



GA-SEGONYANA LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Mayoral committee

Mayor

Speaker

Councillors

Cllr. N. Masegela (Chairperson EXCO)

Cll. K. Madikiza

Cllr C. Phillips (Chief Whip)

Councillors appointed 9 November 2021

Cllr. T. Merementsi (Chairperson MPAC)

Cllr. K. Mathole (EXCO Member)

Cllr. L. Moagi (EXCO Member)

Cllr. B vd Westhuizen (EXCO Member)

Cllr. M. Reetsang (EXCO Member)

Cll. C.O. Mojaki

Cllr. C. Phillips

Cllr. P. Moepeng

Cllr. L. Molusi

Cllr. K. Gloria

Cllr. K. Reuben

Cllr. T. L. Diphatse

Cllr. T. Nyathi

Cllr. N. Mereotlhe

Cllr. G. Chere

Cllr. M. Taeng

Cllr. S.I. Kok

Cllr. M. Valela

Cllr. M. Kapoledi

Cllr. M. Leberebane

Cllr. K. Setlhodi

Cllr. T. Ellis

Cllr.M. Mamapula

Cllr. K. Chweu

Cllr M Disang

Cllr. S. Ryan

Cllr. O. Mathibe

Councilors term ended 8 November 2021

Cllr T.E Meyers (Speaker)

Cllr. N.G. Masegela

Cllr. Van Der Westhuizen

Cllr. BE Modise

Cllr. L Moagi

Cllr. GN Mntuyedwa

Cllr. KB Madikiza

Cllr. NG Disipi

Cllr. DT Mpata

Cllr. K.R Makwati

Cllr. B.E Leserwane

Cllr. I Tshetshemeserogwe

Cllr. K.F Kanjeruba

Cllr LC Moseki

Cllr KA Nels

Cllr NG Thupaemang

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Cllr OD Mathibe
Cllr LR Nelson
Cllr BE Gaetsewe
Cllr MF Disang
Cllr MG Reetsang
Cllr MP Galeboe
Cllr KH Chweu
Cllr WA Aucamp
Cllr TR Ncayivutshwa
Cllr. LN Makoke
Cllr. BA Eiman
Cllr. NG Ngesi

Cllr GC Assegai

Chief Financial Officer (CFO)	K Noke
Accounting officer	M. Tsatsimpe
Registered office	Corner Voortrekker and School Street Kuruman
Business address	Corner Voortrekker and School Street Kuruman
Postal address	Private Bag X1522 Kuruman 8460

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Bankers	First National Bank ABSA Bank
Auditors	Auditor General (South Africa)
Jurisdiction	The Ga-segonyana Local Municipality includes the following areas: Kuruman, Bankhara, Mothibistad, Magojaneng, Obama Hill, Ditshoswaneng, Mpoteng, Seoding, Mokalamosesane, Gamopedi, Ncweng, Galotolo, Pietbos, Sloja, Lokaleng, Geelboom, Sedibeng, Batlharos, Gasehubane, Garuele, Gasebolao, Maruping, Vergenoeg, Kagung, Lohatlha, Seven Miles, Thamonyanche, Wrenchville, Promise Land and Thuli Madonsela.
Relevant Legislation	Constitution of the Republic of South Africa (Act No. 108 of 1996) Municipal Finance Management Act (Act 56 of 2003) Division of Revenue Act The Income Tax Act (Act No. 58 of 1962) Value Added Tax Act (Act No. 117 of 1998) Municipal Structures Act (Act No. 32 of 2000) Water Service Act (Act No.108 of 1997) Housing Act (Act No. 107 of 1997) Municipal Property Rates Act (Act No. 6 of 2004) Electricity Act (Act No. 41 of 1987) Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998) Unemployment Insurance Act (Act No. 30 of 1966) Basic Conditions of Employment Act (Act No. 75 of 1997) Municipal System Amendment Act (Act No. 7 of 2011) Municipal Planning and Performance Management Regulations Municipal Supply Chain Management Regulations Municipal Collective Agreements Municipal Budget and Reporting Regulations MFMA Circulars and Regulations
Attorneys	Mogaswa Attorneys Peyper Attorneys Sifumba Attorneys Koikanyang Attorneys Motshabi Attorneys

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Index

The reports and statements set out below comprise the annual financial statements presented to the Municipality:

Index	Page
Accounting Officer's Responsibilities and Approval	5
Audit, Risk and Performance Committee Report	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 18
Accounting Policies	19 - 42
Notes to the Annual Financial Statements	43 - 103

Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibilities and Approval

The Accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the annual financial statements are supported by the municipality's external auditors.

The annual financial statements set out on pages 7 to 103, which have been prepared on the going concern basis were approved by the Accounting Officer on 31 August 2022.

M. Tsatsimpe
Accounting officer

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Audit, Risk and Performance Committee Report

The Committee is honored to present its report for the financial period ending June 30, 2022.

Audit committee members and attendance

Audit, Risk and Performance Committee consisted of the members listed below and should meet at least 4 times during the financial year as per its approved Terms of Reference. Audit, Risk and Performance Committee held six meetings during 2021/2022 financial year and attendances were as follows:

Name of member	Number of meetings attended
R. Tshimomola(Chairperson)	6
F. Buys: Member	3
M. Mashati: Member	4

Audit committee responsibility

Audit, Risk and Performance Committee has formally adopted its formal terms of reference and discharged its responsibility during the year in compliance with its charter and section 166 of the MAFMA as follows:

- Reviewed and adopted Audit, Risk and Performance Committee Charter as approved by council;
- Reviewed and approved Internal Audit Charter and Methodology;
- Reviewed and approved the three year rolling risk-based Internal Audit Plan and Annual Operational Audit Plan and monitored their implementations;
- Reviewed Risk Management documents presented by management and made appropriate recommendations for management to implement;
- Evaluated the findings raised by internal and external audit and made recommendations on addressing the root cause of findings for management to implement
- Reviewed monthly and quarterly financial information reports presented by management and made recommendations on financial management improvements and reporting ;
- Reviewed quarterly and annual financial statements and gave council the credible view of the technology, contingent liabilities, human resources management reports presented by management and recommended appropriate actions for management to implement;
- Reviewed audit action plans emanating from internal and external audit findings and recommended appropriate actions for management to implement;
- Liaised with the Auditor-General South Africa to discuss and resolve external audit matters.

Internal audit

Audit, Risk and Performance Committee is satisfied that the internal audit functions were performed independently and objectively in line with the approved annual internal audit risk-based plan and Section 165 of MFMA. Internal Audit functionally reported to audit committee during 2021/2022 financial year.

Effectiveness of Internal control system

Audit, Risk and Performance Committee is satisfied that the internal audit functions were performed independently and objectively in line with the approved annual audit risk-based plan and Section improvements on control environment during the year. Internal control systems is partially effective.

Audit, Risk and Performance Committee concurs with and accept the Auditor-General South Africa's Audit Report on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the Report of the Auditor-General South Africa.

Chairperson of the Audit, Risk and Performance Committee

Date: _____

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at June 30, 2022

		2022	2021
	Note(s)	R	Restated* R
Assets			
Current Assets			
Inventories	3	62,619,153	66,979,464
Receivables from non-exchange transactions	4	29,994,036	23,488,090
VAT	5	16,346,766	8,103,998
Receivables from exchange transactions	6	43,140,739	38,197,626
Cash and cash equivalents	7	95,153,067	90,466,140
		247,253,761	227,235,318
Non-Current Assets			
Investment property	8	20,253,699	20,253,699
Property, plant and equipment	9	1,703,035,553	1,593,600,069
Intangible assets	10	485,656	722,012
Heritage assets	11	1,655,642	1,655,642
		1,725,430,550	1,616,231,422
Total Assets		1,972,684,311	1,843,466,740
Liabilities			
Current Liabilities			
Other financial liabilities	12	2,275,769	2,181,862
Finance lease obligation	13	744,098	739,380
Payables from exchange transactions	14	93,952,195	72,781,131
Consumer deposits	15	5,914,289	5,310,255
Employee benefit obligation	16	2,904,000	1,452,000
Unspent conditional grants and receipts	17	17,399,799	31,595,764
		123,190,150	114,060,392
Non-Current Liabilities			
Other financial liabilities	12	6,080,009	8,355,780
Finance lease obligation	13	427,942	664,938
Employee benefit obligation	16	35,435,000	34,131,000
Provisions	18	27,717,355	24,173,786
		69,660,306	67,325,504
Total Liabilities		192,850,456	181,385,896
Net Assets		1,779,833,855	1,662,080,844
Accumulated surplus		1,779,833,855	1,662,080,844

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

		2022	2021
	Note(s)	R	Restated* R
REVENUE			
Revenue from exchange transactions			
Sale of stands		1,786,942	8,232,638
Service charges	20	174,461,354	157,439,871
Rental of facilities	21	3,272,540	2,012,071
Interest on outstanding receivables	23	2,839,606	3,848,481
Licences and permits		3,680,421	3,351,478
Other revenue	24	12,610,581	4,566,061
Interest on investments	25	5,054,603	3,864,834
Total revenue from exchange transactions		203,706,047	183,315,434
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	50,222,676	49,763,478
Interest on outstanding receivables	23	1,668,827	1,667,363
Transfer revenue			
Grants and subsidies realised	27	402,315,155	389,557,952
Fines, penalties and forfeits	22	4,898,223	3,417,910
Total revenue from non-exchange transactions		459,104,881	444,406,703
Total revenue	19	662,810,928	627,722,137
EXPENDITURE			
Employee related costs	28	(173,049,555)	(151,395,151)
Remuneration of councillors	29	(10,472,326)	(9,842,705)
Depreciation, amortisation and impairment loss/(reversal)	30	(55,465,290)	(66,980,683)
Finance costs	31	(6,515,349)	(10,465,786)
Debtors impairment	32	(7,703,540)	(13,822,992)
Bad debts written-off	33	(4,017,292)	(1,469,365)
Bulk purchases	34	(120,721,658)	(99,409,275)
Contracted Services	35	(71,559,365)	(65,829,276)
Cost of land sold	3.1	(2,902,000)	(15,105,400)
General expenses	36	(89,595,154)	(67,354,297)
Total expenditure		(542,001,529)	(501,674,930)
Operating surplus		120,809,399	126,047,207
Gains/(Loss) on disposal of assets		(4,915,395)	(18,376,515)
Fair value adjustments		-	-
Actuarial gains/(losses)	16	1,859,000	(2,603,000)
		(3,056,395)	(20,979,515)
SURPLUS FOR THE YEAR		117,753,004	105,067,692

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	1,565,082,612	1,565,082,612
Adjustments		
Correction of error	(8,069,458)	(8,069,458)
Balance at July 1, 2020 as restated*	1,557,013,152	1,557,013,152
Surplus for the year ended 30 June 2021	105,067,692	105,067,692
Total changes	105,067,692	105,067,692
Opening balance as previously reported	1,662,774,064	1,662,774,064
Prior year adjustments	(693,220)	(693,220)
Restated* Balance at July 1, 2021 as restated*	1,662,080,851	1,662,080,851
Changes in net assets		
Surplus for the year ended 30 June 2021	117,753,004	117,753,004
Total changes	117,753,004	117,753,004
Balance at June 30, 2022	1,779,833,855	1,779,833,855

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

		2022	2021
	Note(s)	R	Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		218,278,576	226,508,669
Grants		388,119,189	385,521,140
Interest on investments		5,054,603	3,864,834
		611,452,368	615,894,643
Payments			
Suppliers		(266,402,394)	(225,453,705)
Employee Costs		(179,396,621)	(159,357,334)
Finance costs		(3,047,349)	(2,272,913)
		(448,846,364)	(387,083,952)
Net cash flows from operating activities	37	162,606,004	228,810,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(155,361,747)	(177,417,589)
Purchase of intangible assets	10	(143,187)	(832,760)
Net cash flows from investing activities		(155,504,934)	(178,250,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in other financial liabilities		(2,181,864)	(2,103,645)
Finance lease payments		(232,278)	(2,202,987)
Net cash flows from financing activities		(2,414,142)	(4,306,632)
Net increase/(decrease) in cash and cash equivalents		4,686,927	31,196,053
Cash and cash equivalents at the beginning of the year		90,466,140	59,270,087
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	95,153,067	90,466,140

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
Revenue from exchange transactions						
Sale of stands	-	-	-	1,786,942	1,786,942	1
Service charges	211,937,000	2,700,000	214,637,000	174,461,354	(40,175,646)	2
Rental of facilities	2,074,000	(674,000)	1,400,000	3,272,540	1,872,540	3
Interest on outstanding receivables	-	-	-	2,839,606	2,839,606	17
Licences and permits	3,319,000	-	3,319,000	3,680,421	361,421	39
Other revenue	13,392,000	9,028,000	22,420,000	12,610,581	(9,809,419)	5
Interest on investments	3,495,000	150,000	3,645,000	5,054,603	1,409,603	4
Total revenue from exchange transactions	234,217,000	11,204,000	245,421,000	203,706,047	(41,714,953)	
Revenue from non-exchange transactions						
Property rates	55,522,000	(1,871,000)	53,651,000	50,222,676	(3,428,324)	38
Interest on outstanding receivables	7,912,000	(3,000,000)	4,912,000	1,668,827	(3,243,173)	17
Grants and subsidies realised	205,753,000	8,291,000	214,044,000	402,315,155	188,271,155	11
Fines, Penalties and Forfeits	1,572,000	-	1,572,000	4,898,223	3,326,223	5
Total revenue from non-exchange transactions	270,759,000	3,420,000	274,179,000	459,104,881	184,925,881	
Total revenue	504,976,000	14,624,000	519,600,000	662,810,928	143,210,928	
EXPENDITURE						
Employee related costs	(167,732,000)	(640,000)	(168,372,000)	(173,049,555)	(4,677,555)	12
Remuneration of councillors	(10,838,000)	-	(10,838,000)	(10,472,326)	365,674	13
Transfers and subsidies	(60,000)	-	(60,000)	-	60,000	15
Depreciation and amortisation	(60,375,000)	-	(60,375,000)	(55,465,290)	4,909,710	10
Finance costs	(901,000)	(15,000)	(916,000)	(6,515,349)	(5,599,349)	7
Debt Impairment	(12,950,000)	950,000	(12,000,000)	(7,703,540)	4,296,460	21
Bad debts written-off	-	-	-	(4,017,292)	(4,017,292)	14
Bulk purchases	(94,417,000)	(17,000,000)	(111,417,000)	(120,721,658)	(9,304,658)	
Contracted services	(56,543,000)	(14,127,000)	(70,670,000)	(71,559,365)	(889,365)	
Cost of land sold	(46,727,000)	8,837,000	(37,890,000)	(2,902,000)	34,988,000	
General expenses	(55,182,000)	236,000	(54,946,000)	(89,595,154)	(34,649,154)	
Total expenditure	(505,725,000)	(21,759,000)	(527,484,000)	(542,001,529)	(14,517,529)	
Operating surplus	(749,000)	(7,135,000)	(7,884,000)	120,809,399	1,212,696,457	
Gain/(Loss) on disposal of assets	102,654,000	69,617,000	172,271,000	(4,915,395)	(177,186,395)	8
Actuarial gains/losses	-	-	-	1,859,000	1,859,000	9

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
	102,654,000	69,617,000	172,271,000	(3,056,395)	(175,327,395)	
SURPLUS FOR THE YEAR	101,905,000	62,482,000	164,387,000	117,753,004	(46,633,996)	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	48,011,000	629,000	48,640,000	62,619,153	13,979,153	20
Receivables from non-exchange transactions	20,644,000	18,000	20,662,000	29,994,036	9,332,036	35
Receivables from exchange transactions	79,230,000	1,996,000	81,226,000	43,140,739	(38,085,261)	22
VAT	-	-	-	16,346,766	16,346,766	23
Cash and cash equivalents	155,525,000	(20,826,000)	134,699,000	95,153,067	(39,545,933)	24
	303,410,000	(18,183,000)	285,227,000	247,253,761	(37,973,239)	
Non-Current Assets						
Investment property	20,549,000	-	20,549,000	20,253,699	(295,301)	18
Property, plant and equipment	1,495,674,000	69,197,000	1,564,871,000	1,703,035,553	138,164,553	25
Intangible assets	285,000	-	285,000	485,656	200,656	26
Heritage assets	1,656,000	-	1,656,000	1,655,642	(358)	
	1,518,164,000	69,197,000	1,587,361,000	1,725,430,550	138,069,550	
Total Assets	1,821,574,000	51,014,000	1,872,588,000	1,972,684,311	100,096,311	
Liabilities						
Current Liabilities						
Other financial liabilities	4,307,000	(3,450,000)	857,000	2,275,769	1,418,769	27
Finance lease obligation	-	-	-	744,098	744,098	28
Payables from exchange transactions	110,136,000	(1,470,000)	108,666,000	93,952,187	(14,713,813)	29
Consumer deposits	5,227,000	-	5,227,000	5,914,289	687,289	32
Employee benefit obligation	-	-	-	2,904,000	2,904,000	30
Unspent conditional grants and receipts	-	-	-	17,399,799	17,399,799	31
	119,670,000	(4,920,000)	114,750,000	123,190,142	8,440,142	
Non-Current Liabilities						
Other financial liabilities	9,442,000	2,500,000	11,942,000	6,080,009	(5,861,991)	27
Finance lease obligation	-	-	-	427,942	427,942	28
Employee benefit obligation	-	-	-	35,435,000	35,435,000	30
Provisions	46,920,000	-	46,920,000	27,717,355	(19,202,645)	37
	56,362,000	2,500,000	58,862,000	69,660,306	10,798,306	
Total Liabilities	176,032,000	(2,420,000)	173,612,000	192,850,448	19,238,448	
Net Assets	1,645,542,000	53,434,000	1,698,976,000	1,779,833,863	80,857,863	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Net Assets

Reserves

Accumulated surplus	1,645,542,000	53,434,000	1,698,976,000	1,779,833,863	80,857,863	
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Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

Narration area

Sale of stands

1) The variance is due to lack of demand for stands.

Service charges

2) Under recovery is mainly as a result of the challenges experienced regarding the installation of prepaid meters and also due to overbudgeting.

Rental of facilities

3) The variance is due to the delay in signing of contracts for SMME Hub tenants, the budget was understated.

Interest on Investments

4) Actual revenue was higher than the budget due to high bank balance. This has resulted in higher interest being accrued

Fines, Penalties and Forfeits

5) Variance is due to more fines issued in the 2021/22 financial year

Other Revenue

6) Variance is as a result of expected benefit investing for Employees obligation that was not budgeted for.

Finance Costs

7) Variance is due to interest on landfill site and Interest on Employee Obligation that was not budgeted for.

Gains/(Loss on disposal of assets

8) Gains/(loss) on disposal of assets was not budgeted for.

Actuarial gains/(Losses)

9) Actuarial gains or losses were not budgeted for.

Depreciation and amortisation and impairment loss/(reversal)

10) Variance is due to the impairment reversal done on assets that had less than 1 year of remaining useful and still in good condition.

Grants and subsidies realised

11) Variances is due to the municipality only budgeting for operational grants(i.e. Equitable share) and received additional grants for capital projects in terms of DORA Act.

Employee Related Costs

12) Variance is due to current service costs in terms of the valuation of GRAP 25 and appointment of new employees

Remuneration of councillors

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

13) Variance is due to no anticipated increase to the gazzetted remuneration of councillors in the current year under review..

14) Bad Debts write off

The municipality did not budget for bad debt write-off

Transfers and subsidies

15) No expenditure incurred relating to transfer and subsidies.

Gains/(loss) on disposal of assets

16) Gains/(loss) on disposal of assets was not budgeted for.

Interest on outstanding receivables

17) Variance is due to no interest on sundry debtors being levied for the current year under review.

Investment property

18) Variance is due to the correction of error in the figure of investment property which increased the figure of investment property.

General expenses.

19) General expenses increased due to increases in repairs and maintenance from capital projects.

Inventory

20) Inventory variance due to RDP land derecognised and no other land transferred to owner.

Debt Impairment

21) Actual amount less than budgeted.

Receivables from exchange transactions

22) The trade receivables are less than budgeted amounts due to the increase in the actual write-offs made during the financial year.

VAT

23) VAT receivable is lower than the budget amount as the municipality was refunded most of the outstanding returns as at year end.

Cash and cash equivalents

24) The cash and cash equivalents of the municipality was less than budgeted, the municipality improved in paying its creditors debt on time

Property, plant and equipment

25) Property, plant and equipment increased due to additional assets bought or constructed in the current year as projects are completed as well as public donations contributions on capital projects which was not budgeted for.

Intangible assets

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

26) Variance due to additional computer software on new laptops bought for municipal officials.

Other Financial liabilities

27) This balance is composed of loans from DBSA and the municipality managed to repay part of the loan in the 2021/22 financial year.

Finance Leases

28) The Municipality did not budget for finance leases.

Payables from exchange transactions

29) Management improved in settling outstanding debts to its suppliers.

Employee benefit obligation

30) Difference due to the valuation in terms of Grap 25 not budgeted for by the municipality.

Unspent Conditional grants and receipts

31) Unspent grant was not budgeted for by the municipality, as initial anticipation is to spend total grants allocation, and also due to the fact that the unspent grants are to possibly be refunded to treasury based on the response on the application of the roll over of unspent grants.

Customer Deposits

32) The municipality had more customers who opened new customer accounts during the year than anticipated. This resulted in an increase in customer deposits.

Cost of land sold

33) The actual value for cost of land sold was lesser than budgeted due to RDP houses land which were transferred to owners.

Bulk Purchases

34) The variance is due to changes in NERSA tariff changes which increased in the current financial year by 14.59%

Receivables from non-exchange transactions

35) Variance is due to more fines issued in the 2021/22 financial year and increase in tariff rate for property rates.

Contracted Services

36) The movement of contracted services and General Expenses was due to MSCOA classification. Items that were classified as general expenditure had to be reclassified as contracted services.

Provision.

37) Budget amount less than Actual amount due no new rehabilitation site being developed during the financial year under review.

Property rates.

38) The actual amount was less than budgeted amount.

Licence and Permits.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

39) The municipality did recognised more license and permits than anticipated due to improved collections by the traffic department.

Additional text

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded off to the nearest Rand.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

1.3.1 Trade receivables and allowance for doubtful debts

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3.2 Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

1.3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.4 Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand and interest.

1.3.5 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the notes to the Annual Financial Statements.

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the municipality, supplemented by experience of similar transactions and, in some, cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

1.3.6 Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges for assets. This estimate is based on public sector industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.7 Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the 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 the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in the Notes to the Annual Financial Statements.

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.8 Effective interest rate

Where interest rates are not specified in the transactions handled by the municipality, particularly with respect to finance leases the municipality used the prime interest rate to discount future cash flows.

1.3.9 Allowance for doubtful debts

Timing of Assessment

The municipality will assess at the end of each reporting date whether there is objective evidence that a receivable account or group of receivable accounts is impaired.

Evidence of Impairment

The following accounts are specifically excluded from impairment testing:

- Receivable accounts with a combined credit balance at reporting date;
- Receivable accounts where the combined balance at reporting date is zero;
- Receivable accounts where the Municipality is the owner; and
- Receivable accounts that have no balance outstanding longer than 30 days at reporting date as these accounts are considered not to be past due.

Any one of the following events is considered to provide objective evidence that a receivable account or group of receivable accounts could be impaired.

- A receivables that have been placed under or applied for liquidation or sequestration;
- Where the last payment date by the customer was before 15th May of each year;
- Accounts handed over to debt collectors and/or power of attorney;
- All accounts indicated as in-active accounts on the system;
- When a formal arrangement is made on arrears debt;
- When accounts have been formally presented to Council for write off; and
- All accounts with balances outstanding 31 days and longer as these accounts are considered to be past due

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Calculation and Recognition of Impairment Loss

The impairment loss is calculated as the difference between the carrying value at reporting date less the present value of expected future cash flows.

Individually Significant Receivables

Consumer receivables with a total balance outstanding at reporting date over R150 000 is considered material and will be assessed individually for evidence of impairment.

For sundry receivables management will assess on an annual basis which accounts are considered to be individually material. These accounts will be assessed individually for evidence of impairment.

Risk Categories

All receivables are categorised into one of three risk categories. These categories are:

- High risk category;
- Medium risk category; and
- Low risk category.

The allocation of receivables into the different risk categories are reviewed annually.

Consumer receivables

The following receivables are specifically identified as being high risk due to their nature:

- Approved indigents;
- Tenant accounts; and
- Non-active accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Government receivables, excluding government schools

The following receivables are specifically identified as being medium risk receivables due to their nature and past payment history:

- All accounts with prepaid electricity meters; and
- Government school receivables

The remainder of the consumer receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables.

Summary of risk groups for consumer receivables:

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

High Risk	Medium Risk	Low Risk
Approved indigents	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Tenant accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools
Non-active accounts	Remainder of consumer receivable accounts	Government receivables, excluding government schools

The risk factors and premium adjustment to the risk free rate are reviewed annually by management

Sundry receivables

The following receivables are specifically identified as being high risk due to their nature and past payment history:

- Motor vehicle accidents;
- Library books;
- Bursary costs/Study assistance;
- Closed accounts;
- Marked to be written off; and
- Handed over accounts

The following receivables are specifically identified as being low risk receivables due to their nature and past payment history:

- Main service contributions; and
- Relocation costs;

The following receivables are individually assessed:

- Medical aid

The remainder of the sundry receivables are classified as medium risk receivables.

All other receivables are divided into the three risk categories based on management's knowledge of these receivables.

Summary of risk groups for consumer receivables:

High Risk	Medium Risk	Low Risk
Motor vehicle accidents	Remainder of consumer receivable accounts	Main service contributions
Library books	Remainder of consumer receivable accounts	Main service contributions
Bursary costs	Remainder of consumer receivable accounts	Reallocation costs
Closed accounts	Remainder of consumer receivable accounts	Reallocation costs
Marked to be written off	Remainder of consumer receivable accounts	Reallocation costs
Non-active accounts	Remainder of consumer receivable accounts	Reallocation costs

The risk factors and premium adjustment to the risk free rate are reviewed annually by management.

Discount Rate

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

The discount rate is set as the yield of the R157 South African government bond as at the reporting date. The actual yield on the R157 bond is sourced from the RMB Global Markets website at reporting date.

The risk free rate is adjusted with a premium per risk category. The following is taken into account in determining the premium:

- The economic conditions of the population in the municipal district;
- History of bad debts written off;
- Effectiveness of the debt collection processes;
- The vast rural area that the municipality covers and the rural population have high social problems;
- High unemployment rate in the municipal district.

Based on the above risk factors identified the risk free rate is adjusted with the following premium:

Risk category	Premium adjustment
High risk	1.25%
Medium risk	0.75%
Low risk	0.25%

The risk factors and premium adjustment to the risk free rate are reviewed annually by management.

Expected Repayment Term

The total income from consumers for the reporting period include:

- Property tax;
- Refuse;
- Sewerage;
- Water;
- Electricity;
- Interest; and
- Less income foregone.

Expected Future Cash Flows

The expected future cash flows are based on management's past experiences with the different receivable groups.

The expected future cash flows can be summarised as follows:

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Group	Expected future cash flow
Accounts with no payment received in the last six months	No payment expected
Indigent receivables	Accounts marked as indigent do not expect any re-payment and is therefore included at 100% in the allowance calculation
Inactive accounts	No payment expected
Accounts marked as bad debts	No payment expected
Accounts with balances only in current, 30 days and/or 60 days	Fully recoverable
High risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Medium risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk consumer receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
High risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Medium risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)
Low risk sundry receivables	Will be determined using the following: -Geographical area -Category (Business, household, etc) -Payment history -Any other factors applicable (e.g. debtors handed over)

All payments received in July after the reporting date are added to the above calculated expected further cash flows before impairment is calculated.

Present Value of Expected Future Cash Flows

The future expected cash flows will be discounted using the present value (PV) formula.

1.4 Investment property

1.4.1 Initial Recognition

Investment property is property (land or buildings) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services, or for administrative purposes.

Accounting Policies

1.4 Investment property (continued)

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

1.4.2 Subsequent Measurement

Subsequent to initial measurement investment property is measured at fair value in line with the asset management policy of the municipality on the Municipal Property Rates Act cycle.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The nature or type of properties classified as held for strategic purposes are as follows:

1.4.3 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Infinity
Furniture and fixtures	Straight line	3-15 years
Infrastructure		
- Sewer pump station	Straight line	15-60 years
- Solid waste disposal	Straight line	3-9 years
- Electricity network	Straight line	3-20 years
- LV network	Straight line	10-50 years
- Distribution network	Straight line	2- 30 years
- Bridges	Straight line	30-80 years
- Bulk supply	Straight line	50-100 years
- MV network	Straight line	15-60 years
- Road structures	Straight line	5-55 years
- Airport structures	Straight line	20-60 years
- Collection and reticulation network	Straight line	50 years
- Borehole	Straight line	3-100 years
- Distribution reticulation network	Straight line	5-60 years
- Storage	Straight line	10-15 years
- Stormwater	Straight line	10-60 years
- Road traffic management	Straight line	10-40 years
- Waste water treatment	Straight line	15-60 years
- Water network	Straight line	20 years
- Water pipes	Straight line	20 years
- Water pump	Straight line	5-100 years
- Water storage	Straight line	3-20 years
Community Assets		
- Buildings	Straight line	100 years
Other property, plant and equipment		
- Furniture and equipment	Straight line	5-10 years
- Motor vehicles	Straight line	5-15 years
- Office equipment	Straight line	3-10 years
- Plant equipment	Straight line	4-15 years
- Computer equipment	Straight line	1-5 years
Landfill site	Straight line	17 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life, residual value and depreciation method of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit.

Accounting Policies

1.5 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that: a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised 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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.7 Intangible assets (continued)

Item	Amortisation method	Average useful life
Computer software	Straight line	3 to 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the Annual Financial Statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

1.8.1 Recognition

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

1.8.2 Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

1.8.3 Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost.

1.8.4 Impairment

The municipality assess its heritage assets at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Initial recognition

Financial instruments are recognised when the municipality becomes a party to contractual provision of the instruments.

Financial instruments are initially recognised at amortised cost.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Financial instruments (continued)

Financial Instruments are categorised according to their nature as either financial instruments at fair value, held at amortised cost, or held at cost. The classification depends on the nature and terms of the financial instrument for which the financial instruments were obtained / incurred and takes place at initial recognition.

1.9.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at cost.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.10 Statutory receivables (continued)

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

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

If there is an indication that a statutory receivable, or a group of statutory receivables, 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, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an 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 entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, 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 either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- 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 entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.11 Tax

VAT

The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

1.12.1 Finance leases - lessee

Initial recognition

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.12.2. Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Inventories

1.13.1 Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition

1.13.2 Subsequent measurement

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Accounting Policies

1.13 Inventories (continued)

1.13.3 Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.14.1 Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.14.2 Value in use

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

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

1.14.3 Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

1.14.4 Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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.

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

Useful life is either:

Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

1.15.1 Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.15.2 Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

1.15.3 Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating 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 current 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.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.15.4 Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. 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 determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

1.15.5 Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

1.15.6 Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

1.16 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

1.16.1 Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

1.16.2 Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (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.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a 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 contribution in the cost of an asset.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.17 Provisions and contingencies

1.17.1 Initial Recognition

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

1.17.2 Subsequent measurement

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed by way of a note.

1.18 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The municipality's main sources of revenue from exchange transactions income include service charges, rental of facilities, sale of stands, licences and permits and interest income.

1.18.1 Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.19 Revenue from exchange transactions (continued)

1.18.2 Sale of goods (stands and licences and permits)

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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.18.3 Rendering of services

Rendering of services includes the following service charges: refuse removal billed at a fixed fee per collection, electricity (i.e. conventional and prepaid electricity) based on consumption, water based on consumption and sewerage based on water consumption. When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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;

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.18.4 Interest

Revenue arising from the use by others of the municipality's assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest revenue is recognised on a time proportion basis.

1.18.5 Rental of facilities

Rental of facilities and equipment revenue arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

1.18.6 Other Income

Other income shall be accounted for when the cash, asset or service is received by the municipality.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

The municipality's main source of revenue from non-exchange transactions income include property rates, government grants and subsidies, public contributions, donations, fines and penalties.

1.19.1 Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.19.2 Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the 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 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 is recognised as revenue.

1.19.3 Property Rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

1.19.4 Government grants, Public contributions and donations

Transfer revenue include government grants, subsidies, public contributions, donations, fines, penalties and forfeits. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.19.5 Fines

Revenue from fines will be accounted on accrual basis based on IGRAP 1.

Fines are economic benefits or service potential received or receivable by municipality, as determined by a court of other law enforcement body, as a consequence of the breach of laws or regulations. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

The municipality recognises the full amount of revenue from fines at the transaction date and subsequently recognise the impairment loss for revenue not expected to be collected, as there is uncertainty about the entities ability to collect such revenue based on past history. The municipality considered the past history in assessing the likelihood of the discounts or reductions being taken up by the debtors

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

1.19.6 Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and 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.

1.21 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Irregular expenditure

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programmed/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.26 Budget information

Municipality is subject to budgetary limits in the form of an approved and an adjustment budget which is given effect through council.

General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the approved budget.

The approved budget is prepared on an accrual basis and presented by nature linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2021 to 6/30/2022.

The Annual Financial Statements and the approved budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

Comparative information is not required.

Material differences between the original budget and final budget as well as between the final budget and the actual are explained in the Annual Financial Statements. Deviations are regarded as material when they are greater than or equal to 10%. Deviations between approved budget and final budgets well as deviations between final budget and actual, are regarded as material differences

1.27 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). There were no significant post balance sheet events that affected the Annual Financial Statements as at 30 June 2022.

1.28 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and
- All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.28 Expenditure (continued)

- Repairs and maintenance - inclusive of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk electricity;
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs.
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General expenses which constitute several expense items which are not individually significant.
- Employee cost - relating to cost associated with employee contracts.
- Depreciation - Cost associated with the amortisation of property, plant and equipment..

1.29 Fines provision methodology

1) Obtain issued fines (Unadjusted issued fines) for the past 3 to 5 years.

a) Adjust the fines by the below adjustments:

b) Reduce the fines by the amount of fines withdrawn/cancelled.

c) Also reduce the fines by amounts reduced.

2) Increase the fines by amounts increased for unpaid fines.

3) Obtain the final total of amounts of a) to c) above.

4) Adjust the issued fines by a) to c) above to get final collectible issued fines.

5) Calculate the percentage discount rate of collectible issued fines as a percentage of unadjusted issued fines in 1) above

6) Calculate average discount rate for the number of years the data was obtained e.g. if 3 years, calculate average over 3 years and if 5 years calculate average over 5 years.

7) The provision is calculated as follows:

Gross fines debtors x average discount rate in 5) above.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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2. New standards and interpretations

2.1 Standards and interpretations issued and effective in the current year

There are no new standards that were issued and effective in the current year. The municipality has applied all standards and interpretations that were issued by the accounting standards board that are applicable to the municipality consistently with prior year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Grap 25	01 April 2021	Unlikely there will be a material impact
Grap 104	01 April 2022	Unlikely there will be a material impact
Grap 104	01 April 2021	Unlikely there will be a material impact
iGrap 7	01 April 2022	Unlikely there will be a material impact
iGrap 21	01 April 2022	Unlikely there will be a material impact

3. Inventories

Other inventories held for sale (land)	60,669,783	63,571,783
Consumable stores	2,675,987	3,342,879
Water	98,213	64,802
	63,443,983	66,979,464
Inventories (write-downs)	(824,830)	-
	62,619,153	66,979,464

3.1 Other Inventory held for sale (land)

Opening balance	63,571,783	78,677,183
Cost of land sold	(2,902,000)	(15,105,400)
	60,669,783	63,571,783

The cost of inventories is assigned using the weighted average cost formula. Subsequently inventories are measured at the lower of cost and net realisable value

Inventory pledged as security

No inventory was pledged as security.

4. Receivables from non-exchange transactions

Fines	13,370,567	9,490,109
Property Rates	16,623,469	13,997,981
	29,994,036	23,488,090

Included in receivables from non-exchange transactions are balances owing from property rates as follows:

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
4. Receivables from non-exchange transactions (continued)		
Current (0-30 days)	215,401	142,148
31 - 60 days	2,290,352	1,846,436
61 - 90 days	1,602,221	1,574,834
91 - 120 days	1,504,544	1,423,849
121 - 365 days	8,321,143	10,020,117
> 365 days	22,045,882	14,798,517
	35,979,543	29,805,901
Less: Allowance for impairment	(19,356,082)	(15,807,920)
Net Balance	16,623,461	13,997,981
Fines		
Gross fines	14,540,689	10,362,634
Impairment	(1,170,122)	(872,525)
	13,370,567	9,490,109
Credit quality of receivables from non-exchange transactions		
The credit quality of receivables from non-exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.		
5. Value Added Tax		
VAT	16,346,766	8,103,998
Amounts outstanding from SARS at year end	5,931,299	4,871,809
VAT on accrual basis	10,415,467	3,232,189
	16,346,766	8,103,998

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
6. Receivables from exchange transactions		
Gross balances		
Electricity	28,811,408	31,447,499
Water	11,413,885	11,026,539
Sewerage	19,325,553	16,968,875
Refuse	10,485,433	9,223,856
Sundry debtors	22,886,077	14,925,951
	92,922,356	83,592,720
Less: Allowance for impairment		
Less: Allowance for impairment	(49,781,617)	(45,395,094)
Net balance	43,140,739	38,197,626
Included in above is Sundry receivables from exchange transactions		
Rental	5,392,337	7,404,561
Accrued Income	9,373,604	2,793,646
Staff Recovery	160,363	281,744
Land sales (Sobray CC)	4,446,000	4,446,000
Peyper Attorneys	3,513,773	-
	22,886,077	14,925,951

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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6. Receivables from exchange transactions (continued)

Net balance	22,886,077	14,925,951
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Sundry Receivables Ageing 2022	Rental	Accrued Income	Staff Recovery	Land Sale and Peyper Attorneys	Total
Current (0-30 days)	725,321	681,102	5,124	-	1,411,547
31-60 days	99,144	1,993	3,217	-	104,354
61-90 days	1,981,343	1,985	1,961	-	1,985,289
91-120 days	34,981	630	2,108	-	37,719
121-365 days	380,278	18,184	28,935	-	427,397
>365 days	2,171,270	8,669,710	119,018	7,959,773	18,919,771
	5,392,337	9,373,604	160,363	7,959,773	22,886,077

Sundry receivable Ageing 2021	Rental	Accrued Income	Staff Recovery	Land Sale and Peyper Attorneys	Total
Current (0-30 days)	246,976	20,130	13,688	-	280,794
31-60 days	103,589	1,596	3,632	-	108,817
61-90 days	101,888	29,926	3,189	-	135,003
91-120 days	94,654	87,380	3,177	-	185,211
121-365 days	1,544,053	52,297	21,048	-	1,617,398
>365 days	5,313,401	2,602,316	237,010	4,446,000	12,598,727
	7,404,561	2,793,645	281,744	4,446,000	14,925,950

Rates

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
6. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	6,220,337	5,336,488
31 - 60 days	1,500,450	1,851,801
61 - 90 days	1,049,815	1,470,246
91 - 120 days	846,586	1,277,885
121 - 365 days	4,894,869	10,755,993
> 365 days	14,299,351	10,755,086
	28,811,408	31,447,499
Water		
Current (0 -30 days)	2,133,724	1,890,499
31 - 60 days	1,359,608	845,849
61 - 90 days	821,369	682,849
91 - 120 days	518,740	650,282
121 - 365 days	2,570,315	2,874,622
> 365 days	4,010,129	4,082,439
	11,413,885	11,026,540
Sewerage		
Current (0 -30 days)	1,352,796	1,213,111
31 - 60 days	931,893	751,601
61 - 90 days	775,062	685,247
91 - 120 days	597,899	670,715
121 - 365 days	3,680,409	3,688,502
> 365 days	11,987,494	9,959,699
	19,325,553	16,968,875
Refuse		
Current (0 -30 days)	818,323	699,750
31 - 60 days	454,367	438,872
61 - 90 days	369,972	390,366
91 - 120 days	343,901	408,307
121 - 365 days	2,882,925	2,083,044
> 365 days	5,615,945	5,203,517
	10,485,433	9,223,856
Sundry debtor		
Current (0 -30 days)	1,411,547	280,794
31 - 60 days	104,354	108,817
61 - 90 days	1,985,289	135,003
91 - 120 days	37,719	185,211
121 - 365 days	427,397	1,617,398
> 365 days	17,583,789	12,598,728

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
6. Receivables from exchange transactions (continued)		
	21,550,095	14,925,951
Reconciliation of allowance for impairment		
Balance at beginning of the year	(45,395,096)	(33,383,770)
Contributions to allowance	(4,386,521)	(12,011,324)
	(49,781,617)	(45,395,094)

Credit quality of consumer debtors

The credit quality of receivables from exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,400	3,400
Other cash and cash equivalents	95,149,667	90,462,740
	95,153,067	90,466,140

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2022	June 30, 2021	June 30, 2020	30 June 2022	June 30, 2021	June 30, 2020
FNB BANK - CHEQUE ACCOUNT - 62649722883	87,963,239	18,567,378	1,068,873	86,623,775	18,557,833	1,068,273
FNB BANK - CHEQUE ACCOUNT - 6265254632	298,149	170,602	(11,911)	795,204	234,947	84,744
FNB BANK - 7 DAY CALL - 74690806392	507,492	60,225,856	40,035,293	507,492	60,225,857	40,035,293
FNB BANK - CALL ACCOUNT - 62671219048	100,634	11,444,103	18,048,747	100,634	11,444,103	18,048,747
ABSA BANK - 4103242034	1,234,245	-	-	672,756	-	-
ABSA BANK - CHEQUE ACCOUNT - 4103241868	6,421,781	-	-	6,449,806	-	-
Total	96,525,540	90,407,939	59,141,002	95,149,667	90,462,740	59,237,057

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

8. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	20,253,699	-	20,253,699	20,253,699	-	20,253,699

Reconciliation of investment property - 2022

	Opening balance	Total
Investment property	20,253,699	20,253,699

Reconciliation of investment property - 2021

	Opening balance	Total
Investment property	20,253,699	20,253,699

A register containing the information required by Section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

Details of valuation

Investment property is reviewed by a professional valuer once every 4 years in line with the statutory requirements of the Municipal Property Rates Act (Chapter 6 of 2004). The last external valuation was done by an independent professional valuer on 1 July 2018. The valuation which conforms to international valuation standards is arrived at by reference to market evidence of transaction prices for similar properties.

The revaluation of investment property was performed by TT Property Consultants (BENJAMIN NARE MAKGAKGA PROFESSIONAL ASSOCIATED VALUER -Pr.No.6996/0).

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

9. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	13,748,463	-	13,748,463	13,748,463	-	13,748,463
Operational Buildings	73,244,071	(19,388,457)	53,855,614	60,828,751	(18,200,444)	42,628,307
Plant and machinery	4,234,569	(2,933,308)	1,301,261	4,075,157	(2,780,217)	1,294,940
Furniture and fixtures	9,956,848	(7,658,137)	2,298,711	9,747,884	(7,292,018)	2,455,866
Motor vehicles	17,169,018	(10,475,514)	6,693,504	17,237,744	(9,479,235)	7,758,509
Office equipment	8,577,750	(6,252,748)	2,325,002	7,941,230	(5,530,198)	2,411,032
Infrastructure	2,353,172,545	(827,805,743)	1,525,366,802	2,214,230,895	(785,233,886)	1,428,997,009
Community	165,276,627	(67,830,431)	97,446,196	166,000,780	(71,694,837)	94,305,943
Total	2,645,379,891	(942,344,338)	1,703,035,553	2,493,810,904	(900,210,835)	1,593,600,069

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Impairment reversal	Total
Land	13,748,463	-	-	-	-	-	13,748,463
Buildings	42,628,308	12,415,319	-	(1,188,013)	-	-	53,855,614
Plant and machinery	1,294,940	345,710	(48,434)	(276,889)	(14,066)	-	1,301,261
Furniture and fixtures	2,455,866	824,467	(290,493)	(685,045)	(6,084)	-	2,298,711
Motor vehicles	7,758,509	-	(7,592)	(1,055,927)	(1,486)	-	6,693,504
Office equipment	2,411,032	1,118,499	(98,497)	(1,105,969)	(63)	-	2,325,002
Infrastructure	1,428,997,009	147,641,068	(4,424,176)	(51,038,449)	-	4,191,350	1,525,366,802
Community	94,305,943	7,091,568	(46,201)	(3,786,576)	(118,538)	-	97,446,196
	1,593,600,070	169,436,631	(4,915,393)	(59,136,868)	(140,237)	4,191,350	1,703,035,553

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	13,748,463	-	-	-	-	13,748,463
Buildings	45,392,078	10,755,033	(11,915,686)	(1,478,809)	(124,309)	42,628,307
Plant and machinery	1,452,617	169,286	(39,253)	(283,046)	(4,664)	1,294,940
Furniture and fixtures	2,680,827	688,709	(103,673)	(805,344)	(4,653)	2,455,866
Motor vehicles	5,322,756	3,475,820	-	(1,040,067)	-	7,758,509
Office equipment	4,311,816	136,869	(59,329)	(1,972,906)	(5,418)	2,411,032
Infrastructure	1,336,768,511	155,650,746	(6,205,797)	(48,518,260)	(8,698,191)	1,428,997,009
Community	91,467,245	6,665,438	(52,776)	(3,649,655)	(124,309)	94,305,943
	1,501,144,313	177,541,901	(18,376,514)	(57,748,087)	(8,961,544)	1,593,600,069

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
9. Property, plant and equipment (continued)		
Assets subject to finance lease (Net carrying amount)		
Furniture and fixtures	-	2,228,639
Community	97,446,196	94,305,943
Office Equipment	865,502	2,701,836
	98,311,698	99,236,418
Additions Reconciliation		
Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Property, plant and equipment procured through cash received by the municipality	155,361,749	139,445,022
Property, plant and equipment procured through mining donations	14,074,885	37,972,567
	169,436,634	177,417,589
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	147,641,069	155,650,746
Community	19,506,888	12,395,163
	167,147,957	168,045,909
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Gravel to Paved Road Gamopedi	9,219,618	-
The project was running since the year 2019/2020 financial year and the supplier for the brick material declared insolvent in 2021 and went under voluntary liquidation which caused a delay in the project.	-	-
	9,219,618	-
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
	-	-

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	264,916,678	20,755,480	285,672,158
Additions/capital expenditure	146,279,112	19,506,888	165,786,000
Transferred to completed items	(161,129,510)	(9,733,487)	(170,862,997)
	250,066,280	30,528,881	280,595,161

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	243,018,707	8,360,317	251,379,024
Additions/capital expenditure	160,551,745	12,395,163	172,946,908
Transferred to completed items	(138,653,774)	-	(138,653,774)
	264,916,678	20,755,480	285,672,158

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	93,704	165,702
Plant and Equipment	16,524,396	4,990,998
	16,618,100	5,156,700

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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10. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,101,651	(1,615,995)	485,656	1,985,531	(1,263,519)	722,012

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	722,012	143,187	(7)	(379,536)	485,656

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	284,613	832,760	-	(395,361)	722,012

11. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	5,642	-	5,642	5,462	-	5,462
The Eye	1,650,000	-	1,650,000	1,650,180	-	1,650,180
Total	1,655,642	-	1,655,642	1,655,642	-	1,655,642

Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain	5,462	5,462
The Eye	1,650,180	1,650,180
	1,655,642	1,655,642

Reconciliation of heritage assets 2021

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

11. Heritage assets (continued)

	Opening balance	Total
Mayoral chain	5,462	5,462
The Eye	1,650,180	1,650,180
	1,655,642	1,655,642

2022 R	2021 R
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12. Other financial liabilities

At amortised cost

DBSA Bank loan

8,355,778 10,537,642

The Borrower shall cede to the DBSA, security in the form of a cession over its income stream, covering the installments outstanding, plus interest and collection charges outstanding, at any time during the term of the loan.

The borrower hereby agrees to create and deposit at a recognised commercial bank, an amount equal to two installments over a period of one year of the respective loan period. This amount is to be ceded to the DBSA as security for the loan.

Non-current liabilities

At amortised cost

6,080,009 8,355,780

Current liabilities

At amortised cost

2,275,769 2,181,862

As at 30 June 2022, the Municipality had the following concessionary loans from DBSA:

Contract number	Loan number	Start date	Planned end date	Loan term (Years)	Loan Amount	Nominal Value June 2022	Interest rate per annum
61000632	102568/2	2007/11/19	2027/12/31	20	3,512,071	1,343,577	5.00 %
61000505	102274/2	2006/06/30	2026/02/28	20	12,109,500	4,221,736	8.46 %
61000357	101738/2	2005/03/24	2025/06/30	20	7,183,596	2,039,921	9.34 %
61003307	13891/201	2001/12/20	2021/12/31	20	3,849,273	-	2.10 %
61000038	100234/1	2003/08/07	2023/12/31	20	4,341,243	750,544	11.50 %

Contract number: 102568/2

- Grace period: 1 year

Contract number: 102274/2

- Grace period: 0 years

Contract number: 101738/2

- Grace period: 0 years

Contract number: 13891/201

Grace period: 0 years

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

12. Other financial liabilities (continued)

Contact number: 100234/1

- Grace period: 0 years

Maturity analysis

At June 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan	2,275,771	3,538,225	1,246,006	1,190,422

At June 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan	2,181,862	8,091,444	264,335	-

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

13. Finance lease obligation

Minimum lease payments due

- within one year	770,361	1,078,380
- in second to fifth year inclusive	-	770,650
	770,361	1,849,030
less: future finance charges	(105,713)	(444,712)
Present value of minimum lease payments	664,648	1,404,318

Present value of minimum lease payments due

- within one year	739,380	739,380
- in second to fifth year inclusive	427,942	664,938
	1,167,322	1,404,318

Non-current liabilities	427,942	664,938
Current liabilities	744,098	739,380
	1,172,040	1,404,318

It is entity policy to lease certain equipment under finance leases.

Finance leases existing as at 30 June relates to photocopiers.

The average lease term was 2-5 years and the average effective borrowing rate was 7% (2021: 7%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
14. Payables from exchange transactions		
Trade payables	28,558,564	20,296,559
Accruals	7,582,088	1,506,583
Unallocated deposits	1,605,021	1,892,301
Retention monies	18,520,313	15,405,571
Sale of stands - (pending transfer)	5,289,721	5,980,153
Sundry payables	2,249,426	936,233
Debtors with credit balances	7,959,195	7,554,124
Employee costs accrual	1,503,335	532,298
Group life Insurance	3,667,109	4,902,164
Leave pay	12,614,609	9,870,134
Bonus	4,402,814	3,905,011
	93,952,195	72,781,131
15. Consumer deposits		
Service accounts	4,903,359	4,790,877
Housing rental	1,010,930	519,378
	5,914,289	5,310,255

Consumer deposits represent amounts received in advance and held as surety for service accounts and other services.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
16. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(29,945,000)	(28,407,000)
Present value of the defined benefit obligation- wholly unfunded	(8,394,000)	(7,176,000)
	(38,339,000)	(35,583,000)
Non-current liabilities	(35,435,000)	(34,131,000)
Current liabilities	(2,904,000)	(1,452,000)
	(38,339,000)	(35,583,000)

The Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid fund, with which the municipality is associated, a member is entitled to continued as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-employment benefits are provided to these employees.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out at 30 June 2022 by Mr. C Weiss. Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Long service award

The members of the long service award are made up as follows:

Eligible employees as at 30 June 2021	345	316
New Entries	53	35
Exits	(18)	(6)
	380	345

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	7,176,000	6,031,000
Total annual expenditure	1,218,000	610,000
Actuarial loss/(gains)	53,000	535,000
	8,447,000	7,176,000

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

Current service cost	894,000	717,000
Interest cost	654,000	431,000
Actuarial (gains) losses	53,000	535,000
Expected vesting benefits	(383,000)	(538,000)
	1,218,000	1,145,000

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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16. Employee benefit obligations (continued)

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rate	11,08%	935.00 %
Net discount	3.50 %	3.35 %
General earning inflation rate	7.32 %	5.81 %
Average retirement age	62	62

Pre-retirement mortality SA85-90

The basis used to determine the overall expected rate of return on assets is as follows:

A discount rate of 11.08% per annum has been used. This yield was obtained by calculating the duration of the liability and then taking the yield from the yield index-linked yield is 4.00%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2022. The duration of the total liability was estimated to be 9.25 years curve at that duration using an iterative process (because the yield depends on the duration, which in turn depends on the liability). The corresponding liability-weighted index-linked yield is 4.00%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2022. The duration of the total liability was estimated to be 9.25 years.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Defined benefit obligation	8,447,000	7,176,000	6,031,000	5,550,717	4,862,913
Surplus (deficit)	(8,447,000)	(7,176,000)	(6,031,000)	(5,550,717)	(4,862,913)
Experience adjustments on plan liabilities	180,000	621,000	55,820	300,806	193,943

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Assumption	Change	Liability	% Change
Central assumptions		8,394,000	
General earnings inflation rate	+1%	8,869,000	6%
	-1%	7,692,000	-5%
Discount rate	+1%	7,950,000	-5%
	-1%	8,891,000	6%
Average retirement age	+2 yrs	8,965,000	7%
	-2 yrs	7,678,000	-9%
Withdrawal rates	x2	6,747,000	-20%
	x0,2	6,523,000	13%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		894,000	654,000	1,548,000	
General earnings inflation rate	+1%	963,000	696,000	1,659,000	7%
	-1%	833,000	615,000	1,448,000	-6%
Discount rate	+1%	840,000	680,000	1,520,000	-2%

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

				2022 R	2021 R
16. Employee benefit obligations (continued)					
	-1%	956,000	623,000	1,579,000	2%
Average retirement age	+2 yrs	945,000	699,000	1,644,000	6%
	-2 yrs	821,000	593,000	1,414,000	-9%
Withdrawal rates	x2	653,000	508,000	1,161,000	-25%
	x0,5	1,069,000	754,000	1,823,000	18%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current service cost	Interest cost	Total	% Change
Central assumptions		921,000	830,000	1,751,000	
General earnings inflation rate	+1%	993,000	883,000	1,876,000	7%
	-1%	857,000	782,000	1,639,000	-6%
Discount rate	+1%	864,000	852,000	1,716,000	-2%
	-1%	987,000	805,000	1,792,000	2%
Average retirement age	+2 yrs	980,000	894,000	1,874,000	7%
	-2 yrs	840,000	753,000	1,593,000	-9%
Withdrawal rates	x2	668,000	648,000	1,316,000	-25%
	x0,5	1,104,000	955,000	2,059,000	18%

Impact of COVID 19

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

The sensitivities in Table 7.1 (and 7.3) above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

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

Post employment medical aid subsidy

The members of the post-employment health care benefit plan are made up as follows:

In-service (employee) members	263	225
In-service (employee) non-members	117	120
Continuation (retiree and widow) members	23	24
	403	369

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	28,407,000	23,763,000
Contributions by plan participants	1,538,000	4,644,000
	29,945,000	28,407,000

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
16. Employee benefit obligations (continued)		
Current service cost	1,705,000	1,324,000
Interest cost	2,814,000	2,397,000
Actuarial (gains) losses	(1,912,000)	2,068,000
Settlement	(1,069,000)	(1,145,000)
	1,538,000	4,644,000

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	11.84 %	10.09 %
Health care cost inflation rate	8.45 %	6.81 %
Net-of health-care-cost-inflation discount rate	3.13 %	3.07 %
Maximum subsidy inflation rate	5.96 %	4.73 %
Net-of-maximu-subsidy-inflation discount rate	5.55 %	5.12 %
Proportion with a spouse dependant at retirement	60.00 %	60.00 %
Continuation of membership at retirement	75.00 %	75.00 %
Proportion of in-service non-members joining a scheme by retirement and continuing	15.00 %	15.00 %
Average retirement age	62	62
	-	-

Mortality during employment SA 85-90:

The basis used to determine the overall expected rate of return on assets is as follows

A discount rate of 11.84% per annum has been used. The corresponding index-linked yield at this term is 4.10%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2022.

These rates were calculated by using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

Health Care Cost Inflation Rate:

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilization patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 8.45% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.95%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.13% which derives from $((1+11.84\%)/(1+8.45\%))-1$.

The expected inflation assumption of 6.95% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.10%) and those of fixed interest bonds (11.84%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+11.84\%-0.50\%)/(1+4.06\%))-1$.

The next contribution increase was assumed to occur with effect from 1 January 2023.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

The history of experienced adjustments is as follows:

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

[illegible]

Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption	Change	Eligible Employees	Continuation Members	Total	% Change
Central assumptions		18.245	11.700	29.945	
Health care inflation rate	+1%	19.663	12.097	31.760	6%
	-1%	16.280	11.200	27.480	-8%
Discount rate	+1%	15.376	10.830	26206	-12%
	-1%	21.905	12.706	34.611	16%
Post-employment mortality	+1 yr	17.825	11.334	29.159	-3%
	-1 yr	18.655	12.064	30.719	3%
Average retirement age	-1 yr	20.363	11.700	32.063	7%
Membership continuation	10%	15.945	11700	27.645	-8%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

Assumption	Change	Current- service cost	Interest cost	Total	% Change
Central assumptions		1,705,000	2,814,000	4,519,000	
Health care Inflation rate	+1%	1,875,000	3,012,000	4,896,000	8%
	-1%	1,473,000	2,544,000	4,017,000	-11%
Discount rate	+1%	1,412,000	2,689,000	4,101,000	-9%
	-1%	2,085,000	2,950,000	5,035,000	11%
Post-employment mortality	+1 yr	1,665,000	2,735,000	4,400,000	-3%
	-1 yr	1,745,000	2,891,000	4,636,000	3%
Average retirement age	-1 yr	1,917,000	2,990,000	4,907,000	9%
Membership continuation	-10%	1,494,000	2,604,000	4,098,000	-9%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumption	Change	Current service cost	Interest Cost	Total	% Change
Central assumptions		2,223,000	3,484,000	5,707,000	
Health care inflation rate	+1%	2,407,000	3,699,000	6,106,000	7%
	-1%	1,964,000	3,193,000	5,175,000	-10%
Discount rate	+1%	1,866,000	3,299,000	5,165,000	-9%
	-1%	2,681,000	3,696,000	6,377,000	12%
Post-employment mortality	+1 yr	2,171,000	3,391,000	5,562,000	-3%
	-1 yr	2,271,000	3,576,000	5,847,000	2%
Average retirement age	+1 yr	2,330,000	3,735,000	6,065,000	6%
Membership contribution	-10%	1,941,000	3,212,000	5,153,000	-10%

Impact of COVID-19

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have.

The sensitivities in Table 7.1 (and 7.3) above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity (" +1 yr" in the tables).

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

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	50,598	10,397,696
Finance Management Grant	-	703,812
Expanded Public Works Program Grant	-	287,618
Integrated National Electrification Programme Grant	2,054,159	190,769
Covid-19 Additional Equitable Share	-	20,015,869
Neighbourhood Development Partnership	7,594,105	-
Water Service Infrastructure Grant	7,700,937	-
	17,399,799	31,595,764

18. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Change in discount factor	Total
Provision for rehabilitation of landfill sites	24,173,786	3,543,569	27,717,355

Reconciliation of provisions - 2021

	Opening Balance	Reversed during the year	Change in discount factor	Total
Provision for rehabilitation of landfill sites	18,808,913	-	5,364,873	24,173,786

The municipality has an obligation to rehabilitate the landfill sites of Ga Segonyana.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The valuation of the landfill site provision was done by EMS Advisory (Pty) Ltd, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the professional valuator on the project was Aiden Bowers PrEng, with extensive experience and expertise relevant for this type of work.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 12.08%.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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18. Provisions (continued)

Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting date are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material to settle the obligation.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
18. Provisions (continued)		
Key assumptions		
Total Site Area	61 826 m ²	
Area of waste body to be rehabilitated in future (waste footprint) (m2)	46 055 m ²	
Estimated site closure date	2028	
Assumed site start date	1994	
Assumed total site life	36 years	
Remaining site life (as at 01 July 2022) (years)	approximately 6 years	
Estimated annual airspace consumption (2022) (m3)	7084	
Estimated total airspace (m3)	186 420	
The applicable discount rate (which is the rate specifically associated with the risk of the cash flow being discounted) relevant cash flows in 2018	9,025% (based on Government Bond yield rate of 8,875% and an Adjustment for risk of 0,15%)	
Estimated airspace remaining (m3)	45433	
Airspace consumed to date		76 %

19. Revenue

Sale of stands	1,786,942	8,232,638
Service charges	174,461,354	157,439,871
Rental of facilities	3,272,540	2,012,071
Interest received on outstanding receivables	2,839,606	3,848,481
Licences and permits	3,680,421	3,351,478
Other revenue	12,610,581	4,566,061
Interest investment	5,054,603	3,864,834
Property rates	50,222,676	49,763,478
Interest on outstanding receivable	1,668,827	1,667,363
Government grants & subsidies	402,315,155	389,557,952
Fines, penalties and forfeits	4,898,223	3,417,910
	662,810,928	627,722,137

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of stands	1,786,942	8,232,638
Service charges	174,461,354	157,439,871
Rental of facilities	3,272,540	2,012,071
Interest on outstanding receivables	2,839,606	3,848,481
Licences and permits	3,680,421	3,351,478
Other revenue	12,610,581	4,566,061
Interest on investments	5,054,603	3,864,834
	203,706,047	183,315,434

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
19. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	50,222,676	49,763,478
Interest on outstanding receivables	1,668,827	1,667,363
Transfer revenue		
Government grants & subsidies	402,315,155	389,557,952
Fines, Penalties and Forfeits	4,898,223	3,417,910
	459,104,881	444,406,703
20. Service charges		
Sewer levied	15,004,285	14,020,283
Sale of electricity	126,340,468	112,701,421
Sale of water	23,393,501	22,429,781
Refuse removal	11,106,505	9,799,645
Less: Income forgone	(1,383,405)	(1,511,259)
	174,461,354	157,439,871
21. Rental of facilities		
Premises		
Premises	3,029,429	632,912
Facilities and equipment		
Rental of facilities	243,111	1,379,159
	3,272,540	2,012,071
22. Fines, Penalties and Forfeits		
Disconnection fees	195,802	7,494
Illegal Connections Fines	142,156	54,892
Pound Fees Fines	16,653	22,270
Traffic fines	4,543,612	3,333,254
	4,898,223	3,417,910
23. Interest on outstanding receivables		
Interest revenue from non exchange transactions	1,668,827	1,667,363
Interest revenue from exchange transactions	2,839,606	3,848,481
	4,508,433	5,515,844

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
24. Other revenue		
Administration and handling fees	8,142	6,451
Breakages and Losses Recovered	582	926
Collection Charges	21,000	1,944
Incidental Cash Surpluses	6,157	952
Skills Development Levy Refund	458,023	95,026
Staff Recoveries	382,806	422,310
Insurance Claims	8,973,798	123,691
Application Fees for Land Usage	124,502	140,189
Building Plan Approval	766,444	757,869
Cemetery and Burial	69,640	113,257
Clearance Certificates	93,487	103,008
Encroachment Fees	-	8,050
Entrance Fees	42,226	54,865
Advertisements	44,447	67,848
Bad debts recovered	144,241	928,951
Movement in Employee Benefit obligation	1,451,999	1,683,000
Facilities	-	991
Inspection fees	11,615	-
Photocopies and Faxes	4,783	16
Publications:Tender Documents	-	36,522
Valuation Services	6,770	20,195
	12,610,662	4,566,061
25. Investment revenue		
Interest revenue		
Bank	5,054,603	3,864,834
26. Property rates		
Rates levied		
Property rates levied	51,637,446	51,239,557
Less: Income foregone	(1,414,770)	(1,476,079)
	50,222,676	49,763,478
27. Government grants and subsidies realised		
Operating grants		
Equitable share	205,034,872	174,760,000
Library Grant	2,095,032	1,015,969
Finance Management Grant (FMG)	3,100,000	2,296,188
Expanded Public Works Program Grant (EPWP)	1,708,610	1,460,440
	211,938,514	179,532,597
Capital grants		

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
27. Government grants and subsidies realised (continued)		
Municipal Infrastructure Grant (MIG)	66,474,679	45,747,968
Neighbourhood Development Partnership Grant	19,751,895	-
Covid-19 Additional Equitable Share	-	10,814,131
Integrated National Electrification Programme (INEP)	53,945,841	44,520,412
Water Services Infrastructure Grant (WSIG)	32,607,458	70,970,278
Public Contributions	17,596,768	37,972,566
	190,376,641	210,025,355
	402,315,155	389,557,952

Conditional and Unconditional

Included in above are the following grants and subsidies received and or spent:

Conditional grants received	179,734,113	214,797,952
Unconditional grants received	205,034,872	174,760,000
	384,768,985	389,557,952

Equitable Share

In terms of section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Municipal Infrastructure Grant

Balance unspent at beginning of year	10,397,696	3,841,664
Grant withheld	(139,419)	-
Current-year receipts	56,267,000	52,304,000
Conditions met - transferred to revenue	(66,474,679)	(45,747,968)
	50,598	10,397,696

Conditions still to be met - remains a liability and included under Unspent Conditional Grants.

The grant is mainly used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

Library Grant

Current-year receipts	2,095,031	-
Conditions met - transferred to revenue	(2,095,031)	-
	-	-

The purpose is to fund capital projects and maintenance of library facilities the community.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
27. Government grants and subsidies realised (continued)		
Finance Management Grant (FMG)		
Balance unspent at beginning of year	703,812	-
Current-year receipts	3,100,000	3,000,000
Conditions met - transferred to revenue	(3,100,000)	(2,296,188)
Prior year unspent grant-withheld	(703,812)	-
	-	703,812

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Expanded Public Works Program (EPWP)

Balance unspent at beginning of year	287,618	168,058
Current-year receipts	1,421,000	1,580,000
Conditions met - transferred to revenue	(1,708,618)	(1,460,440)
	-	287,618

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

Integrated National Electrification Programme

Balance unspent at beginning of year	190,769	726,181
Prior year unspent grant - withheld	(190,769)	-
Current-year receipts	56,000,000	43,985,000
Conditions met - transferred to revenue	(53,945,841)	(44,520,412)
	2,054,159	190,769

The purpose of this grant is to provide capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Covid-19 Additional Equitable Share

Balance unspent at beginning of year	20,015,869	-
Current-year receipts	-	30,830,000
Conditions met - transferred to revenue	-	(10,814,131)
Transferred to equitable share	(20,015,869)	-
	-	20,015,869

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
27. Government grants and subsidies realised (continued)		
Neighbourhood Development Partnership Grant		
Current-year receipts	27,346,000	-
Conditions met - transferred to revenue	(19,751,894)	-
	7,594,106	-

The purpose of the grant is to plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's targeted locations, under-served neighbourhoods, townships and rural towns.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	-	30,896,673
Grant overspent reimbursement	-	73,605
Current-year receipts	40,308,397	40,000,000
Conditions met - transferred to revenue	(32,607,458)	(70,970,278)
	7,700,939	-

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

28. Employee related costs

Basic	106,880,915	98,006,752
Bonus - 13th Cheque	7,833,993	6,325,941
Medical aid - company contributions	7,784,666	9,962,632
UIF	825,844	675,523
Leave pay	3,338,313	2,947,065
Employee benefit obligations	4,415,843	1,766,922
Defined contribution plans	16,327,139	13,373,112
Travel, motor car, accommodation, subsistence and other allowances	4,601,025	3,340,575
Overtime payments	6,737,026	4,869,530
Long-service awards	241,399	281,475
Acting Allowance	3,836,853	491,387
Transport allowance	458,440	447,379
Housing benefits and allowances	4,266,199	3,931,087
Bonus Provision	897,238	1,212,191
Industrial Council Contributions	45,536	40,709
Standby Allowance	1,329,712	1,041,411
Telephone Allowance	608,252	568,457
Group Insurance	2,621,162	2,113,003
	173,049,555	151,395,151

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
28. Employee related costs (continued)		
Remuneration of Municipal Manager: M Tsatsimpe		
Annual Remuneration	1,345,494	1,345,498
Travel Allowance	181,146	181,146
Performance Bonuses	166,688	166,688
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Covid-19 Allowance	6,000	-
Cellphone allowance	43,176	43,176
Other contributions	97,086	97,065
	1,841,715	1,835,386
Remuneration of Chief Financial Officer : Kagiso Noke		
Remuneration of Chief Financial Officer : Kagiso Noke	961,010	1,048,379
Travel Allowance	178,779	195,032
Performance Bonuses	136,130	136,130
Contributions to UIF, Medical and Pension Funds	2,125	1,813
Cellphone Allowance	79,793	30,840
Other contributions	79,906	88,973
Covid-19 Allowance	6,000	-
Leave payout	79,589	-
	1,523,332	1,501,167
Remuneration of Acting Chief Financial Officer - T Jarvis		
Acting allowance	-	37,100

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
28. Employee related costs (continued)		
Remuneration of Acting Chief Financial Officer :N. Keswa		
Annual Remuneration	115,984	-
Acting period : 22 December 2021 - 17 January 2022/ 05 April 2022 - 19 April 2022	-	-
Remuneration of the Director: Corporate Support Services - R Pule		
Annual Remuneration	954,453	954,457
Travel allowance	154,200	154,200
Performance bonus	60,501	15,125
Cellphone allowance	30,840	30,840
Contributions to UIF	2,125	1,813
Covid-19 Allowance	6,000	-
Other contributions	70,650	70,527
	1,278,769	1,226,962
Remuneration of the Director: Corporate Support Services - Ms. MM Gaselebelwe		
Acting allowance	29,383	37,938
Acting period: 14 February 2022 - 01 March 2022		
Remuneration of the Director: Community Services - F.K Baloyi		
Annual Remuneration	681,770	876,681
Cellphone Allowance	30,840	30,840
Contributions to UIF	2,125	1,813
Covid -19 Allowance	6,000	-
Other contributions	68,313	22,730
Travel allowance	292,240	194,827
Perfromance bonus	43,240	-
	1,124,528	1,126,891
Remuneration of Acting Director: Community Services - C.L. Scholtz		
Acting allowance	31,503	-
C.L. Scholtz Acting period: 05 April 2022 - 19 April 2022.		

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
28. Employee related costs (continued)		
Remuneration of Acting Director: Community Services - Mr. MA Keetile		
Acting allowance	31,503	-
Mr M Keetile Acting period: 10 January 2022 - 21 January 2022.		
Remuneration of the Director: Technical Services - H Smit		
Annual Remuneration	82,445	1,099,197
Travel Allowance	12,000	98,352
Performance Bonuses	124,269	124,269
Contributions to UIF	354	1,813
Cellphone allowance	2,500	30,490
Other contributions	6,622	79,342
Leave payout on termination	40,806	223,844
	268,996	1,657,307
Remuneration of Acting Director Technical Services: Mr.V Seane		
Acting allowance	316,425	-
Acting period: 01 February 2022 - 30 June 2022		
Remuneration of Acting Director Technical Services: Mr BM Kgosieng		
Acting allowance	379,674	94,836
Acting period: 02 August 2021 - 31 January 2022		
Remuneration of Acting Director Technical Services: Mrs G. Monchwe		
Acting Remuneration	-	44,766
29. Remuneration of councillors		
Mayor	909,279	905,259
Councillors	9,290,783	8,204,358
Speaker	272,264	733,088
	10,472,326	9,842,705

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
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29. Remuneration of councillors (continued)

In-kind benefits

The Mayor and Speaker are both full-time councillors of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker each have the use of separate Council owned vehicles and are provided with a driver for official duties.

30. Depreciation, amortisation and impairment loss/(reversal)

Buildings	5,093,126	5,252,773
Plant and machinery	290,955	287,711
Furniture and fixtures	691,129	809,998
Motor vehicles	1,057,413	1,040,067
Office equipment	1,106,032	1,978,323
Infrastructure	46,847,099	57,216,452
Intangible assets	379,536	395,360
	55,465,290	66,980,684

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total costs of the item has been depreciated separately.

31. Finance costs

Employee benefit obligations	3,468,000	2,828,000
Interest on provision for rehabilitation of land	2,181,612	5,364,873
Non-current borrowings	844,135	1,032,842
Trade and other payables	21,602	127,723
Finance leases	-	1,112,348
	6,515,349	10,465,786

32. Debt impairment - Gain/(loss)

Contributions to debt impairment	7,703,540	13,822,992
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Contribution to debt impairment relates to receivables where financial difficulties of the debtor and default or delinquency in payments or all long debt outstanding are considered indicators to determine that debtors are provided for impairment. When an under recovery occurs during the financial year an additional contribution for impairment is made at year end.

33. Debtors write-off

Other debtors written-off	4,017,292	1,469,365
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Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
34. Bulk purchases		
Electricity	120,721,658	99,409,275
The municipality appointed Sedibeng to produce water, supply and distribution to the communities in various wards in the municipality. The expenditure related to this contract operations is included under contracted services under note 35.		
35. Contracted services		
Consulting and professional services	49,016,847	39,604,276
Contractors - Sedibeng water	26,332,809	26,225,000
	75,349,656	65,829,276
36. General expenses		
Advertising	176,787	152,694
Auditors remuneration	5,852,168	8,712,670
Bank charges	970,394	922,074
Cleaning	28,787	1,099,083
Computer expenses	4,217,559	427,372
Consumables	12,438,263	15,351,580
Entertainment	605,672	464,861
Operating leases	12,380,158	5,011,191
Hire	251,983	135,523
Insurance	10,742,497	8,392,428
Remuneration to Ward Committees	893,000	1,449,000
Indigent Relief	1,506,716	3,412,244
Skills development	1,459,009	1,239,022
Fuel and oil	5,128,959	2,913,765
Postage and courier	550,974	469,034
Printing and stationery	671,043	536,532
Protective clothing	1,190,773	2,628
Repairs and maintenance	16,618,099	5,795,812
Subscriptions, Licencing and membership fees	2,000,749	4,496,660
Telephone and fax	53,879	118,692
Staff Training	159,530	-
Travelling & Subsistence	2,458,754	923,319
Electricity	1,529,921	1,551,875
Traffic Services	169,324	323,673
Sundry expenses	7,540,156	3,452,565
	89,595,154	67,354,297

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
37. Cash generated from operations		
Surplus	117,753,004	105,067,692
Adjustments for:		
Depreciation and amortisation	55,465,290	66,980,683
Loss/(Gain) on disposal of assets	4,915,393	18,376,515
Dbt impairment	7,703,540	-
Debt impairment Vat portion	528,742	-
Donations non cash	(14,074,885)	-
Actuarial Gains/loss	(1,859,000)	2,603,000
Bad debts written off	4,017,292	1,469,365
Movements in debt provision	-	5,364,783
Movements in retirement benefit assets and liabilities	4,615,000	3,186,000
Movements in provisions	3,543,569	13,822,992
Cost of land sold	-	15,105,401
Changes in working capital:		
Inventories	4,360,311	430,060
Receivables from exchange transactions	(13,276,158)	(8,286,176)
Consumer debtors	604,034	495,494
Receivables from non-exchange transactions	(10,351,697)	-
Payables from exchange transactions	21,171,066	12,184,045
VAT	(8,313,532)	(3,952,351)
Unspent conditional grants and receipts	(14,195,965)	(4,036,812)
	162,606,004	228,810,691
38. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	86,667,352	14,629,008
Total capital commitments		
Already contracted for but not provided for	86,667,352	14,629,008
Total commitments		
Total commitments		
Authorised capital expenditure	86,667,352	14,629,008

This committed expenditure relates to plant, property and equipment and will be financed by unspent grants (WSIG), (INEP) and (MIG) rolled over as per conditions of Division Revenue Act.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
39. Contingent Liabilities		
The municipality had the litigation cases that resulted in the following contingent liabilities as at year end:		
Motor vehicle accident due to a pothole	70,000	70,000
Claim against the municipality for outstanding invoices for the period March 2021 and invoice on maintenance dated 30 April 2021 by Afrirent(Pty)Ltd	1,259,890	-
	1,329,890	70,000

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

40. Related parties

Relationships

Accounting office with significant influence
Members of key management with significant influence
Councilors with significant influence and control
Close family members of key management

Key Management and council interest in other companies
Director Community Services: FK Baloyi

Acting CFO: N Keswa (22/12/2021-17/01/2022 and 05-19/04/2022)

Acting Director Technical Service: V Seane (01/02/2022 - 30/06/2022)

Acting Director Technical Service: BM Kgosieng (02/08/2021 - 31/01/2022)

Chief Financial Officer: K. Noke
Municipal Manager: MM Tsatsimpe
Councillor: G.N Masegela

Councillor: K.G Molokwe
Councillor: N.G Thupaemang

Councillor: G.C Assegaai

Councillor: E.B Modise

Councillor: G.N Mntuyedwa

Councillor: K.B Madikiza

Councillor: O.D Mathibe
Councillor: M.P Galeboe

Refer to note 28

Refer to note 28

Refer to note General information and councilors 29

Mrs. R.M. Meyers (Wife to councillor T.E Meyers)

Mr. G. Nels (Son to Councilor K. Nels)

Mr. O Nels (Son to Councilor K. Nels)

Ms. G Sibi (Daughter to Councilor N.G Thapaemang)

Mr. K.V. Makoke (Brother to Councilor L.M Makoke)

Mr. D. Baepi (Brother to Councilor L.C. Moseki)

Ms. K.M. Modise (Daughter to Councilor B.E Modise)

Ms. S.P. Siphi (Wife to Councilor N.G Disipi)

LA Coup Trading EnterprisesMpho Ya Basadi
Suppliers and ProjectsPalesa tsa Cuba Lodge
and Guest HouseBomme Tshenolo Projects and
suppliers

Kgalagadi Women in Mining production Drilling and
ProjectsBFMS Mining and Drilling SolutionsShe
sanitation solutionsTsantsabane youth Maths and
Science Academy Paxtrlo Logistics and mining
construction projects Babommope

Reatlegile Contruction and Projects

Ko re tswang teng Fondation

Amazingly organic skincare

Nisaidie Financial Services

Micent Engineering Resources and Solutions

Diane Dikopane Solutions

New Strategy Consulting

Reba Electrical

KAYN Projects- Director

Director at Chitahvi Holdings

Boka ResourcesKuru Cross ResourcesNeo

YaResegofetse Properties (Pty) LtdDitswangmung

Investments (PTY) Ltd

Kumba Iron Ore

Bafumahadi khumo Enterprise and Projects -

DirectorMmeotshwara Thipa Ka Ha Bogaleng

Primary Cooperative Limited - Director

Ditswammung Mineral Resources Consortium

Director Mseko Enterpriseand Project

Bomme-sejo Services and Supply

CooperativeLimited - DirectorGadikgadi -

DirectorSelf-Propelled Trading and Projects -

Director

Bomme-sejo Services and Supply Co-operative
Limited

Masakeng A Dipodi Primary Co-operative Limited

DirectorTOLT Business EnterpriseSekhutlong

Holdings

Batharos Sound Hire - DirectorTlotlanang

Catering DirectorBomme-Sejo Services and

SupplyCooperativeLimited - DirectorBy Fire

Business EnterpriseObitseng Trading

Nomisa Enterprise - Director

PKS Trading - Director Phoggie N SegoTrading

Enterprise

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

40. Related parties (continued)

Councillor: M.G Reetsang

Councillor: Moagi

Councillor: I Tshetshemeserogwe

Councillor: A Van Der Westhuisen

Councillor: K.A Nels

Councillor: L.N Makoke

Councillor :M.F Disang

Councillor :N.G Ngesi

Councillor:S.K Lesley

Councillor: C.O Mojaki

Councillor: C.V Philips

Councilor: T. Merementsi

Councillor: S.I Kok

Councillor: L.C Moseki

Councillor: T.E Meyers

Remuneration of members of key management

Remuneration of council members

Oneway Maruping RecyclingProject Primary Co-operative LimitedLetlotlo Lame Trading and ProjectsTsoga Moreetsi Trading and Projects 1974 Celesti Trading and Projects Tshetshemeserogwe 17 Enterprise Director-Acsb Reaction and PI services Director-T O L T Business EnterpriseDirector-Masakeng A Dipodi Primary Co-operativeLimited Phitthelelo Driving School Black Blazer BuildingConstruction and Projects Director at MMA- Mpelelele Ngwana DaycareDirector - Disangkitso Entreprise Director- One way Maruping RecyclingProjectprimary Co-operative LimitedDirector- Letlotlo Lame Trading and ProjectsDirector-Tsogang Moreetsi Trading and ProjectsDirector-Joyful Attempt Construction and ProductionDirector-Bokone Minning Primary Co operativeLimitedDirector-Nkavutha Transport Services and projectsDirector-Mpho ya Basadi Suppliers and ProjectsDirector-Bangeko Construction and projectsDirector-Gamotinye Investment HoldingDirector-Ditukus ProjectsDirector-AbotypeDirector-TulasignDirector-AbotrimDirector-LadospaceDirector-Battharo le Batlhaping Minning SolutionsDirector-NC Women Minning Projects S K Lesley General Trading Director- Renyaditswe Mining and Multi ProjectsDirector- MBR Mining Transport and Projects Director- V CharlesDirector- Wrenchville United Youth Club Merementsi General Trading and Projects Peo E Weste Primary Co-oprative Limited Dithaaba DintleMaropeng LogisticsReatile Mine Mosanako Refer note 28 Refer note 29

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
40. Related parties (continued)		
Related party transactions		
Salaries paid to related parties of councillors		
R.M. Meyers (Wife to councillor T.E. Meyers)	167,027	432,521
G.Nels (Son to Councillor K. Nels)	196,140	658,484
O. Nels (Son to Councillor K. Nels)	183,460	661,612
G. Sibi (Daughter to Councillor N.G Thupaemang)	128,460	453,788
K.V. Makoke (Brother to Councillor L.N. Makoke)	162,985	389,666
D. Baepi (Brother to Councillor L.C. Moseki)	142,745	540,951
K.M. Modise (Daughter to Councillor B.E. Modise)	110,098	299,223
S.P Disipi (Wife to N.G Disipi)	105,706	387,654

Related party transactions

Councilor: N.G Ngesi	Mabenaki JR Projects JV	1,315,217	2,630,435
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Related party transactions key management and Councilors

The municipality has the following current employee benefit obligations and made other non-employee cost related cost payments towards senior management of 30 June 2022

Leave and bonus balances due to key management and family members on year end

Key management	Leave	Bonus	Travel and Subsistence	Total
M Tsatsimpe	258,346	-	181,146	439,492
K Noke	8,387	-	178,779	187,166
T Jarvis	107,954	25,326	-	133,280
N Keswa	77,452	18,575	-	96,027
R Pule	129,811	-	154,200	284,011
MM Gaselebelwa	83,164	19,797	-	102,961
FK Baloyi	119,997	-	292,240	412,237
CL Scholtz	70,445	16,894	-	87,339
MA Keetile	73,864	17,714	-	91,578
H Smit	-	-	12,000	12,000
V Seane	98,184	23,546	-	121,730
BM Kgosieng	107,954	25,698	-	133,562
G Monchwe	83,164	8,660	-	91,824
	1,218,722	156,210	818,365	2,193,207

The municipality has the following current employee benefit obligations and made other non-employee cost related cost payments towards senior management of 30 June 2021.

Leave and bonus balances due to key management and family members on year end

Key management	Leave	Bonus	Travel and Subsistence	Total
M Tsatsimpe	258,346	-	181,146	439,492
K Noke	92,261	-	195,032	287,293
T Jarvis	67,656	24,470	-	92,126
N Keswa	94,806	24,002	-	118,808
R Pule	76,360	-	154,200	230,560
MM Gaselebelwe	104,240	7,540	-	111,780

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

40. Related parties (continued)

FK Baloyi	95,452	-	194,827	290,279
CL Scholtz	17,963	21,830	-	39,793
MA Keetile	65,927	35,971	-	101,898
H Smit	-	-	98,352	98,352
V Seane	57,859	26,080	-	83,939
BM Kgosieng	64,837	29,364	-	94,201
G Monchwe	43,434	18,851	-	62,285
	1,039,141	188,108	823,557	2,050,806

Outstanding balances as at year end 30 June 2022

Councillors	Rates	Service charges	Other	Interest	Total
AWP Van Der Westhuizer	-	3,967	-	142	4,109

Mayor	Rates	Service charges	Other	Interest	Total
N Masegela	-	16,116	-	-	16,116

Outstanding balances as at year end 30 June 2021

Councillors	Rates	Service Charges	Other	Interest	Total
GC Assegai	4,581	-	-	1,750	6,331
AWP Van Der Westhuizen	-	13,818	-	815	14,633
LR Nelson	554	254	-	64	872
NG Thupaemang	1,109	-	-	-	1,109
DT Mpala	-	-	-	11	11
	6,244	14,072	-	2,640	22,956

Mayor	Rates	Service Charges	Other	Interest	Total
N Masegela	5,723	11,783	-	503	18,009

41. Risk management

Financial risk management

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

41. Risk management (continued)

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At June 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	5,914,289	-	-	-
Employee benefit obligation	2,904,000	35,435,000	-	-
Trade and other payables	65,973,706	-	-	-
Finance lease obligation	744,098	427,942	-	-
Other financial liabilities	2,275,769	6,080,009	-	-
Unspent conditional grants and receipts	17,399,799	-	-	-
	-	-	-	-

At June 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Consumer deposits	5,310,255	-	-	-
Employee benefit obligation	1,452,000	34,131,000	-	-
Trade and other payables	72,781,136	-	-	-
Finance lease obligation	739,380	664,938	-	-
Other financial liabilities	2,181,862	8,355,780	-	-
Unspent conditional grants and receipts	31,595,764	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to these customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors.

Credit risk arises from cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	June 30, 2022	June 30, 2021
Receivables from exchange transactions	43,140,739	38,197,626
Receivables from non-exchange transactions	29,994,036	23,488,090
Cash and cash equivalents	95,153,067	90,466,140

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

42. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

- Material electricity losses to the amount of R18 502 841 (2021: R16 382 794) was incurred which represents 16.55% (2021: 21,83%) of total bulk electricity purchased.

- Material water losses to the amount of R4 022 217 (2021: R33 144 921) was incurred which represents 32% (2021: 69%) of water purchased.

- -Material impairment of R49 781 617 (2021: R45 395 094) as a result of a debt impairment of receivables from exchange transactions, due to non-collection of outstanding balances owned to the municipality due to mothibistad debt that amount to atleast 80% of municipal debtors. The municipality is unable to collect this debt through its credit control policy due to electricity being directly supplied by Eskom. We are therefore not able to implement electricity disconnections to enforce payment. Also the municipality has a valuation roll that it provides as basis for it to levy rates and taxes..

- -Material impairment of R19 356 082 (2021: R15 807 920) as a result of a debt impairment of receivables from non-exchange transactions, due to non-collection of outstanding balances owned to the municipality.

- Material losses under disposals of R4 915 395 (2021: R18 376 515) on property, plant and equipment due to assets that were written off

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

	2022/23	2023/24	2024/25
Finance Management Grant (FMG)	3,100,000	3,100,000	3,100,000
Expanded Public Works Program (EPWP)	1,519,000	-	-
Municipal Infrastructure Grant (MIG)	60,738,000	63,407,000	66,247,000
Integrated National Electrification Grant	25,250,000	16,354,000	17,088,000
Water Services infrastructure (WSIG)	30,000,000	42,250,000	44,111,000
Equitable Share	210,902,000	229,604,000	250,224,000
Energy Efficiency and Demand-Slide Management Grant (EEDMG)	5,000,000	-	5,000,000
	336,509,000	354,715,000	385,770,000

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

43. Unauthorised expenditure

Opening unauthorised expenditure	67,810,223	21,355,929
Current year	33,915,000	67,810,223
Written-off	(79,965,006)	(21,355,929)
	21,760,217	67,810,223

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

43. Unauthorised expenditure (continued)

Reconciliation of operating and capital expenditure versus actual

Operating expenditure budget Vote Description	Adjusted Budget	Actual spent GL amount by vote	Variance	Budget vs actual Unauthorised
Expenditure by Vote				
Vote 1 - EXECUTIVE & COUNCIL	17,705,000.00	26,823,000.00	9,118,000.00	9,118,000.00
Vote 2 - FINANCE AND ADMINISTRATION	220,465,000.00	221,362,000.00	897,000.00	897,000.00
Vote 3 - COMMUNITY AND SOCIAL SERVICES	15,968,000.00	14,990,000.00	(978,000.00)	-
Vote 4 - SPORTS & RECREATION	10,161,000.00	9,629,000.00	(532,000.00)	-
Vote 5 - PUBLIC SAFETY	20,853,000.00	21,874,000.00	1,021,000.00	1,021,000.00
Vote 6 - PLANNING AND DEVELOPMENT	37,183,000.00	38,625,000.00	1,442,000.00	1,442,000.00
Vote 7 - ROAD TRANSPORT	9,855,000.00	15,362,000.00	5,507,000.00	5,507,000.00
Vote 8 - ENVIRONMENTAL PROTECTION	226,000.00	201,000.00	(24,000.00)	-
Vote 9 - ENERGY SOURCES	133,129,000.00	142,046,000.00	8,917,000.00	8,917,000.00
Vote 10 - WATER MANAGEMENT	34,895,000.00	25,523,000.00	(9,373,000.00)	-
Vote 11 - WASTE WATER MANAGEMENT	8,655,000.00	11,125,000.00	2,470,000.00	2,470,000.00
Vote 12 - WASTE MANAGEMENT	18,140,000.00	19,829,000.00	1,689,000.00	1,689,000.00
Vote 13 - OTHER	250,000.00	-	(250,000.00)	-
Total Expenditure by Vote	527,484,000.00	547,389,000.00	19,904,000.00	31,061,000.00
Capital expenditure budget Vote Description	Adjusted Budget	Actual spent GL amount by vote	Variance	Budget vs actual Unauthorised
Single-year expenditure to be adjusted				
Vote 1 - EXECUTIVE & COUNCIL	-	-	-	-
Vote 2 - FINANCE AND ADMINISTRATION	6,407,000.00	3,574,000.00	(2,832,000.00)	-
Vote 3 - COMMUNITY AND SOCIAL SERVICES	8,478,000.00	7,371,000.00	(1,107,000.00)	-
Vote 4 - SPORTS & RECREATION	-	-	-	-
Vote 5 - PUBLIC SAFETY	13,515,000.00	12,415,000.00	(1,100,000.00)	-
Vote 6 - PLANNING AND DEVELOPMENT	200,000.00	37,000.00	(163,000.00)	-
Vote 7 - ROAD TRANSPORT	44,345,000.00	39,122,000.00	(5,223,000.00)	-
Vote 8 - ENVIRONMENTAL PROTECTION	-	-	-	-
Vote 9 - ENERGY SOURCES	79,746,000.00	69,423,000.00	(10,323,000.00)	-
Vote 10 - WATER MANAGEMENT	39,443,000.00	28,785,000.00	(10,658,000.00)	-
Vote 11 - WASTE WATER MANAGEMENT	6,000,000.00	8,854,000.00	2,854,000.00	2,854,000.00
Vote 12 - WASTE MANAGEMENT	-	-	-	-
Capital single-year expenditure sub-total	198,135,000.00	169,581,000.00	(28,552,000.00)	2,854,000.00
Total Unauthorised				33,915,000.00

44. Fruitless and wasteful expenditure

Opening balance as previously reported	-	150,693
Add: Expenditure identified - current year	181,140	-
Less: Amount written off	(181,140)	(150,693)
	-	-

The fruitless and wasteful expenditure relates to interest charged on overdue accounts. The Fruitless and wasteful expenditure in the Note are exclusive of Vat

Details of possible fruitless and wasteful expenditures under assessment (not included in the main note)

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

44. Fruitless and wasteful expenditure (continued)

Non-compliance with the Leave Policy and Collective agreement on conditions of service for the Northern Cape Division of the SALGB	2,429,061	-
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45. Irregular expenditure

Opening balance	19,643,822	3,249,015
Add: Irregular Expenditure - current year	138,409,286	18,864,640
Add: Irregular expenditure - current year identified during audit	28,493,350	-
Less: Amount written off	(26,273,112)	(2,469,833)
	160,273,346	19,643,822

Analysis of irregular expenditure - Current year

Bid Adjudication Committee not compliant with regulation	3,731,425	11,378,198
SCM Regulation 32 Appointment	2,739,358	4,687,417
Appointment of Panels	130,238,627	28,493,350
SCM Regulation 13 Appointment	1,541,369	-
	-	-
Unit rates	158,507	2,799,025
	138,409,286	47,357,990

Steps taken with regards to Irregular expenditure

-

An investigation of irregular expenditure was conducted by MPAC and they recommended Council to write-off irregular expenditure.

The irregular expenditure figures in the note are inclusive of VAT

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
46. Additional disclosure in terms of Municipal Finance Management Act		
Bulk Electricity and water Losses in terms of section 125 (2)(d)(i) of the MFMA		
June 30, 2022		
Unaccounted electricity losses	Lost units 19 476 675 0,95	Tariff Value 18 502 841
June 30, 2021		
Unaccounted electricity losses	Lost units 14 575 146	Tariff Value 0,95 16 382 794
Volume in KWH/year		
System Input Volume	June 30, 2022	June 30, 2021
Billed Consumption	83 765 128	81 329 689
Distribution Loss	68 288 453	66 754 543
Percentage Distribution Loss (%)	19 476 675	14 575 146
	23%	18%
June 30, 2022		
Unaccounted for water losses	Lost units 953 132	Tariff Value 4,22 4 022 217
June 30, 2021		
Unaccounted for water losses	Lost units 4 076 866	Tariff Value 8,13 33 144 921
Volume in KI/year		
System Input Volume	June 30, 2022	June 30, 2021
Billed Consumption	2 958 931	5 884 075
Distribution Loss	2 005 799	1 807 209
% Distribution loss	953 132	4 076 866
	32%	69.00%
Included in both water and electricity losses is the municipal own consumption at various municipal facilities.		
SDL		
Opening balance	(199,986)	180,800
Current year subscription / fee	1,459,013	1,039,037
Amount paid - current year	(1,459,013)	(1,419,823)
	(199,986)	(199,986)
PAYE and UIF		
Current year subscription / fee	25,759,697	20,859,716
Amount paid - current year	(25,759,697)	(20,859,716)
	-	-

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

	2022 R	2021 R
46. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Current year subscription / fee	24,111,805	21,294,742
Amount paid - current year	(24,111,805)	(21,294,742)
	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2022:

June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
A.W.P. van der Westhuizen	3,069	1,040	4,109
N.G. Masegela	16,116	-	16,116
	19,185	1,040	20,225

June 30, 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
N.G Masegela	7,115	10,895	18,010
G.C Assegai	231	6,100	6,331
A.W.P. Van der Westhuizen	4,301	10,332	14,633
L.R. Nelson	298	575	873
K.A Nels	1,673	25,708	27,381
N.G. Thupaemang	566	555	1,121
D.T. Mpala	620	19,607	20,227
	14,804	73,772	88,576

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers and residents.

47. Auditors' remuneration

External Audit	5,091,946	5,721,484
Internal Audit	760,222	2,991,186
	5,852,168	8,712,670

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

48. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At fair value	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	43,140,739	-	43,140,739
Other receivables from non-exchange transactions	-	29,994,036	-	29,994,036
Cash and cash equivalents	-	-	95,153,067	95,153,067
VAT	-	-	16,417,530	16,417,530
	-	73,134,775	111,570,597	184,705,372

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	8,355,778	-	8,355,778
Trade and other payables from exchange transactions	-	76,934,774	-	76,934,774
Finance lease liability	-	1,172,040	-	1,172,040
Consumer deposits	-	5,914,289	-	5,914,289
	-	92,376,881	-	92,376,881

2021

Financial assets

	At fair value	At amortised cost	At cost	Total
Trade and other receivables from exchange transactions	-	39,332,607	-	39,332,607
Other receivables from non-exchange transactions	-	40,732,742	-	40,732,742
Cash and cash equivalents	-	-	90,466,140	90,466,140
VAT	-	8,103,998	-	8,103,998
	-	88,169,347	90,466,140	178,635,487

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	10,537,642	-	10,537,642
Trade and other payables from exchange transactions	-	59,005,986	-	59,005,986
Finance lease liability	-	1,404,318	-	1,404,318
Consumer deposits	-	5,310,255	-	5,310,255
	-	76,258,201	-	76,258,201

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

. Financial instruments disclosure (continued)

Credit quality of other assets that are neither past due nor impaired

The municipality evaluates the credit risk of all its customers on an on-going basis taking into account the financial position, past payment history and also considers the municipality's internal control systems on debt collection and credit risk management.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

49. Deviations

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer and have noted by Council. Furthermore, management did not note any material non-compliance with the Municipal Finance Management Act.

Reason	Month	Supplier	Amount	Description
Strip and QuoteThe service provider had to strip the car to diagnose the fault during the service and maintenance (millage). The service provider thereafter had to fix the faults. No Reg 18 can be undertaken as the car can only be taken to the manufacturer/dealer of the car.	19 July 2021	John Williams-Bloemfontein	62,482	Car Service and Maintenance
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	15 July 2021	Prodiba	28,203	License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	29 July 2021	Prodiba	24,332	License Disc
Sole Service ProviderThe service provider had to callibrate the testing machine. The machine is used for testing vehicles. The machine can only be callibrirated by the manufacturer of the machine.	12 August 2021	Workshop Electronics	37,770	Maintenance Service
Srip and Quote.The cherry picker was malfunctioning and had to be sent to the mechanic to diagnose the fault. The diagnosis established that the cherry picker needed to be fitted with the control kit. No three quotations can be sourced as the service provider needed to diagnose the fault first.	19 August 2021	Precision Hydraulics	10,161	Mechanical Servicest
Strip and QuoteThe service provider had to strip the car to diagnose the fault during the service and maintenance (millage). The service provider thereafter had to fix the faults. No Reg 17 can be undertaken as the car cannot only be taken to the manufacturer/dealer of the car.	28 August 2021	Gariep Motors	7,061	Car Service and Maintenance
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	30 August 2021	Prodiba	32,548	License Disc
Sole Provider.The service provider had to strip the car to diagnose the fault during the service and maintenance (millage). The service provider thereafter had to fix the faults. No Reg 17 cannot be undertaken as the car can only be taken to the manufacturer/dealer of the car.	13 September 2021	Gariep Motors	25,119	Car Service and Maintenance
Sole Service Provider.The Water truck had reached its millage parameters, and was due for service. The truck can only be serviced by the agent or the manufactuerer of the truck	09 September 2021	NC Universal Repairs	8,563	Millage Services
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	20 September 2021	Prodiba	33,101	License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	21 October 2021	Prodiba	30,020	License Disc

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

49. Deviations (continued)

Strip & QuoteThe service provider had to strip the air cons to locate and detect the faults, thereafter fix them. This was due to the air cons not working properly. In certain instances, the air cons had to be services, where at the inception the service provider would not know what work will be undertaken. It is impractical to follow Reg 18 processes as the works to be carried out cannot be determined beforehand.	08 November 2021	LP Refrigeration and Projects	41,045	Services to Aircons
Strip & QuoteThe vaccum tanker was built by TFM Industries, so as the manufacturer of the tanker, the truck was sent to him to diagnose, the fault. The fault was diagnosed and the following works had to be carried out:Pipping assembly, including exhauster, snifting valve and moisture reparator.	08 November 2021	TFM Industries (Pty) Ltd	115,464	Service and Maintenance - Water Truck
Strip & Quote - Sole ProviderThe car was taken in for strip and quote at the Mercedes Benz dealership. Upon diagnosis of the fault, iy was found that theturbo charge was damaged and needed replacement. No three quotations could be sourced as the faults had to be detected first and thereafter worked on.	23 November 2021	John Williams-Bloemfontein	8,754	Mechanical Service - Turbo Charge
Strip & Quote - Sole ProviderCar service and maintenance can only be done by Power Star or an agent authorised by Power Star. Power Star is the manufacturer of the the truck. Almighty is authorised dealer or Power Star. No three quotations can be obtained as the dealer has to diagnose the services to caaried out first, therafter act on the diagnosis report,	23 November 2021	Almighty Equipment	6,103	Mechanical Service
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	30 November 2021	Page Automation	36,735	License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	30 november 2021	Prodiba	28,124	License Disc
Strip & QuoteThe service provider had to strip the lift and diagnose the fault, thereafter fix the faults,	09 December 2021	Omogolo Consulting CC	45,000	Stir Lift Service and Maintenance
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	18 January 2022	Prodiba	28,124	License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	10 February 2022	Prodiba	22,831	License Disc
Strip and Quote: The water tank on the fire truck was malfunctioning, and the municipality could NOT diagnose the fault. As the result the truck was send to the truck manufacturer to diagnose the faults. Marce Projects (Pty) Ltd, as the manufacturer diagnosed the fault thereafter repaired the faults.	14 February 2022	Marce Fire Technology	151,912	Mechanical Works
Sole Provider: The municipality uses the Traffic fines systems provided for TCS called TCMS (Traffic Contraventions Management System). Annually the license must be renewed. No other service provider can provide this license other than the owners of the system themselves, hence NO other quotations can be sourced using Reg 18. It is based on the above reasons that the municipality have to deviate.	22 February 2022	Total Computet Services	57,152	License Fee

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

49. Deviations (continued)

Emergency / Strip and Quote: Caravan Park has been booked of for park camping by The Desperados. The booking is for the 25/02/22 – 28/02/2022). Upon inspection by the municipal officials, it was discovered that the abolition block had been vandalised and needed to be repaired. In certain instances, geysers were NOT functioning and the contractor/ service provider has to diagnose the faults and thereafter fix the problems. The procurement processes to be followed should be Reg 18, however based on the short-term period of time, it would be impractical to undertake these processes as the invitation has to be placed on the municipal notice boards and website for a minimum seven days. The municipality therefore dispense of the normal procedure and processes for this range of procurement, and requested a minimum of three quotations due to the urgency of the works to be completed	23 February 2022	Gaoemelwe Enterprise (Pty) Ltd	197,000	Repairs and Maintenance Works
Sole Provider: The municipality make use of the Munsoft for its accounting system. Linked to it is the meter reading system. The municipality is required to use the meter reading device for its meter reading purposes. It is not practical to use the any other device not linked to the accounting system of the municipality. It is based on this reason that the municipality cannot source three quotations as only Munsoft can provide meter reading devices compatible to its system. Furthermore, the batteries of the existing devices have worn out and needs replacing. As the devices are the ones sourced from Munsoft, only batteries of the devices can be used on the device and only Munsoft can provide such batteries.	03 March 2022	Munsoft (Pty) Ltd	24,679	Supply of Meter Reading Devices
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety.	17 March 2022	Prodiba	40,685	License Disc
Sole Provider and Strip and Quote: The water truck went for routine maintenance and service. It was diagnosed with other faults while servicing the vehicle. The authorised dealer of Powerstar being Almighty Equipment provided the service. No three quotations can be received from the suppliers in this case,	12 April 2022	Almighty Equipment	8,504	Mechanical Service
Strip and Quote: The compactor truck was taken in for fault diagnosis at the dealer. The supplier has to strip the vehicle to locate fault, thereafter fix the fault. It is on this basis that no three quotations can be sourced from different suppliers,	12 April 2022	Motus Group	12,581	Mechanical Service
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	05 May 2022	Prodiba	25,675	License Disc
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	20 May 2022	Prodiba	29,941	License Disc
Sole Provider: The testing machine (driving department) has to be calibrated on regular intervals. Only the provider of the machine which is Workshop Electronics has the sole right to the machine, hence no other quotations can be obtained from other service providers.	31 May 2022	Workshop Electronics	108,779	Calibration Services
It is impractical to follow SCM processes as the Service Provider was appointed by National Department of Public Safety	08 June 2022	Prodiba	13,272	License Disc

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

49. Deviations (continued)

Sole Provider and Strip and Quote: The car only be serviced at Mercedes Benz. The vehicle CRF 957 NC had to be serviced for millage interval. During the service the car had to be diagnosed for any other fault, and be fixed thereafter. It is therefore impractical to place an advert on the notice board for service providers,	17 June 2022	John Williams Bloemfontein	32,527	Car Maintenance and Services
Sole Provider and Strip and Quote: The car only be serviced at Mercedes Benz. The vehicle CLF 286 NC had to be serviced for millage interval. During the service the car had to be diagnosed for any other fault, and be fixed thereafter. It is therefore impractical to place an advert on the notice board for service providers,	17 June 2022	John Williams Bloemfontein	37,909	Car Maintenance and Services
Sole Provider and Strip and Quote: The car only be serviced at Mercedes Benz. The vehicle CRF 959 NC had to be serviced for millage interval. During the service the car had to be diagnosed for any other fault, and be fixed thereafter. It is therefore impractical to place an advert on the notice board for service providers,	17 June 2022	Prodiba	55,639	Car Maintenance and Services
Sole Provider: The municipality make use of the Massmatic software at the landfill Site (weight bridge). On annual basis the license must be renewed. Only Massmatic can provide the license, as a result no three quotations can be sourced from suppliers.	30 June 2022	Massmatic	5,003	Supply of Meter Reading Devices

1,432,798

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

50. Prior period errors

	Note(s)	Previously reported R	Adjustment R	Re-classification R	Restated R	Refer
Assets						
Current Assets						
Inventories	3	66,779,464	200,000	-	66,979,464	[6]
Receivables from non-exchange transactions	4	22,042,599	1,445,491	-	23,488,090	[2]
Receivables from exchange transactions	6	57,531,406	(19,333,780)	-	38,197,626	[2]
VAT	5	6,270,980	1,833,018	-	8,103,998	[10]
Cash and cash equivalents	7	90,466,140	-	-	90,466,140	
		243,090,589	(15,855,271)	-	227,235,318	
Non-Current Assets						
Investment property	8	18,229,634	2,024,065	-	20,253,699	[8]
Property, plant and equipment	9	1,585,815,209	7,784,860	-	1,593,600,069	[7]
Intangible assets	10	722,012	-	-	722,012	
Heritage assets	11	1,655,642	-	-	1,655,642	
		1,606,422,497	9,808,925	-	1,616,231,422	
Total Assets		1,849,513,086	(6,046,346)	-	1,843,466,740	
Liabilities						
Current Liabilities						
Other financial liabilities	12	2,181,862	-	-	2,181,862	
Finance lease obligation	13	739,380	-	-	739,380	
Payables from exchange transactions	14	70,064,798	2,716,333	-	72,781,131	[3]&[1]
Consumer deposits	15	5,310,255	-	-	5,310,255	
Employee benefit obligation	16	1,452,000	-	-	1,452,000	
Unspent conditional grants and receipts	17	31,595,764	-	-	31,595,764	
		111,344,059	2,716,333	-	114,060,392	
Non-Current Liabilities						
Other financial liabilities	12	8,355,780	-	-	8,355,780	
Finance lease obligation	13	664,938	-	-	664,938	
Employee benefit obligation	16	34,131,000	-	-	34,131,000	
Provisions	18	24,173,786	-	-	24,173,786	
		67,325,504	-	-	67,325,504	
Total Liabilities		178,669,563	2,716,333	-	181,385,896	
Net Assets		1,670,843,523	(8,762,679)	-	1,662,080,844	
Accumulated surplus		1,670,843,522	(8,762,678)	-	1,662,080,844	[9]

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

50. Prior period errors (continued)

Statement of Financial Performance

		Previously reported	Adjustment	Re- classific ation	Restated	Referen
	Note(s)	R	R	R	R	R
Revenue						
Revenue from exchange transactions						
Sale of Stands		7,209,208	1,023,430	-	8,232,638	[3]
Service charges	20	158,153,269	(713,398)	-	157,439,871	[1]
Rental of facilities and equipment	21	2,012,071	-	-	2,012,071	
Interest on outstanding receivables		3,848,481	-	-	3,848,481	
Agency services		-	-	-	-	
Licences and permits		3,351,478	-	-	3,351,478	
Other income		4,566,061	-	-	4,566,061	
Interest received - investment	25	3,864,834	-	-	3,864,834	
Total revenue from exchange transactions		183,005,402	310,032	-	183,315,434	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	26	49,763,478	-	-	49,763,478	
Interest on outstanding receivables		1,667,363	-	-	1,667,363	
Transfer revenue						
Government grants & subsidies	27	389,557,952	-	-	389,557,952	
Public contributions and donations		-	-	-	-	
Fines, Penalties and Forfeits		3,417,910	-	-	3,417,910	
Total revenue from non-exchange transactions		444,406,703	-	-	444,406,703	
Total revenue	19	627,412,105	310,032	-	627,722,137	
Expenditure						
Employee related costs	28	(151,395,151)	-	-	(151,395,151)	
Remuneration of councillors	29	(9,842,705)	-	-	(9,842,705)	
Depreciation and amortisation	30	(65,944,055)	(1,036,628)	-	(66,980,683)	[7]
Impairment loss		-	-	-	-	
Finance costs	31	(10,462,752)	(3,034)	-	(10,465,786)	[5]
Debt Impairment	32	(13,822,992)	-	-	(13,822,992)	
Bad debts written off		(1,469,365)	-	-	(1,469,365)	[2]
Bulk purchases	34	(125,634,275)	26,225,000	-	(99,409,275)	[4]
Contracted services	35	-	(65,829,276)	-	(65,829,276)	[4]
Cost of land sold		(15,105,400)	-	-	(15,105,400)	
		-	-	-	-	
General Expenses	36	(106,961,608)	39,607,311	-	(67,354,297)	[4]&[5]
Total expenditure		(500,638,303)	(1,036,627)	-	(501,674,930)	
Operating surplus		126,773,802	(726,595)	-	126,047,207	
Gains/(Loss) on disposal of assets		(18,409,890)	33,375	-	(18,376,515)	
Actuarial gains/losses	16	(2,603,000)	-	-	(2,603,000)	
		(21,012,890)	33,375	-	(20,979,515)	

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

		2022	2021
	Note(s)	R	Restated* R
50. Prior period errors (continued)			
Surplus for the year		105,760,912	(693,220) - 105,067,692

[1] Service charges decreased by R713 398 as a result of the adjustment in prepaid electricity estimates. Sundry payables also increased with the same amount..

[2] The receivables from non-exchange increased by the R1 445 490.74 due to the correction of differences identified between the age analysis and the prior year's amount disclosed in the prior year's financial statements and receivables from exchange transactions decreased by R19 333 780 as a result of derecognition of cigicell debt bad debt write-off and difference if the General ledger and .

[3] Sale of stands revenue increased by R1 023 429 and sale of stands payables decreased by R1 176 943.92 and Vat liability increased by R153 514.42 due to stands sold by the municipality in prior years where ownership had transferred to the buyer

[4] Contracted services increased by R69 072 603 due to a reclassification of Sedibeng Water invoice with an amount of R26 225 000 which resulted in the amount of contracted services being material and disclosed on the face of the Statement of Financial Performance in terms of GRAP 1. This also resulted in decrease in general expenses with an amount of R42 847 604.

[5] Finance costs increased by R3 034 due to correction of interest included in the audit fee, and general expenses decreased with the same amount.

[6] Inventory increased by R200 000 due to an understatement in the prior year resulting in an increase in inventory and decrease in accumulated surplus.

[7] Property Plant and Equipment increased by R 7,784,860 due to recognition of Property, Plant and Equipment initially not recognised in the prior years. Depreciation and amortisation increased by R1 036 628 due to a correction of error on infrastructure assets.

[8] Investment property increase R2 024 065 due to recognition investment property not initially recognised in the prior year

[9] Accumulated surplus decreased by R8 762 679 due to write off of long outstanding debtors.(bad debt write off was written off against accumulated surplus. The adjustment resulted in decrease in debtors balance. The debt impairment provision for such debtors was also reversed. The adjustment on Property plant and equipment also resulted in the change

[10] Vat receivable increased by R1 833 018 as a result of derecognition of CIGI debtor r1 948 817 and recognition of revenue from sale of stands R48 756...

The accounting policies on pages 19 to 42 and the notes on pages 43 to 103 form an integral part of the annual financial statements.

51. Statutory receivables

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The receivables within the scope of GRAP 108, effective for all periods started on or after 1 April 2019.

The following are regarded as statutory receivables;

Statutory Receivable

Vat receivables	16,417,530	8,103,998
Receivables from non exchange transactions	29,994,036	23,488,090
	46,411,566	31,592,088

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

		2022	2021
	Note(s)	R	Restated* R

52. Events after the reporting date

There were no events after reporting period .

53. Change in estimate

Property,Plant and Equipment

The estimated useful lives of assets were reviewed at 30 June 2022. The change of estimate was done only on asset that had 1year remaining as useful life, however they are still in use and in good condition,thus the change in the useful life was done on the remaining useful life based on the condition of the asset The effect of the adjustment is as follows:

Asset Description

Intangibles	22,953	-
Infrastructure	133,205	4,085,240
Buildings	87,624	-
Movables	633,583	624,770
	877,365	4,710,010

54. Segment information

General information

Identification of segments

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

* See Note 50

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Restated*

54. Segment information (continued)

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Municipal governance and administration services	This segment consists of services such as executiveservices, support services to the executive and finance &administration services
Finance and administration	Provision of financial and administrative services to othersegments of the municipality
Public Safety, Community and Social Services	Provision of public safety, an acceptable standard of SocialServices, Emergency Services, Environmental and HealthServices, Community Safety and Road Traffic Management
Sports and Recreation	Provision of advancement of participation in sport andrecreation, Fast-tracking the revival of sport, Talentidentification and optimization of talent, Empowermentprogrammes
Planning and Development	Provision of planning and development including policy andprocedures. Co-ordination work relating to the preparation ofthe Annual Development Programme and its review
Road Transport	Construction and maintenance of roads and infrastructureowned by the municipality
Environmental Protection	This segment consists of environmental services such asplanning & development, environmental protectin and roads& storm water
Energy Sources	This segment consists of all services for energy supply tothe community
Trading Services	This segment consists of all services for the management ofwaste water,water, refuse, electricity, in the municipal area
Segment 10	Goods and/or services 7

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Restated*

54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Executive and Council	Finance and Admini- stration	Public Safety, Com- munity and Social Servi- ces	Sports and Recreat- ion	Planning and Develop- ment	Road Trans- port	Environmental Protection	Energy Sou- rces	Trading Ser- vices	Total
Revenue										
Property rates	-	50,222,676	-	-	-	-	-	-	-	50,222,676
Interest on outstanding receivables-non exchange transactions	-	2,839,606	-	-	-	-	-	-	-	2,839,606
Grants and subsidies	7,243,491	26,663,241	37,702,319	1,664,247	9,045,648	43,670,380	520,077	129,325,585	146,480,167	402,315,155
Fines, penalties and forfeits	-	195,802	4,543,612	-	-	-	16,653	142,156	-	4,898,223
Sale of stands	-	-	-	-	1,786,942	-	-	-	-	1,786,942
Service charges	-	-	-	-	-	-	-	123,220,058	51,241,297	174,461,355
Rental of facilities	-	9,036	-	281,136	2,982,368	-	-	-	-	3,272,540
Interest on outstanding receivables-exchange transactions	-	1,668,827	-	-	-	-	-	-	-	1,668,827
Licences and permits	-	-	3,679,027	-	1,394	-	-	-	-	3,680,421
Other revenue	-	12,539,773	11,615	58,266	-	-	-	927	-	12,610,581
Interest on investment	-	-	-	5,054,603	-	-	-	-	-	5,054,603
Actuarial gains/(Losses)	-	1,859,000	-	-	-	-	-	-	-	1,859,000
Total segment revenue	7,243,491	95,997,961	45,936,573	7,058,252	13,816,352	43,670,380	536,730	252,688,726	197,721,464	664,669,929
Entity's revenue										664,669,929

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Restated*

	Executive and Council	Finance and Admini- stration	Public Safety, Com- munity and Social Servi- ces	Sports and Recreat- ion	Planning and Develop- ment	Road Trans- port	Environmental Protection	Energy Sou- rces	Trading Ser- vices	Total
54. Segment information (continued)										
Expenditure										
Employee related costs	4,643,121	61,076,247	34,053,690	9,089,690	19,165,904	12,865,544	182,696	8,904,490	23,068,173	173,049,555
Remuneration of councilors	10,472,327	-	-	-	-	-	-	-	-	10,472,327
Depreciation, amortisation and impairment loss	-	55,465,290	-	-	-	-	-	-	-	55,465,290
Finance costs	-	3,475,199	23,250	30,254	30,563	129,051	4,684	434,001	2,388,347	6,515,349
Debt impairment	-	3,734,743	3,802	-	-	-	-	5,221	3,959,774	7,703,540
Bad debts	-	4,017,929	-	-	-	-	-	-	-	4,017,929
Cost land costs	-	-	-	-	2,902,000	-	-	-	-	2,902,000
General expenses	11,707,552	39,155,504	2,430,839	509,299	16,501,333	2,367,405	13,620	11,980,630	4,928,972	89,595,154
Contracted Services	-	49,050,012	352,419	-	25,200	-	-	-	22,131,734	71,559,365
Bulk purchases	-	-	-	-	-	-	-	120,721,658	-	120,721,658
Loss on disposal of assets	-	4,915,395	-	-	-	-	-	-	-	4,915,395
Total segment expenditure	26,823,000	220,890,319	36,864,000	9,629,243	38,625,000	15,362,000	201,000	142,046,000	56,477,000	546,917,562
Total segmental surplus/(deficit)										117,752,367

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2021

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Restated*

54. Segment information (continued)

	Executive and Council	Finance and Admini- stration	Public Safety, Com- munity and Social Servi- ces	Sports and Recreat- ion	Planning and Develop- ment	Road Trans- port	Environmental Protection	Energy Sou- rces	Trading Ser- vices	Total
Revenue										
Property rates	-	49,763,478	-	-	-	-	-	-	-	49,763,478
Interest on outstanding receivables- non-exchange transactions	-	1,628,503	-	38,860	-	-	-	-	-	1,667,363
Grants and subsidies	6,990,996	14,896,200	28,197,429	2,582,403	8,660,448	23,324,794	500,004	136,232,017	168,173,661	389,557,952
Fines, penalties and forfeits	-	7,494	3,333,254	-	-	-	22,270	54,892	-	3,417,910
Sale of stands	-	-	-	-	8,232,638	-	-	-	-	8,232,638
Service charges	-	-	-	-	-	-	-	112,383,812	45,056,059	157,439,871
Rental of facilities	-	307,376	21,757	1,377,767	305,171	-	-	-	-	2,012,071
Interest on outstanding receivables-exchange transactions	-	3,848,481	-	-	-	-	-	-	-	3,848,481
Licences and permits	-	-	3,329,543	-	21,935	-	-	-	-	3,351,478
Other revenue	-	3,422,064	114,248	54,865	973,957	-	-	927	-	4,566,061
Interest on investment	-	3,864,834	-	-	-	-	-	-	-	3,864,834
Total segment revenue	6,990,996	77,738,430	34,996,231	4,053,895	18,194,149	23,324,794	522,274	248,671,648	213,229,720	627,722,137
Entity's revenue										627,722,137

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Restated*

	Executive and Council	Finance and Admini- stration	Public Safety, Com- munity and Social Servi- ces	Sports and Recreat- ion	Planning and Develop- ment	Road Trans- port	Environmental Protection	Energy Sou- rces	Trading Ser- vices	Total
54. Segment information (continued)										
Expenditure										
Employee related costs	(3,375,486)	(51,427,859)	(30,704,991)	(8,415,840)	(17,516,281)	(6,507,173)	(6,809,123)	(6,823,720)	(19,814,678)	(151,395,151)
Remuneration of councilors	(9,842,705)	-	-	-	-	-	-	-	-	(9,842,705)
Depreciation, amortisation and impairment loss	-	(66,980,683)	-	-	-	-	-	-	-	(66,980,683)
Finance costs	-	(3,937,781)	(25,068)	(42,381)	(162,103)	(152,160)	(251)	(457,272)	(5,688,770)	(10,465,786)
Debt Impairment	-	(13,774,273)	-	-	-	-	-	-	(48,719)	(13,822,992)
Bad debts written off	-	(1,469,365)	-	-	-	-	-	-	-	(1,469,365)
Consumables and cost	-	-	-	-	(15,105,401)	-	-	-	-	(15,105,401)
Contracted services	-	(39,604,276)	-	-	-	-	-	-	(26,225,000)	(65,829,276)
General expenses	(1,559,669)	(25,009,675)	(2,249,415)	(244,716)	(2,873,930)	(3,245,575)	(13,148)	(10,812,533)	(21,345,636)	(67,354,297)
Loss on disposal of assets	-	(18,376,515)	-	-	-	-	-	-	-	(18,376,515)
Bulk Purchases	-	-	-	-	-	-	-	(99,409,275)	-	(99,409,275)
Actuarial gains/(Losses)	-	(2,603,000)	-	-	-	-	-	-	-	(2,603,000)
Total segment expenditure	(14,777,860)	(223,183,427)	(32,979,474)	(8,702,937)	(35,657,715)	(9,904,908)	(6,822,522)	(117,502,800)	(73,122,803)	(522,654,446)
Total segmental surplus/(deficit)										105,067,692