douglas	2031	14 531 308	11 213 439
Griekwastad	2026	11 319 211	9 285 349
Campbell	2025	5 281 077	4 565 319
		31 131 596	25 064 107

Material Assumtions used

Discount Rate used	2020	2021	2022
Douglas	9.46%	8.90%	10.24%
Griekwastad	8.01%	7.44%	8.25%
Campbell	7.70%	6.43%	7.61%

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R31131596 (2021: R25064107) 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 a calculated risk free rate as determined by themunicipality, the government bond rate is used.

15 CONSUMER DEPOSITS

	2022 R	2021 R
Water & Electricity	180 499	184 291
Total Consumer Deposits	**180 499**	**184 291**

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

16 CURRENT EMPLOYEE BENEFITS

		2022 R	2021 R
Current Portion of Post Retirement Benefits	13	602 000	575 000
Current Portion of Long-Service Awards	13	342 000	356 000
Bonuses		1 294 490	1 254 761
Staff Leave		3 266 087	2 209 713
Total Current Employee Benefits		**5 504 576**	**4 395 474**

The movement in current employee benefits are reconciled as follows:

Bonuses

	2022	2021
Balance at beginning of year	1 254 761	1 033 400
Contribution to current portion	3 101 526	3 185 178
Expenditure incurred	-3 061 797	-2 963 816
Balance at end of year	**1 294 490**	**1 254 761**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, on the employee's birth month. There is no possibility of reimbursement.

Staff Leave

	2022	2021
Balance at beginning of year	2 209 713	1 284 097
Contribution to current portion	1 190 114	1 038 978
Expenditure incurred	-133 741	-113 361
Balance at end of year	**3 266 087**	**2 209 713**

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.

17 PROVISIONS

		2022 R	2021 R
Current Portion of Rehabilitation of Landfill-sites	14	-	-
Total Provisions		**-**	**-**

18 PAYABLES FROM EXCHANGE TRANSACTIONS

		2022 R	2021 R
Trade Payables		215 623 925	187 925 996
Balance previously reported			186 609 844
Correction of Property Plant and equipment - Other Assets - Trucks against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.07	-	1 167 210
Correction of VAT Payable from Exchange Transactions - Output VAT in suspense against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.07	-	175 082
Correction of Statement of Financial Performance - General Expenses - Other Expenditure against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	-	-1 980
Correction of Statement of Financial Performance - General Expenses - Telephone expenses against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	-	-20 397
Correction of Statement of Financial Performance - Finance Charges - Payables & Creditors against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	-	-703
Correction of VAT Payable from Exchange Transactions - Input VAT in Accrual against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07		-3 060
Receivables with credit balances		7 115 893	776 663
Unspent grants		12 692 954	1 885 527
Sundry Payables		4 004 158	5 444 364
Total Trade Payables		**239 436 930**	**196 032 550**
Total Non-current Trade Payables from Exchange Transactions		**-**	**136 199 814**
Trade Payables		-	136 199 814
Total Current Trade Payables		**239 436 930**	**59 832 736**

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

Non-Current Trade Payables are recognised as per payment arrangements entered into

19 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

	2022 R	2021 R
Unspent Grants	15 824 183	23 035 101
National and Provincial Government Grants	15 824 183	23 035 101
Other Sources	-	-
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	**15 824 183**	**23 035 101**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

Energy Efficiency grant

National Treasury - Electrical Maintenance

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

LG Seta

Provincial Department - Personnel Training

Expanded Public Works Programme

National Treasury - Road Maintenance

INEG

National Treasury - Infrastructure development

RBIG

National Treasury - Infrastructure development

WSIG

National Treasury - Infrastructure development

Disaster Management Relief Grant - COVID 19

National Treasury - COVID 19 expenditure

			2022 R	2021 R
20	**PROPERTY RATES**			
	Actual			
	Rateable Land and Buildings		35 040 632	38 036 645
	Residential, Commercial Property, State		35 040 632	38 036 645
	Less: Rebates		(16 693 168)	(15 084 596)
	Balance previously reported		-	(1 609 425)
	Correction of Statement of Financial Performance - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2021)	36.09	-	(13 475 171)
	Total Assessment Rates		**18 347 464**	**22 952 049**
	Valuations - 1 July 2021			
	Rateable Land and Buildings		11 456 645 405	11 465 447 905
	Residential		799 752 000	792 875 500
	Business		410 079 500	398 308 500
	Governments		86 654 000	388 115 500
	Infrastructure		4 550 000	4 505 500
	Public Benefit Organisations		53 855 500	99 152 000
	Vacant land		61 624 200	56 849 700
	Agriculture		9 882 366 005	9 568 568 005
	Exempt Municipal and other		157 764 200	157 073 200
	Less: Income Forgone			
	Total Assessment Rates		**11 456 645 405**	**11 465 447 905**

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2019.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

			2022	2021
21	**GOVERNMENT GRANTS AND SUBSIDIES**		**R**	**R**
	Unconditional Grants		**54 012 000**	**52 642 000**
	Equitable Share	21.1	54 012 000	52 642 000
	Conditional Grants		**17 474 993**	**40 649 193**
	Library Project		1 200 000	1 150 000
	Balance previously reported			1 200 000
	Correction of Statement of Financial Performance - Grants and subsidies income earned against Trade and other receivables from Non-exchange transactions - Other (Correction of receivable relating to Library grant charged in 2021)	36.04		(50 000)
	Local Government Financial Management Grant		3 000 000	3 000 000
	Equitable Share - Covid 19		-	7 711 000
	Municipal Infrastructure Grant		8 163 609	-
	LG Seta		474 803	1 053 400
	EPWP		-	1 031 000
	Integrated National Eletrification Grant		4 340 130	14 958 219
	Water Services Infrastructure Grant		296 451	11 745 574
	Total Government Grants and Subsidies		**71 486 993**	**93 291 193**
	Government Grants and Subsidies - Capital		**12 503 739**	**34 203 657**
	Municipal Infrastructure Grant		8 163 609	-
	Integrated National Eletrification Grant		4 340 130	14 958 219
	Water Services Infrastructure Grant		-	11 745 574
	Equitable Share - Covid 19		-	7 499 864
	Government Grants and Subsidies - Operating		**58 983 254**	**59 087 536**
	Equitable Share		54 012 000	52 642 000
	Equitable Share - Covid 19		-	211 136
	Library Project		1 200 000	1 150 000
	Local Government Financial Management Grant		3 000 000	3 000 000
	LG Seta		474 803	1 053 400
	EPWP		-	1 031 000
	Water Services Infrastructure Grant		296 451	-
			71 486 993	**93 291 193**

Grant spending per vote:

Executive & Council	3 093 000	-
Corporate Services	474 803	1 053 400
Budget & Treasury	53 919 000	63 353 000
Community & Social Services	1 200 000	1 150 000
Road Transport	8 163 609	1 031 000
Electricity	4 340 130	14 958 219
Water	296 451	-
Waste Water Management	-	11 745 574
	71 486 993	**93 291 193**

Conditions were complied with during the year.

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2022 R	2021 R

21.1 Equitable share

Opening balance	-	-
Grants received	42 495 000	54 523 192
Transfer from MIG due to roll over not approved on MIG	7 201 201	5 829 808
Transfer from WSIG due to roll over not approved on WSIG	4 315 799	-
Conditions met - Operating	(54 012 000)	(52 853 136)
Conditions met - Capital	-	(7 499 864)
Conditions still to be met	-	-

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.

21.2 Local Government Financial Management Grant (FMG)

Opening balance	-	-
Grants received	3 000 000	3 000 000
Conditions met - Operating	(3 000 000)	(3 000 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

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

21.3 Municipal Infrastructure Grant (MIG)

Opening balance	12 321 000	7 715 336
Grants received	10 020 000	12 321 000
Transfer to Equitable Share due to roll over not approved on MIG	(5 315 674)	(5 829 808)
Transfer to Sundry Payable due to roll over not approved on MIG	(7 005 326)	(1 885 527)
Conditions met - Operating	-	-
Conditions met - Capital	(8 163 609)	-
Grant expenditure to be recovered	1 856 391	12 321 000

The grant was used to upgrade infrastructure in previously disadvantaged areas.

21.4 Expanded Public Works Program (EPWP)

Opening balance	-	-
Grants received	-	1 031 000
Conditions met - Operating	-	(1 031 000)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

The grant was used for infrastructure development in the Siyancuma area.

21.5 Library Grants

Opening balance	-	-
Grants received	1 200 000	1 150 000
Conditions met - Operating	(1 200 000)	(1 150 000)
Conditions met - Capital	-	-
Grant expenditure to be recovered	-	-

Library grants was utilised for the development of libraries in the Siyancuma area.

21.6 Water Services Infrastructure Grant (WSIG)

Opening balance	10 003 426	-
Grants received	5 000 000	21 749 000
Transfer to Equitable Share due to roll over not approved on WSIG	(4 315 799)	-
Transfer to Sundry Payable due to roll over not approved on WSIG	(5 687 628)	-
Conditions met - Operating	(296 451)	-
Conditions met - Capital	-	(11 745 574)
Grant expenditure to be recovered	4 703 549	10 003 426

The Water Services Infrastructure Grant was used for the upgrading of the bulk water services within the Siyancuma areas.

		2022 R	2021 R
21	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**		

21.7 Integrated National Electrification Grant (INEG)

	2022 R	2021 R
Opening balance	41 781	-
Grants received	12 500 000	15 000 000
Conditions met - Operating	-	-
Conditions met - Capital	(4 340 130)	(14 958 219)
Conditions still to be met	8 201 650	41 781

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

21.8 Other Grants

	2022 R	2021 R
Opening balance	668 894	808 794
Grants received	868 501	913 500
Conditions met - Operating	(474 803)	(1 053 400)
Conditions met - Capital	-	-
Conditions still to be met	1 062 592	668 894

Various grants were received from other spheres of government

21.9 Total Grants

	2022 R	2021 R
Opening balance	23 035 101	8 524 130
Grants received	75 083 501	109 687 692
Transfers	(10 807 426)	(1 885 527)
Conditions met - Operating	(58 983 254)	(59 087 536)
Conditions met - Capital	(12 503 739)	(34 203 657)
Conditions still to be met/(Grant expenditure to be recovered)	**15 824 182**	**23 035 101**

Disclosed as follows:

	2022 R	2021 R
Unspent Conditional Government Grants and Receipts	15 824 183	23 035 101
Unpaid Conditional Government Grants and Receipts	-	-
	15 824 183	**23 035 101**

22 PUBLIC CONTRIBUTIONS AND DONATIONS

	2022 R	2021 R
Donations	2 637 569	1 071 111
Service-in-kind	-	961 109
Total Public Contributions and Donations	**2 637 569**	**2 032 220**

Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest for R2 637 569

23 CONTRIBUTED PPE

	2022 R	2021 R
ABSA Bank - 5 Laptops	55 995	-
Grid Control Technologies - 3 Laptops	33 897	
Inzalo EMS - 5 Laptops	69 828	
Nashua Kimberley - 4 Laptops	33 872	
Mubesko Africa (Pty) Ltd - 2 Laptops	25 998	
Nashua Kimberley - Various photocopy machines and printers	443 775	
FNB Bank - Various movable assets that remained within the building which was purchased	29 050	
Total changes in fair value	**692 414**	**-**

Contributed PPE represents all assets donated to the muncipality - refer to note 2 for the inclusion of assets.

24 SERVICE CHARGES

	2022 R	2021 R
Electricity	45 510 695	41 050 809
Service Charges	45 534 469	43 577 402
Less: Revenue Forgone	(23 774)	(2 526 594)
Water	23 194 448	20 304 735
Service Charges	24 840 620	21 929 793
Less: Revenue Forgone	(1 646 172)	(1 625 059)
Refuse removal	6 360 942	5 846 375
Service Charges	11 471 310	10 923 840
Less: Revenue Forgone	(5 110 368)	(5 077 465)
Sewerage and Sanitation Charges	7 751 781	7 816 178
Service Charges	13 214 473	13 270 429
Less: Revenue Forgone	(5 462 692)	(5 454 251)
Other Service Charges	-	-
Total Service Charges	**82 817 866**	**75 018 097**

Revenue Foregone 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.

25 AVAILABILITY CHARGES

	2022 R	2021 R
Electricity	152 950	265 309
Water	80 103	145 975
Sanitation	241 192	-
Total Availability Charges	**474 244**	**411 283**

26 OTHER REVENUE

	2022 R	2021 R
Sundry income	137 891	426 411
Insurance income	59 835	46 305
Legal cost received	2 991	77
Cemetery fees	73 810	58 301
Other income represents administration income	414 740	138 539
Total Other Income	**689 267**	**669 633**

Sundry income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

			2022	2021
27	**EMPLOYEE RELATED COSTS**		**R**	**R**
	Employee Related Costs - Salaries and Wages		40 401 803	41 852 329
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		11 073 506	9 089 019
	Travelling Allowances		2 252 895	2 261 083
	Acting Allowance		283 195	19 056
	Cellphone Allowance		289 100	337 700
	Standby Allowance		999 907	1 095 705
	Housing Benefits and Allowances		486 709	422 061
	Overtime		4 301 983	4 275 425
	Bargaining Council		21 189	19 781
	Bonuses		3 101 528	3 185 178
	Provision for staff leave		1 190 113	1 038 978
	Contribution to provision - Long Service Awards	13	248 000	238 999
	Contribution to provision - Post Retirement Medical	13	669 000	514 000
	Total Employee Related Costs		**65 318 928**	**64 349 314**

		2022	2021
27	**EMPLOYEE RELATED COSTS**	**R**	**R**

KEY MANAGEMENT PERSONNEL

There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2022	2021
Remuneration of the Municipal Manager (MF Fillis)		
Annual Remuneration	-	1 405 109
Cellphone Allowance	-	51 600
Housing Allowance	-	48 000
Transport Logsheets	-	150 493
Total	**-**	**1 655 203**
Remuneration of the Chief Financial Officer (CC Zealand)		
Annual Remuneration	649 164	649 164
Travelling Allowance	193 589	193 589
Contributions to UIF, Medical and Pension Funds	241 313	241 085
Cellphone Allowance	44 400	44 400
Transport Logsheets	2 664	1 691
Total	**1 131 129**	**1 129 929**
Remuneration of the Director Corporate and Community Services (J Marwane) (Acting MM as from 1 April 2022 to 30 June 2022)		
Annual Remuneration	721 818	721 818
Acting Allowance	58 952	-
Travelling Allowance	165 231	165 231
Contributions to UIF, Medical and Pension Funds	197 016	196 789
Cellphone Allowance	44 400	44 400
Transport Logsheets	5 842	-
Total	**1 193 259**	**1 128 238**
Remuneration of the Director Infrastructure Services (XS Geco) (Acting MM as from 1 July 2021 until 31 March 2022)		
Annual Remuneration	754 787	754 787
Acting Allowance	176 856	-
Travelling Allowance	123 360	123 360
Contributions to UIF, Medical and Pension Funds	205 918	205 691
Cellphone Allowance	44 400	44 400
Transport Logsheets	-	-
Total	**1 305 322**	**1 128 238**

		2022	2021
27	**EMPLOYEE RELATED COSTS (CONTINUE)**	**R**	**R**

KEY MANAGEMENT PERSONNEL

Remuneration of Senior Management - Financial Services (PJE Bloem)

	2022 R	2021 R
Annual Remuneration	689 280	647 532
Annual Bonus	57 190	53 961
Housing Allowance	18 301	18 912
Travelling Allowance	173 466	168 232
Contributions to UIF, Medical and Pension Funds	211 251	202 204
Cellphone Allowance	9 600	9 600
Long Service Award	82 354	-
Transport Logsheets	-	1 400
Total	**1 241 440**	**1 101 841**

Remuneration of Senior Management - Corporate Services (CEC Morolong)

	2022 R	2021 R
Annual Remuneration	673 200	647 532
Annual Bonus	55 850	53 961
Housing Allowance	11 574	11 574
Travelling Allowance	180 127	173 412
Contributions to UIF, Medical and Pension Funds	255 981	240 635
Cellphone Allowance	9 600	9 600
Total	**1 186 332**	**1 136 715**

Remuneration of Senior Management - Technical Services (W Ellison)

	2022 R	2021 R
Annual Remuneration	584 317	561 660
Annual Bonus	48 443	46 805
Overtime	257 312	275 398
Standby Allowance	56 718	51 813
Housing Allowance	14 400	14 400
Travelling Allowance	117 083	112 718
Contributions to UIF, Medical and Pension Funds	151 333	144 956
Cellphone Allowance	-	-
Transport Logsheets	72 230	51 932
Total	**1 301 836**	**1 259 681**

Remuneration of Senior Management - Technical Services (G Beukes)

	2022 R	2021 R
Annual Remuneration	1 274 509	1 228 512
Annual Bonus	105 959	102 376
Housing Allowance	18 000	18 000
Travelling Allowance	179 566	173 644
Contributions to UIF, Medical and Pension Funds	383 043	351 951
Cellphone Allowance	9 600	9 600
Long Service Award	-	147 421
Transport Logsheets	1 303	-
Total	**1 971 979**	**2 031 504**

Total Key Management Remuneration

	2022 R	2021 R
Annual Remuneration	5 347 074	6 616 114
Annual Bonus	267 442	257 103
Acting Allowance	235 809	-
Contributions to UIF, Medical and Pension Funds	1 645 854	1 583 311
Housing Allowances	62 275	110 886
Overtime	257 312	275 398
Standby Allowance	56 718	51 813
Travelling Allowance	1 132 422	1 110 187
Transport Logsheets	82 039	205 516
Cellphone Allowance	162 000	213 600
Long Service Award	82 354	147 421
Total	**9 331 299**	**10 571 350**

The key management personnel has been extended to include the disclosure of senior management staff as they are considered to have significant influence.

28 REMUNERATION OF COUNCILLORS

			2022 R	2021 R
Executive Mayor:	Allowances	**(PJ McKlein) (1 July 2021 to 8 November 2021)**	236 060	604 550
	Cell phone Allowance		15 809	44 400
	Backpay		-	-
	Travelling		69 624	272 634
Executive Mayor:	Allowances	**(WJ van Bergen) (22 November 2021 to 30 June 2022)**	375 206	-
	Cell phone Allowance		28 591	-
	Backpay		-	-
	Travelling		125 069	-
Councillors:	Allowances		2 888 944	2 765 603
	Cell phone Allowance		532 800	532 800
	Backpay		-	-
	Travelling		918 658	1 012 497
Total Councillors' Remuneration			**5 190 760**	**5 232 483**

Year ended 30 JUNE 2022

		Allowances	Cell phone Allowance	Backpay	Travelling
Councillors		**2 888 944**	**532 800**	**-**	**918 658**
JH George	(1 July 2021 to 30 June 2022)	310 609	44 400	-	98 468
SJ Mosetle	(1 July 2021 to 8 Novmber 2021)	93 184	15 809	-	30 021
A Oliphant	(1 July 2021 to 8 Novmber 2021)	86 864	15 809	-	22 707
LC van Niekerk	(1 July 2021 to 30 June 2022)	407 606	44 400	-	130 511
DV Smous	(1 July 2021 to 30 June 2022)	191 557	44 400	-	63 773
KJ Apie	(1 July 2021 to 8 Novmber 2021)	69 341	15 809	-	22 707
TM Tamboer	(1 July 2021 to 8 Novmber 2021)	68 121	15 809	-	22 707
GF Morolong	(1 July 2021 to 8 Novmber 2021)	87 422	15 809	-	29 141
EM Fish	(1 July 2021 to 8 Novmber 2021)	68 121	15 809	-	22 707
DV Duiker	(1 July 2021 to 8 Novmber 2021)	70 894	15 809	-	22 707
L van Wyk	(1 July 2021 to 8 Novmber 2021)	68 121	15 809	-	22 707
VZ Standers	(1 July 2021 to 8 Novmber 2021)	70 229	15 809	-	22 707
PJ McKlein	(9 November to 30 June 2022)	172 889	28 591		55 722
MJ Katz	(9 November to 30 June 2022)	126 178	28 591		41 066
DRN Ellison	(9 November to 30 June 2022)	129 186	28 591		41 066
IA Baardman	(9 November to 30 June 2022)	174 729	28 591		53 594
HT Kolberg	(9 November to 30 June 2022)	168 046	28 591		41 066
EK Louw	(9 November to 30 June 2022)	123 197	28 591		41 066
CZ Nyangintaka	(9 November to 30 June 2022)	156 255	28 591		52 085
VB Makabe	(9 November to 30 June 2022)	123 197	28 591		41 066
SA Buitendag	(9 November to 30 June 2022)	123 197	28 591		41 066

Year ended 30 JUNE 2021

	Allowances	Cell phone Allowance	Backpay	Travelling
Councillors	**2 765 603**	**532 800**	**-**	**1 012 497**
JH George	483 640	44 400	-	167 323
SJ Mosetle	252 946	44 400	-	92 504
A Oliphant	191 318	44 400	-	99 062
L van Niekerk	252 946	44 400	-	84 315
DV Smous	191 318	44 400	-	64 694
KJ Apie	191 318	44 400	-	73 660
TM Tamboer	191 318	44 400	-	63 773
GF Morolong	245 525	44 400	-	81 842
EM Fish	191 318	44 400	-	63 773
DV Duiker	191 318	44 400	-	86 707
L van Wyk	191 318	44 400	-	63 773
VZ Standers	191 318	44 400	-	71 072

In-kind Benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

29 BAD DEBTS WRITTEN OFF

		2022 R	2021 R
Trade Receivables from non-exchange transactions	7	343 787	51 429
Trade Receivables from exchange transactions	6	17 334 368	10 793 273
Less: VAT	10	(2 070 589)	(1 407 818)
Total Bad Debts written off		**15 607 566**	**9 436 884**

30 DEBT IMPAIRMENT / (REVERSAL)

		2022 R	2021 R
Trade Receivables from exchange transactions	6	30 787 686	17 708 111
Trade Receivables from non-exchange transactions	7	18 202 373	659 165
Balance previously reported		-	25 325 726
Correction of Trade and Other Receivables from Non-Exchange Transactions - Allowance for Doubtful Debts against Statement of Financial Performance - Debt Impairment (Correction of debt impairment after considering 75% rebate change in 2021)	36.09	-	-24 666 561
Less: VAT Debt Impairment Provision	10	(4 015 785)	(2 309 754)
Total Contribution to Impairment Provision		**44 974 274**	**16 057 523**

31 IMPAIRMENTS

	2022 R	2021 R
Property, Plant and Equipment *During the fixed asset verification of 2020/2021 - a borehole fence and section of road was damaged beyond repair and are to be impaired as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).*	-	26 979
Total Impairment Loss/ (Reversal of Impairment Loss)	-	26 979

Value in use

Value in use of the movable assets and infrastructure assets were determined as R0 as these items cannot be used in the future as they are broken and and will not provide value in use in the current period or future periods.

32 FINANCE CHARGES

		2022 R	2021 R
Long-term Liabilities		932 776	1 398 134
Payables & Creditors		3 445 622	1 631 100
Balance previously reported		-	1 631 803
Correction of Statement of Financial Performance - Finance Charges - Payables & Creditors against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-	-703
Actuarial Interest		1 909 001	1 726 000
Landfill Sites		2 262 553	1 588 189
Balance previously reported			2 083 034
Correction of Non-current Provisions cost against Statement of Financial Performance - Finance Charges - Landfill sites (Correction of remaining useful lives of the sites during 2020/21 - Unwinding of interest correction)	36.09		(494 845)
Total finance charges		**8 549 952**	**6 343 423**

33 BULK PURCHASES

	2022 R	2021 R
Electricity	55 248 364	48 765 863
Water	1 443 525	888 060
Purchases	1 122 774	1 076 590
Less Stock Adjustments	320 751	(188 530)
Stock adjustments	(320 751)	188 530
Total Bulk Purchases	**56 371 138**	**49 842 453**

34 DEPRECIATION AND AMORTISATION

		2022 R	2021 R
Property, Plant and Equipment		10 876 178	9 212 488
Balance previously reported			9 183 595
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Statement of Financial Performance - Depreciation (Correction of remaining useful lives of the sites during the 2020/21 financial year - depreciation correction)	36.09		28 894
Intangible Assets		60 323	63 297
Total finance charges		**10 936 501**	**9 275 785**

35 GENERAL EXPENSES

		2022 R	2021 R
Advertisements		98 447	54 177
Audit fees		3 389 310	2 649 406
Bank charges		366 063	394 309
Chemicals		448 910	492 421
Cleaning costs		58 162	85 559
Contracted Services		225 776	21 309
Delegation fees		238 543	136 671
Drop safe rental		137 572	161 951
Entertainment: public		37 310	55 576
Environmental health		182 170	241 434
Insurance cost		1 680 049	770 562
Legal expenses		135 801	23 325
Membership fees: municipal		829 803	735 996
Meter Management Fees		1 189 970	445 019
Other expenditure		284 699	(1 625)
Balance previously reported		-	355
Correction of Statement of Financial Performance - General Expenses - Other Expenditure against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-	-1 980
Printing & stationary		1 434 388	1 111 112
Professional and consultant		6 347 784	6 088 816
Telephone expenses		302 750	717 269
Balance previously reported		-	737 666
Correction of Statement of Financial Performance - General Expenses - Telephone expenses against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-	-20 397
Training		288 803	97 722
Valuation fees		278 826	125 217
Skills development Levy		573 480	549 339
Subsistence and travel		12 705	306 265
Vehicles: fuel		1 240 951	817 313
Vehicles: licences		168 747	108 353
Ward Committee		884 412	531 400
General Expenses		**20 835 431**	**16 718 896**

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

			2021 R
36	**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:

36.01 VAT (Receivable) / Payable from exchange transactions

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**(18 413 814)**
Correction of VAT Payable from Exchange Transactions - Output VAT in suspense against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.07	-175 082
Correction of VAT Payable from Exchange Transactions - Input VAT in Accrual against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	3 060
Total		**(18 585 836)**

36.02 Trade Receivables from exchange transactions

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**28 269 680**
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Water (Correction of Interest incorrectly charged in 2021)	36.09	-60
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Electricity (Correction of Interest incorrectly charged in 2021)	36.09	-181 176
Total		**28 088 445**

36.03 Trade Receivables from Non-exchange transactions

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**16 001 379**
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021)	36.08	-2 063 558
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021 due to agriculture extra 75% rebate)	36.09	-2 958 232
Correction of Statement of Accumulated Surplus / (Deficit) against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2020 due to agriculture extra 75% rebate)	36.08	-362 178
Correction of Statement of Financial Performance - Grants and subsidies income earned against Trade and other receivables from Non-exchange transactions - Other (Correction of receivable relating to Library grant charged in 2021)	36.09	-50 000
Correction of Accumulated Surplus - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2020)	36.08	-10 965 013
Correction of Statement of Financial Performance - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2021)	36.09	-13 475 171
Correction of Trade and Other Receivables from Non-Exchange Transactions - Fines against Accumulated Surplus (Correction of Traffic fines as per iGRAP 1 correction recognition within the 2015/16 financial year)	36.08	7 613
Correction of Trade and Other Receivables from Non-Exchange Transactions - Allowance for Doubtful Debts against Statement of Financial Performance - Debt Impairment (Correction of debt impairment after considering 75% rebate change in 2021)	36.09	24 666 561
Total		**10 801 401**

36.04 Government Grants and Subsidies

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**93 341 193**
Correction of Statement of Financial Performance - Grants and subsidies income earned against Trade and other receivables from Non-exchange transactions - Other (Correction of receivable relating to Library grant charged in 2021)	36.08	-50 000
Total		**93 291 193**

36 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

36.05 Property, Plant & Equipment

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**449 580 107**
Correction of Property Plant and equipment - Other Assets - Trucks against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.07	1 167 210
Correction of Property Plant and equipment - Land & Buildings- Land against Accumulated Surplus (Erf 659 to be removed from the register as is an RDP property)	36.08	-6 000
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.06	-4 798 786
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.08	2 982 426
Correction of Property Plant and equipment - Capitalised restoration Accumulated Impairment against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.08	14 184
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites addition calculation for the 2020/21 financial year)	36.06	3 333 918
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Statement of Financial Performance - Depreciation (Correction of remaining useful lives of the sites during the 2020/21 financial year - depreciation correction)	36.09	-28 894
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Statement of Financial Performance - Depreciation (Correction of remaining useful lives of the sites during the 2020/21 financial year - impairment correction)	36.09	-12 846
Total		**452 231 320**

36.06 Non-Current Provisions

Disclosure as required by GRAP 1.

Balance previously reported		**24 356 639**
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.05	-4 798 786
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.08	-3 052 101
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020 - Unwinding of interest)	36.08	938 042
Correction of Property Plant and equipment - Capitalised restoration cost against Non-current provision (Correction of remaining useful lives of the sites addition calculation for the 2020/21 financial year)	36.05	3 333 918
Correction of Non-current Provisions cost against Statement of Financial Performance - Gain on Landfill site provision amount (Correction of remaining useful lives for the period 2020/21 financial year)	36.09	4 781 239
Correction of Non-current Provisions cost against Statement of Financial Performance - Finance Charges - Landfill sites (Correction of remaining useful lives of the sites during 2020/21 - Unwinding of interest correction)	36.09	-494 845
Total		**25 064 107**

36.07 Payables from exchange transactions

Disclosure as required by GRAP 1.

Balance previously reported		**194 716 398**
Correction of Property Plant and equipment - Other Assets - Trucks against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.05	1 167 210
Correction of VAT Payable from Exchange Transactions - Output VAT in suspense against Payables from exchange transactions - Trade Payables (Capturing invoice and asset not previously recorded in 2021)	36.01	175 082
Correction of Statement of Financial Performance - General Expenses - Other Expenditure against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-1 980
Correction of Statement of Financial Performance - General Expenses - Telephone expenses against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-20 397
Correction of Statement of Financial Performance - Finance Charges - Payables & Creditors against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.09	-703
Correction of VAT Payable from Exchange Transactions - Input VAT in Accrual against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.01	-3 060
Total		**196 032 550**

36 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

36.08 Accumulated Surplus/(Deficit)

Disclosure as required by GRAP 1.

		2021 R
Balance previously reported		**245 032 361**
Correction of Statement of Accumulated Surplus / (Deficit) against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2020 due to agriculture extra 75% rebate)	36.03	-362 178
Correction of Accumulated Surplus - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to	36.03	-10 965 013
Correction of Trade and Other Receivables from Non-Exchange Transactions - Fines against Accumulated Surplus (Correction of Traffic fines as per iGRAP 1 correction recognition within the	36.03	7 613
Correction of Property Plant and equipment - Land & Buildings- Land against Accumulated Surplus (Erf 659 to be removed from the register as is an RDP property)	36.05	-6 000
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.06	3 052 101
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.05	2 982 426
Correction of Property Plant and equipment - Capitalised restoration Accumulated Impairment against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020)	36.05	14 184
Correction of Non-current Provisions cost against Accumulated Surplus (Correction of remaining useful lives of the sites opening balance prior to 1 July 2020 - Unwinding of interest)	36.05	-938 042
Total		**238 817 452**

36.09 Changes to Statement of Financial Performance

		2021 R
Balance previously reported		**24 136 986**
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Water (Correction of Interest incorrectly charged in 2021)	36.02	-60
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Exchange transactions - Electricity (Correction of Interest incorrectly	36.02	-181 176
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021)	36.03	-2 063 558
Correction of Statement of Financial Performance - Interest earned on outstanding debtors against Trade and other receivables from Non-exchange transactions - Rates (Correction of Interest incorrectly charged in 2021 due to agriculture extra 75% rebate)	36.03	-2 958 232
Correction of Statement of Financial Performance - Grants and subsidies income earned against Trade and other receivables from Non-exchange transactions - Other (Correction of receivable relating to Library grant charged in 2021)	36.03	-50 000
Correction of Statement of Financial Performance - Less Income Foregone - Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of 75% rebate to be provided to Agriculture properties during 2021)	36.03	-13 475 171
Correction of Statement of Financial Performance - General Expenses - Other Expenditure against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	1 980
Correction of Statement of Financial Performance - General Expenses - Telephone expenses against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	20 397
Correction of Statement of Financial Performance - Finance Charges - Payables & Creditors against Payables from exchange transactions - Trade Payables (Reversal of outstanding order as at 30 June 2021)	36.07	703
Correction of Non-current Provisions cost against Statement of Financial Performance - Gain on Landfill site provision amount (Correction of remaining useful lives for the period 2020/21 financial year)	36.06	-4 781 239
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Statement of Financial Performance - Depreciation (Correction of remaining useful lives of the sites during the 2020/21 financial year - depreciation correction)	36.05	-28 894
Correction of Property Plant and equipment - Capitalised restoration Accumulated Depreciation against Statement of Financial Performance - Depreciation (Correction of remaining useful lives of the sites during the 2020/21 financial year - impairment correction)	36.05	-12 846
Correction of Non-current Provisions cost against Statement of Financial Performance - Finance Charges - Landfill sites (Correction of remaining useful lives of the sites during 2020/21 - Unwinding of interest correction)	36.06	494 845
Correction of Trade and Other Receivables from Non-Exchange Transactions - Allowance for Doubtful Debts against Statement of Financial Performance - Debt Impairment (Correction of debt impairment after considering 75% rebate change in 2021)	36.03	24 666 561
Total		**25 770 297**

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

	2022 R	2021 R
Surplus/(Deficit) for the year	(40 941 617)	25 770 297
Adjustments for:		
Depreciation	10 876 178	9 212 488
Amortisation of Intangible Assets	60 323	63 297
Contributed PPE	(692 414)	-
Impairments	(4 050)	26 979
(Gain)/ loss on disposal of Property Plant and Equipment	(91 757)	265 220
(Gain)/ loss from landfill cost reversal	-	-
Contribution from/to employee benefits - benefits paid	(997 415)	(894 724)
Contribution from/to employee benefits - non-current - expenditure incurred	2 826 000	2 479 000
Contribution from/to employee benefits - non-current - actuarial gains	(1 112 585)	76 724
Contribution to employee benefits – current	4 291 640	4 224 156
Contribution to employee benefits – current - expenditure incurred	(3 195 538)	(3 077 178)
Contribution to provisions – current	2 262 553	1 588 189
Contribution to provisions – Debt Impairment	66 668 213	29 211 977
Bad Debt written off	(17 678 155)	(10 844 702)
Fair Value Adjustments	(27 785)	(46 994)
Operating lease income accrued	2 351	(2 075)
Operating Surplus/(Deficit) before changes in working capital	22 245 942	58 052 655
Changes in working capital	3 623 260	(24 058 533)
Increase/(Decrease) in Payables From Exchange Transactions	43 404 380	(8 638 566)
Increase/(Decrease) in Payables From Exchange Transactions - Capital expenditure	-	2 529 876
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(7 210 918)	14 510 971
(Increase)/Decrease in Taxes	(4 578 574)	(1 746 342)
(Increase)/Decrease in Inventory	(442)	(210)
(Increase)/Decrease in Trade Receivables from exchange transactions	(18 099 184)	(20 077 178)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(9 892 001)	(10 637 084)
Cash generated/(absorbed) by operations	**25 869 202**	**31 464 246**

			2022 R	2021 R
38	**CASH AND CASH EQUIVALENTS**			

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

	Note	2022 R	2021 R
Call Investments Deposits	11	1 566 244	1 510 629
Cash Floats	11	550	550
Bank	11	11 721 983	1 653 334
Total cash and cash equivalents		**13 288 777**	**3 164 513**

39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	Note	2022 R	2021 R
Cash and Cash Equivalents	38	13 288 777	3 164 513
		13 288 777	3 164 513
Less:		28 517 136	23 035 101
Unspent Committed Conditional Grants - Prior year - Still to be withheld	19	12 692 953	-
Unspent Committed Conditional Grants - Current year		15 824 183	23 035 101
Resources available for working capital requirements		**(15 228 359)**	**(19 870 588)**

40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	Note	2022 R	2021 R
Long-term Liabilities	12	2 668 846	5 285 077
Used to finance property, plant and equipment - at cost		-2 668 846	-5 285 077
		-	-
Cash set aside for the repayment of long-term liabilities		-	-
Cash invested for repayment of long-term liabilities		**-**	**-**

		2022 R	2021 R
41	**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 are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

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

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the additional Statement of comparison of budget and actual amounts.

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

		2022 R	2021 R
42	**CASH FLOW PRESENTATION**		

The Cash flow statement has been prepared on the direct method as in accordance with GRAP 2. The comparative amounts have been adjusted with any changes made to the comparative amounts as disclosed in Note 36.

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised expenditure

	2022 R	2021 R
Reconciliation of unauthorised expenditure:		
Opening balance	145 106 894	91 038 784
Unauthorised expenditure current year - capital	6 363 102	6 510 138
Unauthorised expenditure current year - operating	53 381 255	47 557 972
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**204 851 251**	**145 106 894**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

Unauthorised expenditure current year - operating	2022 R (Actual)	2022 R (Budget)	2022 R (Variance)	2022 R (Unauthorised)
Executive & Council	7 545 404	8 206 098	(660 694)	-
Budget & Treasury	65 337 279	34 400 833	30 936 446	30 936 446
Corporate Services	18 777 735	17 936 152	841 583	841 583
Health	-	-	-	-
Community & Social Services	2 721 508	2 718 299	3 209	3 209
Public Safety	2 970 986	3 047 093	(76 107)	-
Sport & Recreation	336 169	340 849	(4 680)	-
Waste Management	11 953 087	5 791 401	6 161 686	6 161 686
Waste Water Management	21 578 544	14 367 960	7 210 584	7 210 584
Road Transport	11 101 128	11 171 665	(70 537)	-
Water	21 227 520	12 692 388	8 535 132	8 535 132
Electricity	66 081 619	67 131 417	(1 049 798)	-
	229 630 978	**177 804 155**	**51 826 823**	**53 688 639**

Unauthorised expenditure current year - operating (per vote)				
Municipal Manager	824 248	550 419	273 829	273 829
Council	7 545 404	7 655 679	(110 275)	-
Corporate and Human Resources	17 945 618	17 936 152	9 466	9 466
Finance	64 701 188	33 591 115	31 110 073	31 110 073
Properties	640 352	809 718	(169 366)	-
Libraries	2 092 591	2 106 464	(13 873)	-
Cemetary	628 917	611 835	17 082	17 082
Parks and Recreation	336 169	340 849	(4 680)	-
Disaster Management	1 345 722	1 481 625	(135 903)	-
Waste Management	11 949 272	5 791 401	6 157 871	6 157 871
Public Works	11 101 128	11 171 665	(70 537)	-
Electricity	66 081 619	67 131 417	(1 049 798)	-
Water	21 227 520	12 692 388	8 535 132	8 535 132
Waste Water Management	21 582 358	14 367 960	7 214 398	7 214 398
Traffic	1 628 871	1 565 468	63 403	63 403
	229 630 978	**177 804 155**	**51 826 823**	**53 381 255**

Unauthorised expenditure current year - capital	2022 R (Actual)	2022 R (Budget)	2022 R (Variance)	2022 R (Unauthorised)
Budget & Treasury	1 777 824	2 025 000	(247 176)	-
Corporate Services	264 311		264 311	264 311
Community & Social Services	-	7 000 000	(7 000 000)	-
Waste Water Management	127 986	9 604 000	(9 476 014)	-
Road Transport	7 098 790	1 000 000	6 098 790	6 098 790
Water	115 598	11 716 000	(11 600 402)	-
Electricity	4 666 679	12 500 000	(7 833 321)	-
	14 051 189	**43 845 000**	**(29 793 811)**	**6 363 102**

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE) **2022 R** **2021 R**

Unauthorised expenditure current year - capital (per vote)

	R (Actual)	R (Budget)	R (Variance)	R (Unauthorised)
Corporate and Human Resources	264 311	-	264 311	264 311
Finance	1 777 824	2 025 000	(247 176)	-
Parks and Recreation	-	7 000 000	(7 000 000)	-
Public Works	7 098 790	1 000 000	6 098 790	6 098 790
Electricity	4 666 679	12 500 000	(7 833 321)	-
Water	115 598	11 716 000	(11 600 402)	-
Waste Water Management	127 986	9 604 000	(9 476 014)	-
	14 051 189	**43 845 000**	**(29 793 811)**	**6 363 102**

The over expenditure incurred by municipal departments on their operating budgets	2022 R	2021 R
Non-cash	60 078 278	46 986 908
Cash	(6 697 023)	571 065
	53 381 255	**47 557 972**

Analysed as follows: Non-cash	2022 R	2021 R
Employee related cost (Actuarial Valuations)	1 909 001	1 726 000
Depreciation and Amortisation	10 936 501	2 439 658
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	2 262 553	2 083 034
Finance Charges (Actuarial Interest)	-	-
Loss on disposal of Property, Plant and Equipment	-	-
Impairment Losses	(4 050)	14 132
Debt Impairment	44 974 273	40 724 083
	60 078 278	**46 986 908**

Analysed as follows: Cash	2022 R	2021 R
Other	(6 697 023)	571 065
	(6 697 023)	**571 065**

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

43.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2022 R	2021 R
Opening balance	32 021 936	30 307 839
Fruitless and wasteful expenditure current year	3 445 622	1 631 803
Fruitless and wasteful expenditure prior year	-	82 294
Condoned or written off by Council	-	-
Fruitless and wasteful expenditure awaiting condonement	**35 467 559**	**32 021 936**

Incident	Disciplinary steps/criminal proceedings	2022 R	2021 R
2019 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R72 645.42	*None*	-	72 645
2019 - Interest for the late payment on Auditor General's account R80 623.89	*None*	-	80 624
2019 - Interest for the late payment on Eskom's account R15 253 457.03	*None*	-	15 253 457
2019 - Interest for the late payment on Nashua account R146 839.67	*None*	-	146 840
2019 - Interest for the late payment on various different vendors' accounts R46 552.37	*None*	-	46 552
2020 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R58.63	*None*	-	59
2020 - Interest for the late payment on Auditor General's account R11 411.18	*None*	-	11 411
2020 - Interest for the late payment on Eskom's account R14 486 830.27	*None*	-	14 486 830
2020 - Interest for the late payment on Nashua account R180 868.88	*None*	-	180 869
2020 - Interest for the late payment on various different vendors' accounts R28 552.34	*None*	-	28 552
2021 - Interest for the late payment on Eskom's account R1 613 187.45	*None*	-	1 613 187
2021 - Interest for the late payment on Nashua account R10 477.69	*None*	-	10 478
2021 - Interest for the late payment on various different vendors' accounts R8 137.85	*None*	-	8 138
2021 - Travel allowance paid in excess to the amount of R82 294 to MF Fillis	*None*	-	82 294
2022 - Interest for the late payment on Eskom's account R3 242 558.65	*None*	3 242 559	-
2022 - Interest for the late payment on Auditor General's account R188 467.37	*None*	188 467	-
2022 - Interest for the late payment on various different vendors' accounts R14 596.45	*None*	14 596	-

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

43.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2022 R	2021 R
Opening balance	77 837 818	64 664 798
Irregular expenditure current year	4 546 363	13 173 019
Irregular expenditure prior year	-	-
Written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	**82 384 181**	**77 837 818**

Incident	Disciplinary steps/criminal proceedings	2022 R	2021 R
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	-	690 327
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day	*None*	-	8 480 800
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	-	943 940
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	*None*	-	127 409
2020 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	-	192 150
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Preference Point System not applied	*None*	-	73 502
2020 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	-	8 976 861
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	-	346 436
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day	*None*	-	1 884 042
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	-	9 740 686
2021 - Non-compliance with Collective Agreement - Payments made above the upper limits	*None*	-	325 152
2021 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	-	876 703
2022 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	1 352 881	-
2022 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	1 233 863	-
2022 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Regulation 32	*None*	1 959 619	-

The list of Irregular expenditure will be investigated and proceedings will be reported on.

The amounts above are disclosed at the VAT exclusive amount.

43.4 **Material Losses**

Electricity distribution losses		
Units purchased (Kwh)	28 452 486	29 246 192
- Units lost during distribution (Kwh)	9 744 117	10 025 534
- Percentage lost during distribution	**34.25%**	**34.28%**
Water distribution losses		
- Mega litres purified	1 816 020	1 816 020
- Mega litres lost during distribution	-518 796	318 017
- Percentage lost during distribution	**-28.57%**	**17.51%**

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

	2022 R	2021 R
Opening balance	747 401	882 271
Council subscriptions	828 303	735 996
Amount paid - current year	(153 957)	-
Amount paid - previous years	(747 401)	(870 865)
Balance unpaid	**674 346**	**747 401**

44.2 **Audit fees - [MFMA 125 (1)(b)]**

	2022 R	2021 R
Opening balance	2 771 200	2 441 075
Current year audit fee	3 636 206	2 792 847
Amount paid - current year	(1 061 811)	(21 647)
Amount paid - previous year	(2 771 200)	(2 441 075)
Balance unpaid (included in creditors)	**2 574 395**	**2 771 200**

44.3 **VAT - [MFMA 125 (1)(b)]**

	2022 R	2021 R
VAT	**23 164 410**	**18 585 836**

VAT is (receivable) / payable on the cash basis.

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

44.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

	2022 R	2021 R
Opening balance	789 549	793 605
Current year payroll deductions and Council Contributions	10 164 841	10 035 972
Amount paid - current year	-10 116 767	-10 040 028
Balance unpaid (included in creditors)	**837 624**	**789 549**

44.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

	2022 R	2021 R
Opening balance	896 926	1 267 868
Current year payroll deductions and Council Contributions	15 604 460	15 559 878
Amount paid - current year	-14 694 276	-14 662 953
Amount paid - previous year	-896 926	-1 267 868
Balance unpaid (included in creditors)	**910 183**	**896 926**

44.6 **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:

	Acc no	2022 R Outstanding more than 90 days	2021 R Outstanding more than 90 days
A. Olifant		-	35 219
MJ Katz		2 577	-
EK Louw		12 149	-
L. van Niekerk		2 966	7 796
WJ van Bergen	831	7 938	-
WJ van Bergen	4083	59 899	-
WJ van Bergen	4082	57 180	-
WJ van Bergen	4081	57 327	-
WJ van Bergen	4079	133 582	-
Total Councillor Arrear Consumer Accounts		**333 618**	**43 015**

44.7 **Non-Compliance with MFMA**

* *Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.*

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

44.8 Deviations - Supply Chain Management

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

	2022 R	2021 R
Deviations per financial category		
- Between R 0 and R 2 000	-	-
- Between R 2 000 and R 10 000	198 747	166 228
- Between R 10 000 and R 30 000	267 055	311 853
- Between R 30 000 and R 500 000	1 587 375	831 699
	2 053 177	**1 309 779**

Deviations between R30 000 and R500 000

	2022 R	2021 R
ARB Electrical - Insufficient Quotes - Deviation from SCM	167 895	-
Voltex - Not correctly advertised - Deviation from SCM	32 755	-
Bay Breeze - Insufficient quotes - Deviation from SCM	-	125 000
University of Fort Hare - Training of councillors - Deviation from SCM	84 803	86 022
Marvin Marketing - Sole supplier - Deviation from SCM	379 960	-
Douglas Engineering - Insufficient quotes - Deviation from SCM	39 951	-
Fachs Business School - Insufficient quotes - Deviation from SCM	-	89 700
University of Free State - Insufficient Quotations (testing of water) - Deviation from SCM	133 906	137 666
Media 24 - Insufficient Quotations - Deviation from SCM	76 797	54 855
De Lange Lodge - All guesthouses were fully booked - Sole Provider - Deviation from SCM	63 700	-
AAS Solutions - Chlorine for WTW - Insufficient Quotes - Deviations from SCM	144 334	-
C-Pac Pumps - Insufficient quotes - Deviation from SCM	106 857	84 527
Newgen pumps - Insufficient quotes - Deviation from SCM	-	215 429
Herman van Heerden - Insufficient quotes	89 181	-
Dr Morolong - Medical examinations - Deviation from SCM	-	38 500
Ultra Valves Cape - Insufficient quotes - Deviations form SCM	45 161	-
Quiver Tree Trading - Repairs of Douglas WTW - Insufficient quotes - Deviations form SCM	129 375	
Douglas Autozone - Repairs of Vehicles - Insufficient Quotes - Deviation from SCM	92 700	-

45 CAPITAL COMMITMENTS

	2022 R	2021 R
Commitments in respect of capital expenditure:		
Approved and contracted for:	8 257 615	97 745
Infrastructure	8 257 615	97 745
Total	**8 257 615**	**97 745**
This expenditure will be financed from:		
Government Grants	8 257 615	97 745
	8 257 615	**97 745**

The amounts disclosed above are VAT inclusive.

	2022 R	2021 R

46 FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2022 R	2021 R
0.5% (2021 - 0.5%) Increase in interest rates	53 097	(10 606)
0.5% (2021 - 0.5%) Decrease in interest rates	(53 097)	10 606

(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 a financial loss.

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 6 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 for balances included in receivables that were re-negotiated for the period under review.

		2022	2021
46	**FINANCIAL RISK MANAGEMENT (CONTINUE)**	**R**	**R**

Balances past due not impaired:

	2022	2022	2021	2021
	%	R	%	R
Non-Exchange Receivables				
Rates	100.00%	(144 589)	100.00%	12 249 961
Exchange Receivables				
Electricity	131%	608 577	13%	1 858 102
Water	81%	377 305	40%	5 744 673
Refuse	-40%	(188 538)	20%	2 909 655
Sewerage	-9%	(44 047)	27%	3 802 596
Other	-62%	(287 006)	0%	(31 510)
	100.00%	466 291	100.00%	14 283 516

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 6 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2022	2022	2021	2021
	%	R	%	R
Electricity	3.89%	6 633 452	3.76%	4 571 991
Water	29.17%	49 733 571	31.13%	37 815 320
Refuse	16.55%	28 213 466	17.44%	21 191 413
Sewerage	19.30%	32 897 573	19.65%	23 877 761
Other Consumer Arrears	1.66%	2 823 899	1.69%	2 057 789
Rates	22.75%	38 784 322	17.28%	21 000 290
Fines	6.69%	11 398 536	9.04%	10 980 195
	100.00%	170 484 819	100.00%	121 494 761

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

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

Financial assets exposed to credit risk at year end are as follows:

	2022	2021
Trade receivables and other receivables	17 890 973	38 889 846
Cash and Cash Equivalents	13 288 777	3 164 513
	31 179 750	42 054 359

	2022	2021
	R	R

46 FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, 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 on-going 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	Over 10 Years
2022				
Long Term liabilities	2 702 941	352 545	-	-
Capital repayments	2 369 372	299 474	-	-
Interest	333 569	53 071	-	-
Payables From Exchange Transactions	239 436 930	-	-	-
Capital repayments	239 436 930	-	-	-
Interest	-	-	-	-
Provisions	-	19 191 376	-	37 130 080
Capital repayments	-	17 132 399	-	12 659 694
Interest	-	2 058 977	-	24 470 386
Unspent conditional government grants and receipts	15 824 183	-	-	-
	257 964 054	19 543 921	-	37 130 080
2021				
Long Term liabilities	3 561 919	3 055 486	-	-
Capital repayments	2 616 231	2 668 846	-	-
Interest	945 688	386 640	-	-
Payables From Exchange Transactions	59 832 736	136 199 814	-	-
Capital repayments	59 832 736	136 199 814	-	-
Interest	-	-	-	-
Provisions	-	17 660 961	-	30 348 996
Capital repayments	-	14 896 437	-	9 460 202
Interest	-	2 764 523	-	20 888 794
Unspent conditional government grants and receipts	23 035 101	-	-	-
	86 429 757	156 916 261	-	30 348 996

47 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

47.1 Financial Assets

Financial Assets	Classification IAS 39	2022 R	2021 R
Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Consumer Debtors			
Trade receivables from exchange transactions	Financial instruments at amortised cost	124 817 361	108 420 441
Other receivables from exchange transactions	Financial instruments at amortised cost	10 884 543	9 182 279
Other receivables from non-exchange transactions	Financial instruments at amortised cost	52 673 888	42 781 886
Other Debtors			
Government Subsidies and Grants	Financial instruments at amortised cost	-	-
Current Portion of Long-term Receivables			
Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	1 566 244	1 510 629
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	11 721 983	1 653 334
Cash Floats and Advances	Financial instruments at amortised cost	550	550
		201 664 569	**163 549 119**

SUMMARY OF FINANCIAL ASSETS

		2022 R	2021 R
Financial instruments at amortised cost		**201 664 569**	**163 549 119**

47.2 Financial Liability

Financial Liability	Classification IAS 39	2022 R	2021 R
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	299 474	2 668 846
Trade Payables			
Trade creditors	Financial instruments at amortised cost	215 623 925	187 925 996
Sundry creditors	Financial instruments at amortised cost	4 004 158	5 444 364
Deposits	Financial instruments at amortised cost	12 692 954	1 885 527
Unspent Conditional Grants and Receipts			
Other Spheres of Government	Financial instruments at amortised cost	15 824 183	23 035 101
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	-	-
Capitalised Lease Liability	Financial instruments at amortised cost	2 369 372	2 616 231
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	-	-
		250 814 066	**223 576 066**

SUMMARY OF FINANCIAL LIABILITY

		2022 R	2021 R
Financial instruments at amortised cost		**250 814 066**	**223 576 066**

		2022 R	2021 R
48	**EVENTS AFTER THE REPORTING DATE**		

The municipality has no events after reporting date during the financial year ended 30 June 2022

		2022 R	2021 R
49	**STATUTORY RECEIVABLES**		

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

	2022 R	2021 R
Taxes		
VAT Receivable	23 164 410	18 585 836
Receivables from Non-Exchange Transactions	52 673 888	41 631 886
Rates	40 169 463	29 435 126
Fines	12 504 425	12 196 760
Total Statutory Receivables (before provision)	**75 838 298**	**60 217 722**
Less: Provision for Debt Impairment	(50 182 858)	(31 980 485)
Total Statutory Receivables (after provision)	**25 655 440**	**28 237 237**

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 Procedurs Act

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

(Rates): Ageing	2020 R	2019 R
Current (0 - 30 days)	1 529 729	1 342 466
31 - 60 Days	1 460 310	1 181 143
61 - 90 Days	467 706	1 135 768
+ 90 Days	36 711 718	25 775 749
Total	**40 169 463**	**29 435 126**

Reconciliation of Provision for Debt Impairment	2020 R	2019 R
Balance at beginning of year	(56 647 046)	(31 292 421)
Contribution to provision	6 464 188	(25 354 625)
Balance at end of year	**(50 182 858)**	**(56 647 046)**

Interest is levied at a rate determined by the council on outstanding rates amounts.

		2022 R	2021 R
50	**IN-KIND DONATIONS AND ASSISTANCE**		

Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest to the value or R2 637 569

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITY

	2022 R	2021 R
Siyancuma has a possible liability regarding litigation claims with regard to the drowning of a child at sewerage works - amount is unknown	-	-
Siyancuma has a possible liability regarding litigation claims with regard to the child which was run over by the refuse truck - amount is unknown	-	-

Siyancuma Municipality has a possible liability with regards to the landfill site licence for Griekwastad which is outstanding, the amount of the liability is unknown and no estimate can be made as no offical application has been made.

53 RELATED PARTIES

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

53.1 Related Party Transactions

Year ended 30 June 2022	Term	Account	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 Balances 30 June 2022
Councillors	**Term**	**Account**	**79 397**	**157 330**	**20 512**	**452 478**
A. Oliphant	(1/07/2021 to 8/11/2021)	10912	-	-	2 384	-
A. Oliphant	(1/07/2021 to 8/11/2021)	10545	-	1 224	-	-
L van Niekerk	(1/07/2021 to 8/11/2021)	212	3 167	12 902	876	3 625
KJ Apie	(1/07/2021 to 8/11/2021)	8793	-	2 257	-	-
L van Wyk	(1/07/2021 to 8/11/2021)	2995	-	3 146	-	-
EK Louw	(9/11/2021 to 30/06/2022)	893	-	4 999	898	12 699
MJ Katz	(9/11/2021 to 30/06/2022)	4615	-	2 471	374	2 902
DRN Ellison	(9/11/2021 to 30/06/2022)	3285	74	1 532	20	328
IA Baardman Koaho	(9/11/2021 to 30/06/2022)	12615	-	2 471	6	311
WJ van Bergen	(9/11/2021 to 30/06/2022)	858	877	3 207	-	-2 471
WJ van Bergen	(9/11/2021 to 30/06/2022)	831	26 218	-	1 520	46 921
WJ van Bergen	(9/11/2021 to 30/06/2022)	4083	11 906	5 121	3 041	80 588
WJ van Bergen	(9/11/2021 to 30/06/2022)	4082	10 672	5 122	2 883	76 013
WJ van Bergen	(9/11/2021 to 30/06/2022)	4081	11 906	5 122	2 945	77 979
WJ van Bergen	(9/11/2021 to 30/06/2022)	4079	14 577	-	5 566	139 938
WJ van Bergen	(9/11/2021 to 30/06/2022)	3778	-	107 757	-	13 645
Municipal Manager and Section 57 Employees			**-**	**5 378**	**5**	**305**
CC Zealand		4056	-	3 259	3	157
XS Geco		4058	-	2 119	2	148

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 Balances 30 June 2021
Councillors		**3 130**	**23 124**	**2 809**	**47 401**
A. Oliphant	3C0500/300500	-	-	2 809	35 921
A. Oliphant	3C0139/300139	-	2 032	-	176
L van Niekerk	100153/100756	3 071	10 122	-	10 300
KJ Apie	201022/202116	-	4 599	-	389
L van Wyk	131406/105258	59	6 371	-	615
Municipal Manager and Section 57 Employees		**-**	**7 014**	**-**	**308**
MF Fillis	100298/108709	-	3 453	-	-
CC Zealand	132548/108644	-	1 781	-	158
XS Geco	132546/108327	-	1 781	-	150

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.

		2022	2021
53	**RELATED PARTIES (CONTINUE)**	**R**	**R**

53.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note to the Annual Financial Statements.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

53.4 Other related party transactions

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

Councillor WJ van Bergen No transactions were entered into during the year under reivew.
Councillor JH George No transactions were entered into during the year under reivew.
Councillor SJ Mosetle No transactions were entered into during the year under reivew.
Councillor A Oliphant No transactions were entered into during the year under reivew.
Councillor LC van Niekerk No transactions were entered into during the year under reivew.
Councillor DV Smous No transactions were entered into during the year under reivew.
Councillor KJ Apie No transactions were entered into during the year under reivew.
Councillor TM Tamboer No transactions were entered into during the year under reivew.
Councillor GF Morolong No transactions were entered into during the year under reivew.
Councillor EM Fish No transactions were entered into during the year under reivew.
Councillor DV Duiker No transactions were entered into during the year under reivew.
Councillor L van Wyk No transactions were entered into during the year under reivew.
Councillor VZ Standers No transactions were entered into during the year under reivew.
Councillor PJ McKlein No transactions were entered into during the year under reivew.
Councillor MJ Katz No transactions were entered into during the year under reivew.
Councillor DRN Ellison No transactions were entered into during the year under reivew.
Councillor IA Baardman No transactions were entered into during the year under reivew.
Councillor HT Kolberg No transactions were entered into during the year under reivew.
Councillor EK Louw No transactions were entered into during the year under reivew.
Councillor CZ Nyangintaka No transactions were entered into during the year under reivew.
Councillor VB Makabe No transactions were entered into during the year under reivew.
Councillor SA Buitendag No transactions were entered into during the year under reivew.

54 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

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

55 FINANCIAL SUSTAINABILITY

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 increased to 0.21:1 from 0.671 in the prior year.

The municipality has furthermore budgeting for positive cash flows during 2022/2023 and 2023/2024 amounting to R66 132 000 and R66 132 000 respectively.

The average debtors' payment days decreased to 928 days from 905 days.

Creditors payment period amounts to 464 days

Debt impairment of Trade Receivables from exchange and non-exchange amounted to 91% and 92% in the prior year.

Other Indicators

Possible outflow of recources due the contingent liability disclosed in note 52

The municipality has a debt payment plan with Eskom to the large outstanding Eskom debt which comprises 90% of all outstanding creditors.

The municipality adjusted budget for 2020/21 shows an improved cash flow and resulting in a positve cash balance in the 2 outer financial years.

The municipality is expecting operating government grants amounting to R64 971 000 in the next financial year.

		2022	2021
55	**FINANCIAL SUSTAINABILITY (CONTINUE)**	**R**	**R**

COVID-19 - Background

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As far as possible the Municipality factored in the effect of the lockdown regulations on our economic environment. At this stage, it is still uncertain how long the pandemic will remain or how long the economy will take to recover from the lockdown levels.

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2018/2019 and 2019/2020 as illustrated below. The results are not solely due to the effect of COVID-19 and subsequent lockdown regulations, but are significantly impacted by the pandemic.

	2022 R	2021 R
Cash available for working capital requirement (Rand)	(15 228 359)	(19 870 588)
Current Ratio (norm - 2:1)	0.21 : 1	0.67 : 1
Creditors days (norm - 30 days or less)	473 days	439 days
Average debtors payment days	928 days	905 days
Debt impairment ratio (norm - 95% or more)	91%	76%

When analysing the results of the ratios, it can be concluded that the COVID-19 pandemic had an adverse effect from a financial sustainability perspective. The results are not solely due to the effects of COVID-19 and subsequent lockdown regulations, but has been significantly impacted by the pandemic.

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

COVID-19 - Response Expenditure

There is no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

	2022 R	2021 R
Type of expenditure		
Personal Protective Equipment	-	18 700
Sanitiser and Equipment	-	7 599 243
Remote assistance	-	142 144
	-	**7 617 943**

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

Own Revenue	-	49 087
Grant Funding - National Government	-	7 711 000
	-	**7 760 087**

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2021	Correction of Error	Balance at 30 June 2021 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2022
LEASE LIABILITY									
PABX (R16700)	19.50%	Nashua	30/09/2020	-	-	-	-	-	-
CCTV Cameras (R24000)	25.42%	Nashua	31/01/2021	-	-	-	-	-	-
Biometric Access Control (R28500)	23.53%	Nashua	30/06/2021	-	-	-	-	-	-
Smartmeters	19 to 57%	Gridcontrol Technologies	30/04/2026	4 581 660	-	4 581 660	-	(2 296 835)	2 284 824
Various (Nashua) - R29785	11 to 16%	Nashua	31/07/2023	644 384	-	644 384	-	(286 547)	357 837
Yeastar PABX (Nashua)	7.00%	Nashua	31/03/2023	59 034	-	59 034	-	(32 848)	26 185
							-		
Total Lease Liabilities				**5 285 077**	**-**	**5 285 077**	**-**	**(2 616 231)**	**2 668 846**
TOTAL EXTERNAL LOANS				**5 285 077**	**-**	**5 285 077**	**-**	**(2 616 231)**	**2 668 846**

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
MUNICIPAL VOTES CLASSIFICATION

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
58 301	(610 535)	(552 234)	Cemetary	73 810	(628 917)	(555 107)
7 450 240	(4 876 790)	2 573 450	Cleansing	8 047 264	(11 949 272)	(3 902 008)
2 200 346	(56 745 347)	(54 545 001)	Corporate and Human Resources	2 598 438	(17 945 618)	(15 347 180)
-	-	-	Council General	-	-	-
-	-	-	Depreciation Reserves	-	-	-
34 456	(160 750)	(126 293)	Douglas Holiday Resort	-	(5 794)	(5 794)
56 902 411	(56 893 996)	8 415	Electricity	50 735 506	(66 081 619)	(15 346 113)
86 304 386	(4 540 389)	81 763 998	Finance	76 438 575	(64 197 765)	12 240 810
-	(16 436)	(16 436)	Fire Bridge	-	(1 342 115)	(1 342 115)
-	(8 051 708)	(8 051 708)	Governance - Council	3 093 000	(7 545 404)	(4 452 404)
-	(112 694)	(112 694)	Health Services	-	(3 607)	(3 607)
3 000 000	(643 365)	2 356 635	Interns	-	(503 422)	(503 422)
1 150 150	(2 018 831)	(868 681)	Library	1 200 047	(2 092 591)	(892 544)
353 232	-	353 232	Meent	385 537	(4 260)	381 277
-	(2 419 477)	(2 419 477)	Municipal Manager	-	(824 248)	(824 248)
-	(444 801)	(444 801)	Parks and Recreation	-	(330 375)	(330 375)
121 466	(924 061)	(802 595)	Properties	461 763	(636 091)	(174 328)
1 031 000	(10 809 446)	(9 778 446)	Public Works: Roads	8 163 609	(11 101 128)	(2 937 519)
-	(598)	(598)	Sanitation	-	(3 814)	(3 814)
21 530 605	(12 436 184)	9 094 421	Sewerage and Sanitation	9 950 199	(21 578 544)	(11 628 345)
-	-	-	Stormwater Drainage	-	-	-
407 406	(1 816 553)	(1 409 148)	Traffic	747 053	(1 628 871)	(881 818)
24 598 668	(18 239 823)	6 358 844	Water	26 794 560	(21 227 520)	5 567 040
205 142 668	(181 761 785)	23 380 883	Sub Total	188 689 361	(229 630 975)	(40 941 614)
-	2 389 414	2 389 414	Less Inter-Departmental Charges	-	-	-
205 142 668	(179 372 370)	25 770 298	**Total**	188 689 361	(229 630 975)	(40 941 614)

APPENDIX C - Unaudited
SIYANCUMA 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
-	(8 051 708)	(8 051 708)	Executive & Council	3 093 000	(7 545 404)	(4 452 404)
89 425 852	(6 107 815)	83 318 037	Budget & Treasury	76 900 338	(65 337 279)	11 563 059
2 553 578	(59 164 824)	(56 611 246)	Corporate Services	2 983 975	(18 774 127)	(15 790 152)
-	(112 694)	(112 694)	Health	-	(3 607)	(3 607)
1 208 451	(2 629 366)	(1 420 915)	Community & Social Services	1 273 857	(2 721 508)	(1 447 651)
407 406	(1 832 990)	(1 425 584)	Public Safety	747 053	(2 970 986)	(2 223 933)
34 456	(605 550)	(571 094)	Sport & Recreation	-	(336 169)	(336 169)
7 450 240	(4 877 388)	2 572 852	Waste Management	8 047 264	(11 953 087)	(3 905 823)
21 530 605	(12 436 185)	9 094 421	Waste Water Management	9 950 199	(21 578 544)	(11 628 345)
1 031 000	(10 809 446)	(9 778 446)	Road Transport	8 163 609	(11 101 128)	(2 937 519)
24 598 668	(18 239 824)	6 358 844	Water	26 794 560	(21 227 520)	5 567 040
56 902 411	(56 893 992)	8 419	Electricity	50 735 506	(66 081 615)	(15 346 109)
						-
205 142 668	(181 761 781)	23 380 887	Sub Total	188 689 361	(229 630 974)	-40 941 613
-	2 389 414	2 389 414	Less Inter-Departmental Charges	-	-	-
205 142 668	(179 372 367)	25 770 301	**Total**	188 689 361	(229 630 974)	(40 941 613)

APPENDIX D - Unaudited
SIYANCUMA 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	Transfer	Transfer to Sundry Payable	Transfer from Sundry Payable	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2022
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R	R	R	R
Library Project	-	-	-	1 200 000	-	-	-	1 200 000	-	-
FMG	-	-	-	3 000 000	-	-	-	3 000 000	-	-
Equitable Share	-	-	-	42 495 000	9 631 473	-	1 885 527	54 012 000	-	-
Equitable Share - COVID	-	-	-	-	-	-	-	-	-	-
MIG	12 321 000	-	12 321 000	10 020 000	(5 315 674)	(7 005 326)	-	-	8 163 609	1 856 391
LG Seta	668 894	-	668 894	868 501	-	-	-	474 803	-	1 062 592
EPWP	-	-	-	-	-	-	-	-	-	-
INEG	41 781	-	41 781	12 500 000	-	-	-	-	4 340 130	8 201 650
WSIG	10 003 426	-	10 003 426	5 000 000	(4 315 799)	(5 687 628)	-	296 451	-	4 703 549
Total	**23 035 101**	**-**	**23 035 101**	**75 083 501**	**-**	**-12 692 953**	**1 885 527**	**58 983 254**	**12 503 739**	**15 824 183**

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

Description	2021/2022							2020/2021
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	**100 456**	**3 671**	**104 127**	**82 977**	**(21 150)**	**79.7%**	**82.6%**	**91 979**
Executive and council	3 093	–	3 093	3 093	–	100.0%	100.0%	–
Finance and administration	97 363	3 671	101 034	79 884	(21 150)	79.1%	82.0%	91 979
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**13 692**	**(941)**	**12 751**	**2 021**	**(10 730)**	**15.8%**	**14.8%**	**1 650**
Community and social services	1 251	(6)	1 245	1 274	29	102.3%	101.8%	1 208
Sport and recreation	11 283	(166)	11 117	–	(11 117)	100.0%	100.0%	34
Public safety	1 158	(769)	390	747	–	100.0%	100.0%	407
Housing	0	(0)	(0)	–	0	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**1 018**	**47**	**1 065**	**8 164**	**7 099**	**766.5%**	**802.2%**	**1 031**
Planning and development	18	47	65	–	(65)	-	-	–
Road transport	1 000	(0)	1 000	8 164	7 164	816.4%	816.4%	1 031
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**127 197**	**(5 232)**	**121 964**	**95 528**	**(26 437)**	**78.3%**	**75.1%**	**110 482**
Electricity	59 777	551	60 328	50 736	(9 592)	84.1%	84.9%	56 902
Water	44 189	(6 350)	37 839	26 795	(11 044)	70.8%	60.6%	24 599
Waste water management	18 221	1 599	19 820	9 950	(9 869)	50.2%	54.6%	21 531
Waste management	5 010	(1 032)	3 978	8 047	4 069	202.3%	160.6%	7 450
Other	–	–	–	–	–	-	-	–
Total Revenue - Standard	**242 363**	**(2 455)**	**239 908**	**188 689**	**(51 219)**	**78.7%**	**77.9%**	**205 143**
Expenditure - Standard								
Governance and administration	**67 879**	**(7 480)**	**60 400**	**91 657**	31 257	**151.8%**	**135.0%**	**72 989**
Executive and council	13 178	(4 997)	8 181	7 545	(635)	92.2%	57.3%	8 052
Finance and administration	54 702	(2 483)	52 219	84 111	31 892	161.1%	153.8%	64 937
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	**6 973**	**(1 069)**	**5 904**	**6 032**	**128**	**102.2%**	**86.5%**	**4 824**
Community and social services	3 383	(809)	2 574	2 722	148	105.7%	80.5%	2 590
Sport and recreation	652	(369)	284	336	52	118.5%	51.5%	355
Public safety	2 855	157	3 011	2 971	(40)	100.0%	104.1%	1 833
Housing	–	(0)	(0)	–	0	-	-	–
Health	83	(48)	36	4	(32)	100.0%	100.0%	46
Economic and environmental services	**13 449**	**(2 588)**	**10 861**	**11 101**	**240**	**102.2%**	**82.5%**	**10 804**
Planning and development	–	–	–	–	–	-	-	–
Road transport	13 449	(2 588)	10 861	11 101	240	102.2%	82.5%	10 804
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**112 222**	**(11 574)**	**100 649**	**120 841**	**20 192**	**120.1%**	**107.7%**	**90 755**
Electricity	73 822	(6 691)	67 131	66 082	(1 050)	98.4%	89.5%	56 420
Water	17 625	(3 594)	14 032	21 228	7 196	151.3%	120.4%	17 226
Waste water management	14 269	(462)	13 807	21 579	7 772	156.3%	151.2%	12 231
Waste management	6 506	(827)	5 679	11 953	6 274	210.5%	183.7%	4 877
Other	–	–	–	–	–	**-**	**-**	–
Total Expenditure - Standard	**200 524**	**(22 710)**	**177 814**	**229 631**	**51 817**	**129.1%**	**114.5%**	**179 372**
Surplus/(Deficit) for the year	**41 839**	**20 255**	**62 094**	**(40 942)**	**(103 036)**	**-65.9%**	**-97.9%**	**25 770**

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

Description	2021/2022							2020/2021
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Municipal Manager	–	–	–	–	–	-	-	–
Council	3 093	–	3 093	3 093	–	100.0%	100.0%	–
Corporate and Human Resources	3 946	(3 201)	746	2 984	2 238	400.2%	75.6%	2 554
Finance	97 363	2 602	99 965	76 439	(23 527)	76.5%	78.5%	89 304
Properties	345	–	345	462	117	134.0%	134.0%	121
Libraries	1 200	–	1 200	1 200	0	100.0%	100.0%	1 150
Cemetary	51	(6)	45	74	29	164.0%	144.7%	58
Parks and Recreation	7 010	–	7 010	–	(7 010)	100.0%	100.0%	34
Health Services	–	–	–	–	–	-	-	–
Waste Management	5 010	3 077	8 086	8 047	(39)	99.5%	160.6%	7 450
Public Works	1 000	–	1 000	8 164	7 164	816.4%	816.4%	1 031
Electricity	59 777	549	60 326	50 736	(9 591)	84.1%	84.9%	56 902
Water	44 189	(11 306)	32 883	26 795	(6 089)	81.5%	60.6%	24 599
Waste Water Management	18 221	6 599	24 820	9 950	(14 869)	40.1%	54.6%	21 531
Traffic	1 158	(769)	390	747	357	191.8%	64.5%	407
Total Revenue by Vote	**242 363**	**(2 455)**	**239 908**	**188 689**	**(51 219)**	**78.7%**	**77.9%**	**205 143**
Expenditure by Vote ***to be appropriated***								
Municipal Manager	550	0	550	824	274	149.7%	149.9%	2 419
Council	12 628	(4 972)	7 656	7 545	(110)	98.6%	59.8%	8 052
Corporate and Human Resources	19 397	(0)	19 397	19 292	(105)	99.5%	99.5%	56 762
Finance	34 510	(919)	33 591	64 701	31 110	192.6%	187.5%	5 136
Properties	795	0	795	636	(159)	80.0%	80.0%	637
Libraries	2 771	(664)	2 106	2 093	(14)	99.3%	75.5%	1 979
Cemetary	612	(0)	612	629	17	102.8%	102.8%	611
Parks and Recreation	652	(312)	341	336	(5)	98.6%	51.5%	355
Fire Brigade	2 855	(2 855)	–	–	–	-	-	–
Health Services	83	(48)	36	4	(32)	10.1%	4.3%	46
Waste Management	6 506	(715)	5 791	11 949	6 158	206.3%	183.7%	4 877
Public Works	13 449	(2 278)	11 172	11 101	(71)	99.4%	82.5%	10 804
Electricity	73 822	(6 691)	67 131	66 082	(1 050)	98.4%	89.5%	56 420
Water	17 625	(4 933)	12 692	21 228	8 535	167.2%	120.4%	17 226
Waste Water Management	14 269	109	14 378	21 579	7 201	150.1%	151.2%	12 231
Traffic	–	1 565	1 565	1 629	63	104.1%	#DIV/0!	1 817
Total Expenditure by Vote	**200 524**	**(22 710)**	**177 814**	**229 627**	**51 813**	**129.1%**	**114.5%**	**179 372**
Surplus/(Deficit) for the year	**41 839**	**20 255**	**62 094**	**(40 938)**	**(103 032)**	**-65.9%**	**-97.8%**	**25 771**

APPENDIX E - Unaudited
SIYANCUMA 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
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	38 384	(850)	37 534	18 347	(19 187)	48.9%	47.8%	22 952
Service charges - electricity revenue	47 215	(207)	47 008	45 511	(1 497)	96.8%	96.4%	41 051
Service charges - water revenue	32 362	(10 636)	21 726	23 194	1 468	106.8%	71.7%	20 305
Service charges - sanitation revenue	8 617	(488)	8 129	7 752	(377)	95.4%	90.0%	7 816
Service charges - refuse revenue	9 118	(2 732)	6 386	6 361	(25)	99.6%	69.8%	5 846
Service charges - other	–	–	–	–	–	-	-	–
Rental of facilities and equipment	329	203	532	847	316	159.3%	257.5%	475
Interest earned - external investments	332	(200)	132	178	46	135.0%	53.7%	174
Interest earned - outstanding debtors	2 100	13 505	15 605	8 370	(7 236)	53.6%	398.6%	9 315
Dividends received	–	(0)	(0)	–	0	-	-	–
Fines, penalties and forfeits	588	(437)	151	519	368	344.0%	88.4%	114
Licences and permits	141	(24)	118	11	(106)	9.7%	100.0%	433
Agency services	542	(319)	224	310	87	138.7%	57.2%	211
Transfers and subsidies	58 212	(0)	58 212	61 621	3 409	105.9%	105.9%	61 120
Other revenue	2 602	(491)	2 112	2 996	885	141.9%	115.2%	1 128
Gains on disposal of PPE	(0)	(0)	(0)	–	0	100.0%	100.0%	–
Total Revenue (excluding capital transfers and contributions)	**200 543**	**(2 675)**	**197 868**	**176 019**	**(61 198)**	**89.0%**	**87.8%**	**170 939**
Expenditure By Type								
Employee related costs	72 661	(8 397)	64 265	65 319	1 054	101.6%	89.9%	64 349
Remuneration of councillors	5 912	(803)	5 109	5 191	82	101.6%	87.8%	5 232
Debt impairment	11 745	(0)	11 745	60 582	48 837	515.8%	515.8%	25 494
Depreciation & asset impairment	9 456	(0)	9 456	10 932	1 476	115.6%	115.6%	9 303
Finance charges	4 043	1 294	5 337	8 550	3 213	160.2%	211.5%	6 343
Bulk purchases	56 062	0	56 062	56 371	309	100.6%	100.6%	49 842
Other materials	10 161	(5 654)	4 506	1 775	(2 731)	100.0%	100.0%	1 747
Contracted services	17 016	(5 839)	11 177	–	(11 177)	-	-	–
Transfers and grants	–	–	–	–	–	100.0%	100.0%	–
Other expenditure	13 468	(3 311)	10 156	20 835	10 679	205.1%	154.7%	16 796
Loss on disposal of PPE	0	0	0	(92)	(92)	100.0%	100.0%	265
Total Expenditure	**200 524**	**(22 710)**	**177 814**	**229 464**	**51 650**	**129.0%**	**114.4%**	**179 372**
					–	-	-	
Surplus/(Deficit)	**19**	**20 036**	**20 054**	**(53 445)**	**(73 499)**	**-266.5%**	**-287356.1%**	**(8 433)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	41 820	(0)	41 820	12 504	(29 316)	29.9%	29.9%	34 204
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	100.0%	100.0%	–
Transfers and subsidies - capital (in-kind - all)	–	–	220	–	(220)	100.0%	100.0%	–
Surplus/(Deficit) for the year	**41 839**	**20 035**	**62 094**	**(40 942)**	**(103 036)**	**-65.9%**	**-97.9%**	**25 770**

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

Description	2021/2022							2020/2021
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote								
Multi-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	–	–	-	-	–
Corporate and Human Resources	–	–	–	–	–	-	-	–
Finance	–	–	–	–	–	-	-	–
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	–	–	–	–	–	-	-	–
Health Services	–	–	–	–	–	-	-	–
Waste Management	–	–	–	–	–	-	-	–
Public Works	–	–	–	–	–	-	-	–
Electricity	–	–	–	–	–	-	-	–
Water	–	–	–	–	–	-	-	–
Waste Water Management	–	–	–	–	–	-	-	–
Traffic	–	–	–	–	–	-	-	–
Capital multi-year expenditure	**–**	**–**	**–**	**–**	–	-	-	**–**
Single-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	–	–	-	-	1 828
Corporate and Human Resources	–	–	–	264	264	100.0%	100.0%	4 682
Finance	–	2 025	2 025	1 778	(247)	87.8%	#DIV/0!	90
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	7 000	–	7 000	–	(7 000)	-	-	–
Health Services	–	–	–	–	–	-	-	–
Waste Management	–	–	–	–	–	-	-	–
Public Works	1 000	–	1 000	7 099	6 099	709.9%	709.9%	–
Electricity	12 500	–	12 500	4 667	(7 833)	37.3%	100.0%	14 345
Water	11 716	–	11 716	116	(11 600)	100.0%	100.0%	3 390
Waste Water Management	9 604	–	9 604	128	(9 476)	100.0%	100.0%	8 846
Traffic	–	–	–	–	–	-	100.0%	–
Capital single-year expenditure	**41 820**	**2 025**	**43 845**	**14 051**	(29 794)	32%	34%	**33 180**
Total Capital Expenditure - Vote	**41 820**	**2 025**	**43 845**	**14 051**	(29 794)	32%	34%	**33 180**
					–	-	-	
Capital Expenditure - Standard					–	-	-	
Governance and administration	**–**	**2 025**	**2 025**	**2 042**	17	100.8%	#DIV/0!	**6 600**
Executive and council	–	–	–	–	–	-	-	1 828
Budget and treasury office	–	2 025	2 025	1 778	(247)	87.8%	#DIV/0!	90
Corporate services	–	–	–	264	264	100.0%	100.0%	4 682
Community and public safety	**7 000**	**–**	**7 000**	**–**	(7 000)	-	-	**–**
Community and social services	–	–	–	–	–	-	-	–
Sport and recreation	7 000	–	7 000	–	(7 000)	-	-	–
Public safety	–	–	–	–	–	-	-	–
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	**1 000**	**–**	**1 000**	**7 099**	6 099	709.9%	709.9%	**–**
Planning and development	–	–	–	–	–	-	-	–
Road transport	1 000	–	1 000	7 099	6 099	709.9%	709.9%	–
Environmental protection	–	–	–	–	–	-	-	–
Trading services	**33 820**	**–**	**33 820**	**4 910**	(28 910)	14.5%	14.5%	**26 580**
Energy sources	12 500	–	12 500	4 667	(7 833)	37.3%	37.3%	14 345
Water management	11 716	–	11 716	116	(11 600)	100.0%	100.0%	3 390
Waste water management	9 604	–	9 604	128	(9 476)	100.0%	100.0%	8 846
Waste management	–	–	–	–	–	-	-	–
Other	**–**	**–**	**–**	**–**	–	-	-	**–**
Total Capital Expenditure - Standard	**41 820**	**2 025**	**43 845**	**14 051**	**(29 794)**	**32%**	**34%**	**33 180**
					–	-	-	
Funded by:					–	-	-	
National Government	41 820	–	41 820	29 465	(12 355)	70.5%	70.5%	29 465
Provincial Government	–	–	–	–	–	100.0%	100.0%	–
District Municipality		–	–	–	–	-	-	–
Other transfers and grants		–	–	–	–	-	-	–
Transfers recognised - capital	**41 820**	**–**	**41 820**	**29 465**	**(12 355)**	**70%**	**70%**	**29 465**
Public contributions & donations	**–**	**220**	**220**	**–**	(220)	100.0%	100.0%	–
Borrowing	**–**	**–**	**–**	**1 025**	1 025	100.0%	100.0%	1 025
Internally generated funds	**–**	**1 805**	**1 805**	**2 689**	884	149.0%	#DIV/0!	2 689
Total Capital Funding	**41 820**	**2 025**	**43 845**	**33 180**	**(10 665)**	**76%**	**79%**	**33 180**

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

Description	2021/2022							2020/2021
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	32 626	–	32 626	18 347	(14 279)	56.2%	56.2%	25 016
Service charges	83 890	–	83 890	50 248	(33 642)	59.9%	59.9%	40 494
Other revenue	3 679	–	3 679	9 319	5 640	253.3%	253.3%	5 407
Government - operating	58 212	–	58 212	59 377	1 165	102.0%	102.0%	58 948
Government - capital	41 820	–	41 820	2 039	(39 781)	4.9%	4.9%	48 813
Interest	752	–	752	7 578	6 826	1007.6%	1007.6%	8 546
Dividends	–	–	–	–	–	-	-	–
Payments								
Suppliers and employees	(173 618)	–	(173 618)	(112 489)	61 129	64.8%	64.8%	(149 415)
Finance charges	(4 043)	–	(4 043)	(8 550)	(4 507)	211.5%	211.5%	(6 343)
Transfers and Grants	–	–	–	–	–	-	-	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**43 319**	**–**	**43 319**	**25 869**	**(17 450)**	**59.7%**	**59.7%**	**31 464**
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts								
Proceeds on disposal of PPE	–	–	–	234	234	100.0%	100.0%	2
Decrease (Increase) in non-current debtors	–	–	–		–	-	-	–
Decrease (increase) other non-current receivables	–	–	–	–	–	-	-	–
Decrease (increase) in non-current investments	–	–	–	–	–	-	-	–
Payments					–	-	-	
Capital assets	41 820	–	41 820	(13 359)	(55 179)	-31.9%	-31.9%	(29 624)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**41 820**	**–**	**41 820**	**(13 125)**	**(54 945)**	**-31.4%**	**-31.4%**	**(29 623)**
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Short term loans	–	–	–	–	–	-	-	–
Borrowing long term/refinancing	–	–	–	–	–	-	-	–
Increase (decrease) in consumer deposits	–	–	–	(4)	(4)	#DIV/0!	#DIV/0!	2
Payments								
Repayment of borrowing	(12 000)	–	(12 000)	(2 616)	9 384	21.8%	21.8%	(2 453)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(12 000)**	**–**	**(12 000)**	**(2 620)**	**9 380**	**21.8%**	**21.8%**	**(2 451)**
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	73 139	–	73 139	10 124	(63 015)	13.8%	13.8%	(610)
Cash/cash equivalents at the year begin:	22 356	–	22 356	3 165	(19 192)	100.0%	100.0%	3 774
Cash/cash equivalents at the year end:	95 496	–	95 496	13 289	(72 827)	13.9%	13.9%	3 165