

MATZIKAMA LOCAL MUNICIPALITY

matzikama



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022



**AUDITOR-GENERAL
SOUTH AFRICA**

30 November 2022

MATZIKAMA LOCAL MUNICIPALITY

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MATZIKAMA LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Matzikama Local Municipality performs the functions as set out in the Constitution (Act no 105 of 1996).

LEGAL FORM

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

JURISDICTION

The Matzikama Local Municipality includes the following areas:

Vredendal	Lutzville	Bitterfontein	Rietpoort
Vanrhynsdorp	Ebenhaezer	Nuwerus	Kliprand
Klawer	Strandfontein	Stofkraal	
Koekenaap	Doringbaai	Molsvlei	

MEMBERS OF THE COUNCIL (AFTER ELECTIONS)

Ward 1	Tieties Johan Muller
Ward 2	Amelia Fransina Kristina Job
Ward 3	Sampi Jackes Tshabalala
Ward 4	Cecil Andrew le Fleur
Ward 5	Stephanus Petrus Cornelissen
Ward 6	Jan Koopman
Ward 7	Christo Boks
Ward 8	Albertus Johannes Pool
Proportional	Hermanus Johannes van der Hoven
Proportional	Andreas Sindyamba
Proportional	Davine Angela Witbooi
Proportional	Sinazo Tshali
Proportional	Willem Hendrik Nell
Proportional	Monica Bottom
Proportional	Chris White

MEMBERS OF THE EXECUTIVE COMMITTEE (AFTER ELECTIONS)

CLlr Hermanus Johannes van der Hoven
CLlr Amelia Fransina Kristina Job
CLlr Stephanus Petrus Cornelissen
CLlr Vacant
CLlr Chris White

MUNICIPAL MANAGER

GRJ Seas

CHIEF FINANCIAL OFFICER

ER Alfred

AUDIT COMMITTEE

A Wells
M Smit
A Titus

REGISTERED OFFICE

37 Church Street
Vredendal
8160

MEMBERS OF THE COUNCIL (PRIOR TO ELECTIONS)

Ward 1	Mariana Carosini
Ward 2	Amelia Fransina Kristina Job
Ward 3	Anna Links
Ward 4	Cecil Andrew le Fleur
Ward 5	Kallie Louw
Ward 6	Mathilda Bains
Ward 7	Andreas Sindyamba
Ward 8	Ricardo Kock
Proportional	Janay de Jongh
Proportional	Elton John Jenner
Proportional	Johanna Hein
Proportional	Francina Hahn
Proportional	Noncedo Silingo
Proportional	Patric Bok
Proportional	Xolani Tshetu

MEMBERS OF THE EXECUTIVE COMMITTEE (PRIOR TO ELECTIONS)

CLlr Mathilda Bains
CLlr Cecil Andrew le Fleur
CLlr Anna Links
CLlr Ricardo Kock
CLlr Janay de Jongh



MATZIKAMA LOCAL MUNICIPALITY

GENERAL INFORMATION

POSTAL ADDRESS

PO Box 98
VREDENDAL
8160

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Standard Bank Limited

ATTORNEYS

CMB Attorneys
KM Ramodike
Koos Coetzee
Mathewson Gess
Swanepoel en Swanepoel

RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
Collective Agreements
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
Division of Revenue Act
Electricity Act, 1987 (Act 41 of 1987)
Employment Equity Act, 1998 (Act 55 of 1998)
Employment Services, 2014 (Act 4 of 2014)
Housing Act, 1997 (Act 107 of 1997)
Labour Relations Act, 1995 (Act 66 of 1995)
Municipal Budget and Reporting Regulations
Municipal Finance Management Act, 2003 (Act 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act, 2004 (Act 6 of 2004)
Municipal Regulations on a Standard Chart of Accounts, 2014
Municipal Structures Act, 1998 (Act 117 of 1998) as amended
Municipal Systems Act, 2000 (Act 32 of 2000) as amended
National Environmental Management Act, 2008 (Act 62 of 2008)
National Minimum Wage Act 9 of 2018
Occupational Health and Safety Act, 1993 (Act 85 of 1993)
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)
SALGBC Leave Regulations
Skills Development Levies Act, 1999 (Act 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act, 1966 (Act 30 of 1966)
Unemployment Insurance Contributions Act 4 of 2002
Value Added Tax Act
Water Services Act, 1997 (Act 108 of 1997)



MATZIKAMA LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 91 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

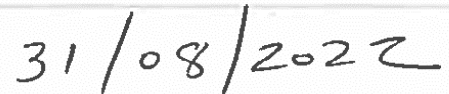
I have reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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



GRJ Seas
Municipal Manager



Date

MATZIKAMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Current Assets		69 392 273	56 500 553
Cash and Cash Equivalents	2	20 338 468	15 256 258
Receivables from Exchange Transactions	3	20 541 207	18 162 682
Receivables from Non-Exchange Transactions	4	8 989 142	9 845 499
Taxes	5	16 900 340	11 955 436
Operating Lease Assets	6	2 824	870
Current Portion of Long-term Receivables	7	1 489 147	880 929
Inventory	8	1 131 146	398 878
Non-Current Assets		879 905 738	843 780 040
Operating Lease Assets	6	-	2 824
Long-term Receivables	7	1 763 190	730 811
Investment Property	9	87 532 500	87 599 000
Property, Plant and Equipment	10	790 394 767	755 193 989
Intangible Assets	11	215 281	253 417
Total Assets		949 298 011	900 280 593
Current Liabilities		194 694 917	140 817 722
Current Portion of Long-term Liabilities	12	29 179 549	5 170 975
Payables from Exchange Transactions	13	132 834 432	96 401 382
Unspent Conditional Government Grants	14	14 431 612	20 201 461
Unspent Public Contributions	15	612 415	612 415
Current Employee Benefits	16	17 636 909	18 431 488
Non-Current Liabilities		109 730 883	106 203 673
Long-term Liabilities	12	11 384 748	13 949 659
Employee Benefits	17	41 909 000	37 712 000
Non-Current Provisions	18	56 437 135	54 542 014
Total Liabilities		304 425 799	247 021 394
NET ASSETS		644 872 212	653 259 199
COMMUNITY WEALTH			
Accumulated Surplus		644 872 212	653 259 199
		644 872 212	653 259 199

MATZIKAMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		224 002 219	211 793 950
Taxation Revenue		50 995 627	52 729 677
Property Rates	19	50 995 627	52 729 677
Transfer Revenue - Operating		85 088 106	82 297 947
Government Grants and Subsidies - Operating	20	84 940 858	82 297 947
Public Contributions and Donations - Operating	21	147 248	-
Transfer Revenue - Capital		70 557 697	53 139 767
Government Grants and Subsidies - Capital	20	67 621 732	53 139 767
Public Contributions and Donations - Capital	21	981 652	-
Contributed Assets	22	1 954 313	-
Other Revenue		17 360 789	23 626 559
Availability Charges	23	4 227 546	1 479 744
Fines, Penalties and Forfeits	24	9 478 919	7 985 870
Actuarial Gains	25	57 554	493 630
Fair Value Adjustment Gains	26	2 538 500	12 377 000
Other Income (Non-Exchange)	27	1 058 270	1 290 316
REVENUE FROM EXCHANGE TRANSACTIONS		219 374 135	193 765 943
Operating Activities		219 374 135	193 765 943
Service Charges	28	206 220 484	182 259 502
Rental of Facilities and Equipment	29	1 756 906	1 714 240
Interest Earned - external investments	30	793 900	285 401
Interest Earned - outstanding debtors		-	36 454
Licences and Permits	31	971 615	1 115 166
Agency Services	32	4 149 868	3 731 182
Other Income (Exchange)	33	5 481 362	4 623 998
TOTAL REVENUE		443 376 355	405 559 893
EXPENDITURE			
Employee Related Costs	34	170 963 034	167 890 304
Remuneration of Councillors	35	7 353 716	7 263 938
Debt Impairment	36	31 512 569	21 480 409
Depreciation and Amortisation	37	22 556 162	20 210 561
Impairments	38	8 415 731	4 142
Finance Charges	39	17 838 550	10 658 931
Bulk Purchases	40	139 429 958	117 728 687
Contracted Services	41	8 680 571	12 164 258
Transfers and Grants	42	1 887 571	1 614 474
Other Expenditure	43	36 982 146	30 068 667
Actuarial Losses	44	629 751	211 173
Loss on disposal of Non-Monetary Assets	45	5 513 585	82 567
TOTAL EXPENDITURE		451 763 344	389 378 111
NET SURPLUS/(DEFICIT) FOR THE YEAR		(8 386 989)	16 181 781



MATZIKAMA LOCAL MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2020	619 647 936	619 647 936
Correction of error restatement - note 46.5	17 429 483	17 429 483
Balance on 30 June 2020 - Restated	637 077 419	637 077 419
Net Surplus for the year	16 181 780	16 181 780
Balance on 30 June 2021 - Restated	653 259 199	653 259 199
Net Deficit for the year	(8 386 987)	(8 386 987)
Balance on 30 June 2022	644 872 212	644 872 212

MATZIKAMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		48 400 604	48 440 253
Service Charges and Interest		185 686 577	171 368 835
Other Revenue and Receipts		16 702 461	14 163 610
Government Grants		146 792 741	128 669 423
Investment Interest		780 068	269 428
Payments			
Suppliers and employees		(308 281 823)	(309 449 870)
Finance charges		(8 965 348)	(3 111 671)
Transfers and Grants		(1 887 571)	(1 614 474)
NET CASH FROM OPERATING ACTIVITIES	47	79 227 709	48 735 534
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		545 739	2 108 317
Payments			
Purchase of Capital Assets		(70 754 102)	(47 266 876)
NET CASH USED INVESTING ACTIVITIES		(70 208 362)	(45 158 559)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(3 937 136)	(2 613 092)
NET CASH USED FINANCING ACTIVITIES		(3 937 136)	(2 613 092)
NET INCREASE IN CASH HELD		5 082 211	963 884
Cash and Cash Equivalents at the beginning of the year		15 256 258	14 292 373
Cash and Cash Equivalents at the end of the year		20 338 468	15 256 258

MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	12 877 579	(11 742 566)	1 135 013	20 338 468	19 203 455
Consumer debtors	75 244 020	(45 684 832)	29 559 187	28 607 864	(951 323)
Other Receivables	22 505 633	(7 521 912)	14 983 721	17 825 648	2 841 928
Current portion of long-term receivables	390 681	240 504	631 185	1 489 147	857 961
Inventory	634 679	(39 757)	594 922	1 131 146	536 224
Total current assets	111 652 592	(64 748 563)	46 904 029	69 392 273	22 488 244
Non current assets					
Long-term receivables	280 900	(212 586)	68 314	1 763 190	1 694 876
Investment property	58 480 016	11 879 746	70 359 762	87 532 500	17 172 738
Property, plant and equipment	851 894 233	(31 669 668)	820 224 565	790 394 767	(29 829 798)
Intangible Assets	154 582	60 029	214 611	215 281	670
Other non-current assets	917	2 776	3 693	-	(3 693)
Total non current assets	910 810 648	(19 939 703)	890 870 945	879 905 738	(10 965 207)
TOTAL ASSETS	1 022 463 240	(84 688 266)	937 774 974	949 298 011	11 523 037
LIABILITIES					
Current liabilities					
Borrowing	3 641 706	38 338	3 680 044	29 179 549	25 499 504
Trade and other payables	104 734 221	(43 199 020)	61 535 201	147 878 459	86 343 257
Provisions and Employee Benefits	27 777 484	(7 588 086)	20 189 398	17 636 909	(2 552 488)
Total current liabilities	136 153 411	(50 748 768)	85 404 643	194 694 917	109 290 273
Non current liabilities					
Borrowing	10 615 891	(307 938)	10 307 953	11 384 748	1 076 795
Provisions and Employee Benefits	107 343 755	62 870 768	170 214 523	98 346 135	(71 868 388)
Total non current liabilities	117 959 646	62 562 830	180 522 476	109 730 883	(70 791 593)
TOTAL LIABILITIES	254 113 057	11 814 062	265 927 119	304 425 799	38 498 680
NET ASSETS	768 350 183	(96 502 328)	671 847 855	644 872 212	(26 975 643)
COMMUNITY WEALTH					
Accumulated Surplus	768 350 183	(96 502 328)	671 847 855	644 872 212	(26 975 643)
TOTAL COMMUNITY WEALTH/EQUITY	768 350 183	(96 502 328)	671 847 855	644 872 212	(26 975 643)

Refer to note 49.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	55 769 422	(3 273 056)	52 496 366	-	52 496 366	50 995 627	(1 500 739)
Service Charges - Electricity Revenue	152 267 178	(398 350)	151 868 828	-	151 868 828	138 590 367	(13 278 461)
Service Charges - Water Revenue	31 488 705	(1 188 850)	30 299 855	-	30 299 855	28 524 091	(1 775 764)
Service Charges - Sanitation Revenue	20 499 392	1 334 850	21 834 242	-	21 834 242	22 032 650	198 408
Service Charges - Refuse Revenue	20 726 734	412 065	21 138 799	-	21 138 799	21 300 922	162 123
Rental of Facilities and Equipment	2 425 126	(210 000)	2 215 126	-	2 215 126	1 756 906	(458 220)
Interest Earned - External Investments	623 794	135 000	758 794	-	758 794	793 900	35 106
Interest Earned - Outstanding Debtors	133 518	(133 518)	-	-	-	-	-
Fines	16 916 361	(8 350 000)	8 566 361	-	8 566 361	9 478 919	912 558
Licences and Permits	1 085 840	46 400	1 132 240	-	1 132 240	971 615	(160 625)
Agency Services	4 673 736	-	4 673 736	-	4 673 736	4 081 216	(592 520)
Transfers Recognised - Operational	118 700 455	(28 912 201)	89 788 254	-	89 788 254	85 088 106	(4 700 148)
Other Revenue	10 470 509	48 552	10 519 061	-	10 519 061	6 608 284	(3 910 777)
Gains	3 574 688	3 552 000	7 126 688	-	7 126 688	2 596 055	(4 530 633)
Total Revenue (excluding capital transfers)	439 355 458	(36 937 108)	402 418 350	-	402 418 350	372 818 658	(29 599 692)
EXPENDITURE							
Employee Related Costs	176 434 009	154 087	176 588 096	-	176 588 096	170 133 599	(6 454 497)
Remuneration of Councillors	7 245 128	177 117	7 422 245	-	7 422 245	7 353 716	(68 529)
Debt Impairment	10 971 924	21 153 076	32 125 000	-	32 125 000	31 512 569	(612 431)
Depreciation and Asset Impairment	18 970 747	10 081	18 980 828	-	18 980 828	30 971 891	11 991 063
Finance Charges	7 988 024	7 550 819	15 538 843	-	15 538 843	17 838 550	2 299 707
Bulk Purchases	116 856 633	13 850 000	130 706 633	-	130 706 633	131 624 205	917 572
Inventory Consumed	58 200 717	(40 234 522)	17 966 195	-	17 966 195	14 037 499	(3 928 696)
Contracted Services	11 827 982	1 794 274	13 622 256	-	13 622 256	8 680 571	(4 941 685)
Transfers and Grants	2 272 775	(12 363)	2 260 412	-	2 260 412	1 887 571	(372 841)
Other Expenditure	26 250 890	6 776 806	33 027 696	-	33 027 696	31 522 680	(1 505 016)
Losses	-	2 667 829	2 667 829	-	2 667 829	6 200 490	3 532 661
Total Expenditure	437 018 829	13 887 204	450 906 033	-	450 906 033	451 763 342	857 309
Surplus/(Deficit)	2 336 629	(50 824 312)	(48 487 683)	-	(48 487 683)	(78 944 684)	(30 457 001)
Transfers and subsidies - capital (monetary) - Government	71 729 545	5 671 727	77 401 272	-	77 401 272	67 621 732	(9 779 540)
Transfers and subsidies - capital (monetary) - Other	-	981 653	981 653	-	981 653	981 652	(1)
Transfers and subsidies - capital (in-kind)	-	2 186 150	2 186 150	-	2 186 150	1 954 313	(231 837)
Surplus/(Deficit) for the year	74 066 174	(41 984 782)	32 081 392	-	32 081 392	(8 386 987)	(40 468 379)

Refer to note 49.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.



MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	46 846 314	(649 512)	46 196 802	48 400 604	2 203 802
Service charges	198 120 918	5 254 057	203 374 975	185 686 577	(17 688 398)
Other revenue	22 376 810	(2 249 302)	20 127 508	16 702 461	(3 425 047)
Government Grants	190 430 000	(25 437 903)	164 992 097	146 792 741	(18 199 356)
Interest	737 284	21 510	758 794	780 068	21 274
Payments					
Suppliers and Employees	(369 593 152)	6 281 260	(363 311 892)	(308 281 823)	55 030 069
Finance Charges	(5 308 514)	(3 707 819)	(9 016 333)	(8 965 348)	50 985
Transfers and Grants	(2 272 775)	12 363	(2 260 412)	(1 887 571)	372 841
Net Cash from/(used) Operating Activities	81 336 885	(20 475 346)	60 861 539	79 227 709	18 366 170
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	10 574 688	(1 000 000)	9 574 688	545 739	(9 028 949)
Payments					
Capital Assets	(71 729 545)	(9 031 764)	(80 761 309)	(70 754 102)	10 007 207
Net Cash from/(used) Investing Activities	(61 154 857)	(10 031 764)	(71 186 621)	(70 208 362)	978 259
CASH FLOW FROM FINANCING ACTIVITIES					
Payments					
Repayment of Borrowing	(3 796 162)	-	(3 796 162)	(3 937 136)	(140 974)
Net Cash from/(used) Financing Activities	(3 796 162)	-	(3 796 162)	(3 937 136)	(140 974)
NET INCREASE/(DECREASE) IN CASH HELD	16 385 866	(30 507 110)	(14 121 244)	5 082 211	19 203 455
Cash and Cash Equivalents at the year begin	3 491 713	11 764 544	15 256 258	15 256 258	-
Cash and Cash Equivalents at the year end	19 877 579	(18 742 566)	1 135 013	20 338 468	19 203 455

Refer to note 49.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.



MATZIKAMA LOCAL MUNICIPALITY

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

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

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

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

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

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis. Refer to note 64 for the going concern assessment performed by the Municipality.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

MATZIKAMA LOCAL MUNICIPALITY

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

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

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

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following pronouncements to the Standards of GRAP which were issued but not yet effective:

Pronouncement	Effective Date
Improvements to the Standards of GRAP (2020)	1 April 2023
Amendments to GRAP 1 on Presentation of Financial Statements (2019)	1 April 2023
iGRAP 21 on The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned pronouncements to the Standards of GRAP which were early adopted is considered insignificant. The early adopted pronouncements mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

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

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.2 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

1.08.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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 measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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Where investment property 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.

1.09.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, any differences between the carrying amount of the property and its fair value is treated in the same way as a revaluation in accordance with the Standard of GRAP on Property, Plant and Equipment.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property and its previous carrying amount is recognised in the Statement of Financial Performance.

1.09.3 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.09.4 Derecognition

An 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 determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

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

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

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

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

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

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

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

	YEARS		YEARS
Land and Buildings		Community	
Land	Infinite	Community Facilities	10 - 100
Buildings	10 - 100	Sport and Recreational Facilities	15 - 100
Work in Progress	N/A	Work in progress	N/A
Infrastructure		Other	
Roads and Storm Water	15 - 100	Computer Equipment	5 - 17
Electricity	5 - 80	Furniture and Office Equipment	6 - 22
Water Supply	15 - 100	Machinery and Equipment	6 - 34
Sanitation	10 - 100	Transport Assets	6 - 24
Solid Waste	10 - 100		
Work in Progress	N/A		
Finance lease assets			
Furniture and Office Equipment	2 - 5		

1.10.4 Impairment

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

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



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1.10.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

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

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

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

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

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The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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

Computer Software
Rights (Servitudes)

Years
2 - 15
Indefinite

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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.

1.12.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. 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.



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1.12.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.12.4 Reversal of an impairment loss

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

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

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the first-in-first-out method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.14 EMPLOYEE BENEFITS

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

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

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.14.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.



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

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

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

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

1.14.3 Short-term Benefits

1.14.3.1 Staff Leave

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

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

1.14.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.14.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.



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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

1.16 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.

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.16.2 Municipality as Lessor

1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

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1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

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

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.17.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting of financial instruments

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

1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.18.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

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

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

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1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

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

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.24 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.24.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.24.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.24.1.3 Availability Charges

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity, sewerage and solid waste) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.24.1.4 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue.



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

1.24.1.5 Insurance Refund

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.24.1.6 Unclaimed deposits

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

1.24.1.7 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.24.1.8 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.24.1.9 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.24.2 Revenue from Exchange Transactions

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

1.24.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.



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Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.24.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.24.2.3 Rental income

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

1.24.2.4 Income from Agency Services

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

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.24.2.5 Other Tariffs

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

1.24.2.6 Sale of goods

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

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

1.24.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

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

1.25 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.26 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

1.27 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

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

1.30 CAPITAL COMMITMENTS

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

1.31 EVENTS AFTER REPORTING DATE

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

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

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

1.32 RELATED PARTIES

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

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

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A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.33 ACCOUNTING BY PRINCIPAL AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

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Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.34 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised as assets. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

1.35 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.36.1 Application of Directive 7

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



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

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.36.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

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

1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.36.5 Post-Retirement and Long-term Benefits

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

1.36.6 Provisions and Contingent Liabilities

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

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.36.7 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

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1.36.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.36.9 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.36.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.36.11 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

1.36.12 Water Inventory

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

1.36.13 Pre-paid electricity

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

1.36.14 Componentisation Of Infrastructure Assets

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



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CASH AND CASH EQUIVALENTS

	2022	2021
Bank Accounts	20 332 648	15 250 438
Cash Floats	5 820	5 820
Total	20 338 468	15 256 258

Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following:

Unspent Conditional Government Grants - note 14	14 431 612	20 201 461
Unspent Public Contributions - note 15	612 415	612 415
VAT Payable - note 52.3	1 631 243	1 207 940
Total	16 675 270	22 021 816

Grant funding utilised for own working capital requirements

-	6 765 558
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Overdraft facilities available during the financial year with the following banking institutions:

Absa Bank Limited	-	10 000 000
Standard Bank	15 000 000	5 000 000

Bank Accounts

ABSA Bank Limited - Account Number 40-5057-5029 (Primary Bank Account)	51 907	754 328
ABSA Bank Limited - Account Number 40-7513-2844 (Traffic Fines)	-	9 156
ABSA Bank Limited - Account Number 40-7512-9982 (Service Charges)	-	65 604
ABSA Bank Limited - Account Number 40-7554-5657 (Camping Strandfontein)	-	46 023
ABSA Bank Limited - Account Number 40-9041-7837 (Grants)	-	12 637
Standard Bank Limited - Account Number 082 451 885 (Primary Bank Account)	2 118 830	857 243
Standard Bank Limited - Account Number 082 452 024 (Grants)	18 122 760	13 505 447
Standard Bank Limited - Account Number 082 455 333 (Housing)	39 151	-
Total	20 332 648	15 250 438

Bank accounts consists out of the following accounts:

ABSA Bank Limited - Account Number 40-5057-5029 (Primary Bank Account)

Cash book balance at beginning of year	754 328	9 381 746
Cash book balance at end of year	51 907	754 328
Bank statement balance at beginning of year	754 328	9 498 737
Bank statement balance at end of year	51 907	754 328

ABSA Bank Limited - Account Number 40-7513-2844 (Traffic Fines)

Cash book balance at beginning of year	9 156	203 181
Cash book balance at end of year	-	9 156
Bank statement balance at beginning of year	9 156	203 181
Bank statement balance at end of year	-	9 156

ABSA Bank Limited - Account Number 40-7512-9982 (Service Charges)

Cash book balance at beginning of year	65 604	2 661 443
Cash book balance at end of year	-	65 604
Bank statement balance at beginning of year	65 604	2 661 443
Bank statement balance at end of year	-	65 604



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2 CASH AND CASH EQUIVALENTS (CONTINUED)

ABSA Bank Limited - Account Number 40-7554-5657 (Camping Strandfontein)

Cash book balance at beginning of year	46 023	1 486 349
Cash book balance at end of year	-	46 023
Bank statement balance at beginning of year	46 023	1 486 349
Bank statement balance at end of year	-	46 023

ABSA Bank Limited - Account Number 40-9041-7837 (Grants)

Cash book balance at beginning of year	12 637	554 034
Cash book balance at end of year	-	12 637
Bank statement balance at beginning of year	12 637	554 034
Bank statement balance at end of year	-	12 637

Standard Bank Limited - Account Number 082 451 885 (Primary Bank Account)

Cash book balance at beginning of year	857 243	-
Cash book balance at end of year	2 118 830	857 243
Bank statement balance at beginning of year	406 040	-
Bank statement balance at end of year	1 503 340	406 040

Standard Bank Limited - Account Number 082 452 024 (Grants)

Cash book balance at beginning of year	13 505 447	-
Cash book balance at end of year	18 122 760	13 505 447
Bank statement balance at beginning of year	13 505 447	-
Bank statement balance at end of year	18 122 760	13 505 447

Standard Bank Limited - Account Number 082 455 333 (Housing)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	39 151	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	39 151	-

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	13 504 020	12 063 289
Water	19 757 852	16 116 941
Refuse	24 131 415	20 582 334
Sewerage	22 303 262	18 209 588
Other	13 247 599	13 995 465

Interest	6 256 993	6 875 680
Housing Selling Scheme	258 205	274 428
Property Rental Debtors	515 159	442 657
Other Services	4 592 434	4 692 424
Sundry Arrears	1 624 808	1 710 276

Total Gross Balance

92 944 149 80 967 616

Less: Allowance for Debt Impairment

(72 402 942) (62 804 934)

Total Net Receivable

20 541 207 18 162 682

As previously reported

18 263 765

Correction of error restatement - note 46.1

(101 082)

Restated balance

18 162 682

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. No interest has been levied on outstanding accounts since the National State of Disaster was declared in March 2020.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	62 804 934	65 804 719
Movement in the contribution to the provision	17 842 796	11 767 438
Electricity	513 367	(697 245)
Water	5 468 583	3 702 418
Refuse	5 787 446	4 258 421
Sewerage	6 301 850	3 750 822
Other	(228 450)	753 023
Bad Debts Written off	(8 244 788)	(14 767 224)
Electricity	(278 575)	(163 076)
Water	(2 595 523)	(1 752 153)
Refuse	(2 384 935)	(1 646 324)
Sewerage	(2 483 270)	(1 705 344)
Other	(502 484)	(9 500 326)
Balance at the end of the year	72 402 942	62 804 934

The allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2022			
Service Receivables			
Electricity	13 504 020	(2 701 285)	10 802 735
Water	19 757 852	(16 419 733)	3 338 119
Refuse	24 131 415	(21 039 802)	3 091 612
Sewerage	22 303 262	(19 529 360)	2 773 903
Other	13 247 599	(12 712 761)	534 838
Total	92 944 149	(72 402 942)	20 541 207
30 June 2021			
Service Receivables			
Electricity	12 063 289	(2 466 494)	9 596 795
Water	16 116 941	(13 546 673)	2 570 268
Refuse	20 582 334	(17 637 292)	2 945 042
Sewerage	18 209 588	(15 710 780)	2 498 808
Other	13 995 465	(13 443 696)	551 769
Total	80 967 616	(62 804 934)	18 162 682

Ageing of Receivables from Exchange Transactions

Electricity

Current (0 - 30 days)	8 340 881	7 502 927
31 - 60 Days	2 111 255	1 783 455
61 - 90 Days	598 331	540 312
+ 90 Days	2 453 553	2 196 556
Total	13 504 020	12 063 288

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Water

Current (0 - 30 days)	2 636 341	2 011 370
31 - 60 Days	1 452 482	973 306
61 - 90 Days	890 129	766 471
+ 90 Days	14 778 900	12 365 794
Total	19 757 852	16 116 941

Refuse

Current (0 - 30 days)	2 124 224	1 987 467
31 - 60 Days	1 250 583	1 007 791
61 - 90 Days	950 103	778 644
+ 90 Days	19 806 504	16 808 431
Total	24 131 415	20 582 334

Sewerage

Current (0 - 30 days)	2 069 278	1 796 520
31 - 60 Days	1 328 012	965 421
61 - 90 Days	1 047 688	737 337
+ 90 Days	17 858 285	14 710 309
Total	22 303 262	18 209 588

Interest

Current (0 - 30 days)	9 981	26 283
31 - 60 Days	6 257	14 171
61 - 90 Days	6 335	15 866
+ 90 Days	6 234 421	6 819 360
Total	6 256 993	6 875 680

Housing Selling Scheme

Current (0 - 30 days)	80	888
31 - 60 Days	78	300
61 - 90 Days	78	251
+ 90 Days	257 969	272 989
Total	258 205	274 428

Property Rental Debtors

Current (0 - 30 days)	85 458	66 111
31 - 60 Days	29 796	21 111
61 - 90 Days	23 936	19 192
+ 90 Days	375 970	336 242
Total	515 159	442 657

Other Services

Current (0 - 30 days)	36 904	(88 224)
31 - 60 Days	3 846	3 072
61 - 90 Days	889	3 153
+ 90 Days	4 550 796	4 774 424
Total	4 592 434	4 692 424

Sundry Arrears

Current (0 - 30 days)	111 020	115 301
31 - 60 Days	34 810	62 622
61 - 90 Days	28 471	24 710
+ 90 Days	1 450 507	1 507 644
Total	1 624 808	1 710 276

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	15 414 166	13 418 643
31 - 60 Days	6 217 118	4 831 249
61 - 90 Days	3 545 961	2 925 937
+ 90 Days	67 766 904	59 791 787
Total	92 944 149	80 967 616

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

28 133 834

24 158 272

Property Rates

23 293 900

21 610 568

Availability Charges

4 839 935

2 547 704

Other Receivables

14 890 412

43 576 998

Unpaid Traffic Fines

14 282 521

43 017 024

Other Receivables

165 832

130 876

Deposits

442 059

429 098

Total Gross Balance

43 024 246

67 735 270

Less: Allowance for Debt Impairment

(34 035 105)

(57 889 771)

Total Net Receivable

8 989 142

9 845 499

As previously reported

9 744 417

Correction of error restatement - note 46.1

101 082

Restated balance

9 845 499

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. No interest has been levied on outstanding accounts since the National State of Disaster was declared in March 2020.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

57 889 771

48 770 959

Movement in the contribution to the provision

13 791 671

9 780 318

Property Rates

2 376 084

2 599 370

Availability Charges

2 192 317

251 246

Traffic Fines

9 223 271

6 929 702

Bad Debts Written off

(37 646 337)

(661 507)

Property Rates

(911 691)

(653 404)

Availability Charges

(35 615)

(8 103)

Traffic Fines

(36 699 031)

-

Balance at the end of the year

34 035 105

57 889 771

The allowance for debt impairment of property rates has been made for all balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the cumulative collection rate.



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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2022			
Service Receivables			
Property Rates	23 293 900	(15 607 925)	7 685 975
Availability Charges	4 839 935	(4 459 252)	380 682
Other Receivables			
Unpaid Traffic Fines	14 282 521	(13 967 928)	314 594
Other Receivables	165 832	-	165 832
Deposits	442 059	-	442 059
Total	43 024 246	(34 035 105)	8 989 142
30 June 2021			
Service Receivables			
Property Rates	21 610 568	(14 143 533)	7 467 035
Availability Charges	2 547 704	(2 302 550)	245 154
Other Receivables			
Unpaid Traffic Fines	43 017 024	(41 443 688)	1 573 336
Other Receivables	130 876	-	130 876
Deposits	429 098	-	429 098
Total	67 735 270	(57 889 771)	9 845 499
Ageing of Receivables from Non-Exchange Transactions			
Property Rates			
Current (0 - 30 days)		3 590 744	3 806 357
31 - 60 Days		1 456 797	1 542 163
61 - 90 Days		902 670	1 012 805
+ 90 Days		17 343 688	15 249 243
Total		23 293 900	21 610 568
Availability Charges			
Current (0 - 30 days)		406 064	145 560
31 - 60 Days		280 283	88 720
61 - 90 Days		251 267	68 562
+ 90 Days		3 902 322	2 244 863
Total		4 839 935	2 547 704
Unpaid Traffic Fines			
Current (0 - 30 days)		732 500	362 050
31 - 60 Days		789 100	373 750
61 - 90 Days		625 350	577 850
+ 90 Days		12 135 571	41 703 374
Total		14 282 521	43 017 024



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5	TAXES		
	VAT Claimable/(Payable)	(1 803 353)	(1 207 939)
	VAT in Suspense	9 607 745	5 978 758
	VAT on Allowance for Debt Impairment	9 095 948	7 184 618
	Total	16 900 340	11 955 436
	As previously reported		11 681 317
	Correction of error restatement - note 46.4		274 119
	Restated balance		11 955 436
	Reconciliation of VAT on Allowance for Debt Impairment		
	Balance at beginning of year	7 184 618	7 276 209
	Debt Impairment for current year	1 911 330	(91 592)
	Balance at the end of the year	9 095 948	7 184 618
6	OPERATING LEASES		
6.1	OPERATING LEASE ASSETS		
	Operating Lease Asset	2 824	3 694
	Disclosed as follows:		
	Non-Current Operating Lease Asset	-	2 824
	Current Operating Lease Asset	2 824	870
	Total	2 824	3 694
	The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.		
	Reconciliation of Operating Lease Asset		
	Balance at the beginning of the year	3 694	917
	Movement during the year	(870)	2 776
	Balance at the end of the year	2 824	3 694
	The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
	Within 1 Year	39 086	49 219
	Between 1 and 5 Years	-	39 086
	After 5 Years	-	-
	Total operating lease payments	39 086	88 304
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The Municipality is leasing land and buildings to different lessees for periods ranging from 12 - 60 months with escalations of between 2% and 10% per year ranging until 2023.		
	Significant lease agreements include, but are not limited to:		
	- Lease of various properties to the Department of Transport for periods not exceeding 3 years, with the last agreement ending 30 September 2022. These agreements have an annual escalation of CPI +2%.		
	- Lease of houses to employees. These agreements are reviewed annually, with an annual escalation CPI +2%.		
	The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		

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LONG-TERM RECEIVABLES

Receivables with repayment arrangements	5 664 192	2 234 163
Less: Allowance for Debt Impairment	(2 411 855)	(622 423)
Total Net Receivable	3 252 337	1 611 740
Less: Current portion of Long-term Receivables	(1 489 147)	(880 929)
Total	1 763 190	730 811

Receivables subject to repayment arrangements are debtors which are repaying their outstanding consumers accounts over a period of more than 12 months. There are no standard repayment terms, therefore no age analysis is available for these non-current receivables.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	622 423	781 362
Movement in the contribution to the provision	1 789 432	(158 939)
Balance at the end of the year	2 411 855	622 423

The allowance for debt impairment of arrangements has been made for all balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

8

INVENTORY

Consumables	570 568	15 750
Water	560 578	383 128
Total	1 131 146	398 878

Inventory are disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts

Inventory recognised as an expense during the year	-	-
Consumables	243 538	263 994
Finished Goods	93 920	146 743
Water	8 296 498	7 315 414
Total	8 633 956	7 726 151

9

INVESTMENT PROPERTY

Investment Property - Fair Value	87 532 500	87 599 000
As previously reported		73 466 000
Correction of error restatement - note 46.2		14 133 000
Restated balance		87 599 000
The carrying value of Investment Property is reconciled as follows:		
Opening Fair Value	87 599 000	77 053 000
Gains/(Losses) arising from changes in fair value	2 538 500	12 377 000
Disposals	(2 605 000)	(1 831 000)
Closing Fair Value	87 532 500	87 599 000

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

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



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9 INVESTMENT PROPERTY (CONTINUED)

Revenue derived from the rental of investment property

413 345

374 921

No significant operating expenditure was incurred on investment property during the 2021/22 and 2020/21 financial year.

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2022				
Land and Buildings	117 580 074	(9 232 499)	(1 567 488)	106 780 087
Infrastructure	738 952 221	(141 970 379)	(6 067 776)	590 914 067
Community Assets	79 836 572	(15 975 121)	(620 251)	63 241 199
Other Assets	37 592 037	(19 975 560)	(54 199)	17 562 278
Leased Assets	69 629	(68 074)	-	1 556
Capitalised Restoration Cost	39 901 605	(28 006 025)	-	11 895 579
Total	1 013 932 138	(215 227 657)	(8 309 714)	790 394 767
30 June 2021				
Land and Buildings	117 584 797	(8 678 438)	-	108 906 359
Infrastructure	682 978 243	(128 260 844)	(2 140)	554 715 260
Community Assets	70 791 121	(14 986 916)	(83 305)	55 720 899
Other Assets	36 410 421	(18 162 263)	(58 626)	18 189 532
Leased Assets	770 801	(730 459)	-	40 342
Capitalised Restoration Cost	43 021 161	(25 399 564)	-	17 621 597
Total	951 556 543	(196 218 484)	(144 070)	755 193 989
As previously reported				754 219 127
Correction of error restatement - note 46.3				974 862
Restated balance				755 193 989

10.1 Repairs and maintenance incurred on Property, Plant and Equipment

7 014 696

5 465 159

10.2 Capital Restorations Costs

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

10.3 Carrying value of Property, Plant and Equipment pledged as security

1 556

40 342

The leased assets are financed through a finance lease agreement and are secured as set out in note 12.

10.4 Work in Progress projects taking a significant longer period to complete

There are no projects that are taking a significantly longer period of time to complete than expected. There are also no significant projects where construction or development has been halted.

10.5 Change in estimate useful lives

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed, and accordingly adjusted. The effect on the current and future periods are as follow:

	2022	2023	After 2023
Increase / (Decrease) in Depreciation and Amortisation	(167 462)	(35 050)	202 512
Increase / (Decrease) in Accumulated Surplus	167 462	35 050	(202 512)
Increase / (Decrease) in Property, Plant and Equipment	167 462	35 050	(202 512)

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2022	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	117 584 797	21 708	(28 163)	-	1 733	117 580 074	8 678 438	559 692	1 567 488	(5 631)	10 799 987	106 780 087
Land	73 698 054	-	-	-	-	73 698 054	-	-	-	-	-	73 698 054
Buildings	43 192 485	-	(28 163)	-	3 907	43 168 229	8 678 438	559 692	1 567 488	(5 631)	10 799 987	32 368 242
Work in Progress	694 257	21 708	-	-	(2 174)	713 791	-	-	-	-	-	713 791
Infrastructure	682 978 243	60 577 366	(4 638 715)	53 313	(17 986)	738 952 221	128 262 983	15 334 922	6 305 833	(1 865 584)	148 038 154	590 914 067
Roads and Storm Water	224 409 813	-	(1 550 045)	-	6 842 356	229 702 124	39 417 029	5 518 763	20 401	(673 243)	44 282 950	185 419 174
Electricity	56 281 901	-	(1 009 229)	-	1 528 210	56 800 883	23 783 189	1 533 137	73 158	(258 964)	25 130 520	31 670 363
Water Supply	137 063 215	-	(633 065)	-	12 258 139	148 688 289	27 705 885	2 826 392	189 221	(313 097)	30 408 400	118 279 889
Sanitation	232 815 547	-	(1 446 377)	53 313	36 934 124	268 356 607	37 052 691	5 407 127	5 903 733	(620 280)	47 743 272	220 613 335
Solid Waste	771 077	-	-	-	-	771 077	304 190	49 502	119 320	-	473 012	298 065
Work in Progress	31 636 689	60 577 366	-	-	(57 580 815)	34 633 240	-	-	-	-	-	34 633 240
Community Assets	70 791 121	9 319 886	(272 702)	-	(1 733)	79 836 572	15 070 221	1 026 314	536 946	(38 108)	16 595 373	63 241 199
Sport and Recreation Facilities	25 759 117	-	-	-	7 950	25 767 067	6 525 586	386 765	536 946	-	7 449 297	18 317 771
Community Facilities	43 280 397	-	(272 702)	-	-	43 007 695	8 544 636	639 549	-	(38 108)	9 146 076	33 861 619
Work in progress	1 751 607	9 319 886	-	-	(9 683)	11 061 810	-	-	-	-	-	11 061 810
Other Assets	36 410 421	754 142	(1 491 512)	1 901 000	17 986	37 592 037	18 220 889	2 870 850	5 464	(1 067 445)	20 029 758	17 562 278
Computer Equipment	2 689 106	231 156	(154 083)	-	-	2 766 179	1 342 430	288 320	2 444	(98 207)	1 534 986	1 231 192
Furniture and Office Equipment	4 868 282	104 756	(162 077)	-	-	4 810 960	2 861 656	376 792	401	(138 785)	3 100 064	1 710 897
Machinery and Equipment	2 438 519	17 230	(130 602)	-	17 986	2 343 133	1 516 362	235 364	1 518	(111 568)	1 641 675	701 457
Transport Assets	26 414 515	401 000	(1 044 750)	1 901 000	-	27 671 765	12 500 441	1 970 375	1 101	(718 884)	13 753 033	13 918 732
Leased Assets	770 801	-	(701 171)	-	-	69 629	730 459	38 786	-	(701 171)	68 074	1 556
Furniture and Office Equipment	770 801	-	(701 171)	-	-	69 629	730 459	38 786	-	(701 171)	68 074	1 556
Capitalised Restoration Cost	43 021 161	622 398	(3 741 954)	-	-	39 901 605	25 399 564	2 606 461	-	-	28 006 025	11 895 579
Landfill Site Rehabilitation	43 021 161	622 398	(3 741 954)	-	-	39 901 605	25 399 564	2 606 461	-	-	28 006 025	11 895 579
	951 556 543	71 295 500	(10 874 218)	1 954 313	-	1 013 932 138	196 362 554	22 437 025	8 415 731	(3 677 939)	223 537 371	790 394 767

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2021

	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	117 490 345	94 451	-	-	-	117 584 797	8 172 755	505 683	-	-	8 678 438	108 906 359
Land	73 698 054	-	-	-	-	73 698 054	-	-	-	-	-	73 698 054
Buildings	41 826 907	-	-	-	1 365 578	43 192 485	8 172 755	505 683	-	-	8 678 438	34 514 048
Work in Progress	1 965 384	94 451	-	-	(1 365 578)	694 257	-	-	-	-	-	694 257
Infrastructure	638 339 911	45 383 707	(745 375)	-	-	682 978 243	115 289 104	13 538 064	2 140	(566 324)	128 262 983	554 715 260
Roads and Storm Water	215 262 552	-	(632 532)	-	9 779 792	224 409 813	34 788 983	5 144 786	2 140	(518 879)	39 417 029	184 992 785
Electricity	55 940 054	-	(33 940)	-	375 787	56 281 901	22 294 592	1 514 890	-	(26 293)	23 783 189	32 498 713
Water Supply	130 258 408	-	-	-	6 804 807	137 063 215	25 169 545	2 536 340	-	-	27 705 885	109 357 331
Sanitation	198 941 530	-	(21 199)	-	33 895 215	232 815 547	32 781 296	4 292 547	-	(21 152)	37 052 691	195 762 855
Solid Waste	771 077	-	-	-	-	771 077	254 688	49 502	-	-	304 190	466 887
Work in Progress	37 166 288	45 383 707	(57 704)	-	(50 855 602)	31 636 689	-	-	-	-	-	31 636 689
Community Assets	69 094 299	1 696 822	-	-	-	70 791 121	14 042 527	1 027 694	-	-	15 070 221	55 720 899
Sport and Recreation Facilities	25 759 117	-	-	-	-	25 759 117	6 138 289	387 297	-	-	6 525 586	19 233 531
Community Facilities	43 280 397	-	-	-	-	43 280 397	7 904 238	640 398	-	-	8 544 636	34 735 761
Work in progress	54 785	1 696 822	-	-	-	1 751 607	-	-	-	-	-	1 751 607
Other Assets	37 258 066	91 896	(939 541)	-	-	36 410 421	16 072 004	2 905 591	2 002	(758 707)	18 220 889	18 189 532
Computer Equipment	2 834 977	14 729	(160 601)	-	-	2 689 106	1 185 495	302 057	-	(145 122)	1 342 430	1 346 676
Furniture and Office Equipment	4 985 285	45 389	(162 392)	-	-	4 868 282	2 598 031	392 715	2 002	(131 093)	2 861 656	2 006 626
Machinery and Equipment	2 510 965	31 778	(104 224)	-	-	2 438 519	1 335 580	265 914	-	(85 132)	1 516 362	922 157
Transport Assets	26 926 839	-	(512 324)	-	-	26 414 515	10 952 897	1 944 905	-	(397 360)	12 500 441	13 914 073
Leased Assets	770 801	-	-	-	-	770 801	481 625	248 834	-	-	730 459	40 342
Furniture and Office Equipment	770 801	-	-	-	-	770 801	481 625	248 834	-	-	730 459	40 342
Capitalised Restoration Cost	37 148 768	5 872 393	-	-	-	43 021 161	23 534 003	1 865 560	-	-	25 399 564	17 621 597
Landfill Site Rehabilitation	37 148 768	5 872 393	-	-	-	43 021 161	23 534 003	1 865 560	-	-	25 399 564	17 621 597
	900 102 189	53 139 269	(1 684 915)	-	-	951 556 543	177 592 017	20 091 426	4 142	(1 325 031)	196 362 554	755 193 989

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

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INTANGIBLE ASSETS

Intangible Assets - Carrying Value

215 281

253 417

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

253 417

372 552

Cost

997 224

997 224

Accumulated Amortisation

(743 807)

(624 672)

Accumulated Impairment

-

-

Additions

81 000

-

Amortisation

(119 137)

(119 135)

Disposal

-

-

Cost

-

-

Accumulated Amortisation

-

-

Closing Carrying Value

215 281

253 417

Cost

1 078 224

997 224

Accumulated Amortisation

(862 943)

(743 807)

Accumulated Impairment

-

-

Computer Software have a life span of 15 years and rights (servitudes) have an indefinite lifespan because there is no foreseeable limit to the period over which the servitudes are expected to generate net cash inflows or service potential for the municipality.

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

12

LONG-TERM LIABILITIES

Annuity Loans

15 173 428

19 072 201

Finance Lease Liabilities

10 069

48 433

Payables with Repayment Arrangements

25 380 800

-

Sub-Total

40 564 297

19 120 634

Less: Current portion of Long-term Liabilities

29 179 549

5 170 975

Annuity Loans

4 875 544

5 132 611

As previously reported

3 796 137

Correction of error restatement - note 46.4

1 336 475

Finance Lease Liabilities

10 069

38 364

Payables with Repayment Arrangements

24 293 936

-

Total

11 384 748

13 949 659

Long-term Liabilities were utilised as follow:

Total loans taken up

15 183 497

19 120 634

Used to finance Property, Plant and Equipment at cost

(15 183 497)

(19 120 634)

Unspent Borrowings

-

-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act.



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12 LONG-TERM LIABILITIES (CONTINUED)

12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (103749)	8.93%	2020	-	4
DBSA (WC12007362.1)	6.87%	2031	6 698 237	7 343 064
DBSA (WC12007362.2)	6.87%	2021	-	162 439
DBSA (12007652)	6.83% & 7.23%	2022 / 2027	4 372 132	5 423 068
Standard Bank (514952)	10.08%	2024	4 103 059	6 143 626
Total			15 173 428	19 072 201

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	6 136 559	6 464 908
Payable within two to five years	9 758 631	12 142 756
Payable after five years	3 593 041	5 080 904
Total amount payable	19 488 231	23 688 568
Less: Outstanding Future Finance Charges	(4 314 803)	(4 616 367)
Present value of annuity loans	15 173 428	19 072 201

12.2 Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Supplier	Lease Period	Maturity Date	Carrying Value of Liability	
Bytes Document Solutions - Printers Versalink C7025	3 years	2021/07/31	-	10 655
Nashua - Printers MP2501SPFH1	3 years	2021/07/31	-	3 612
Nashua - Printers MPC2004EXSP	3 years	2021/07/31	-	3 410
EDK Besigheidsmasjiene - Printers Ecosys M2540DN	3 years	2021/07/31	-	4 761
Nashua - CCTV system HIKVISION	5 years	2023/01/31	10 069	25 995
Total			10 069	48 433

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 10.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	10 416	40 481
Payable within two to five years	-	10 416
Payable after five years	-	-
Total amount payable	10 416	50 897
Less: Outstanding Future Finance Charges	(347)	(2 464)
Present value of finance lease liabilities	10 069	48 433



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12 LONG-TERM LIABILITIES (CONTINUED)

12.3 Payables with Repayment Arrangements

The Municipality entered into the following repayment arrangements:

Supplier	Rate	Maturity Date	Carrying Value of Liability	
Landis+Gyr (Pty) Ltd	7.1%	2024/02/01	2 623 945	-
Eskom Holdings SOC Ltd	0.0%	2023/03/31	22 756 855	-
Total			25 380 800	-
All payables with repayment arrangements are unsecured.				
Payables with Repayment Arrangements are payable as follows:				
Payable within one year			24 430 856	-
Payable within two to five years			1 116 001	-
Payable after five years			-	-
Total amount payable			25 546 857	-
Less: Outstanding Future Finance Charges			(166 057)	-
Present value of finance lease liabilities			25 380 800	-

13 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	113 013 718	80 179 660
Retentions	4 687 796	2 263 466
Payments received in advance	2 345 580	3 194 025
Pre-paid Electricity	159 365	233 913
Sundry Creditors	8 227 983	7 074 118
Unknown Bank Deposits	3 448 980	3 410 580
Sale of Land Deposits	935 485	45 620
Accrued Interest	15 525	-
Total	132 834 432	96 401 382
As previously reported		95 848 614
Correction of error restatement - note 46.4		552 769
Restated balance		96 401 382

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

Sundry deposits include hall, builders and housing Deposits.

14 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	9 896 804	16 888 342
Provincial Government	4 492 228	3 270 539
District Municipality	42 580	42 580
Total	14 431 612	20 201 461

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.



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	2022	2021
15 UNSPENT PUBLIC CONTRIBUTIONS		
Tormin Mineral Sands	612 415	612 415
Total	612 415	612 415
Detail reconciliations of all public contributions received are included in note 21. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.		
Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.		
16 CURRENT EMPLOYEE BENEFITS		
Bonuses	4 647 678	4 681 123
Staff Leave	10 608 062	11 742 197
Performance Bonuses	-	-
Pension	25 169	25 169
Current portion of Non-Current Employee Benefits - note 17	2 356 000	1 983 000
Post Retirement Medical Benefits	1 689 000	1 402 000
Long Service Awards	667 000	581 000
Total	17 636 909	18 431 488
The movement in current employee benefits are reconciled as follows:		
16.1 Bonuses		
Opening Balance	4 681 123	4 220 933
Contribution during the year	8 624 580	8 453 704
Payments made	(8 658 024)	(7 993 514)
Balance at the end of the year	4 647 678	4 681 123
Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
16.2 Staff Leave		
Opening Balance	11 742 197	10 333 958
Contribution during the year	448 855	2 704 651
Payments made	(1 582 990)	(1 296 413)
Balance at the end of the year	10 608 062	11 742 197
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		
16.3 Performance Bonuses		
Opening Balance	-	-
Contribution during the year	225 714	-
Payments made	(225 714)	-
Balance at the end of the year	-	-
Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.		



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16 CURRENT EMPLOYEE BENEFITS (CONTINUED)

16.4 Pension

Opening Balance	25 169	33 979
Contribution during the year	-	-
Payments made	-	(8 810)
Balance at the end of the year	25 169	25 169

Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.

17 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	36 348 000	32 387 000
Long Service Awards	7 917 000	7 308 000
Sub-Total	44 265 000	39 695 000
Less: Current portion of Employee Benefits	2 356 000	1 983 000
Post Retirement Medical Benefits	1 689 000	1 402 000
Long Service Awards	667 000	581 000
Total	41 909 000	37 712 000

17.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	32 387 000	30 122 000
Contribution during the year	4 796 000	4 345 000
Current Service Cost	1 629 000	1 381 000
Interest Cost	3 167 000	2 964 000
Payments made	(1 464 751)	(1 586 371)
Actuarial Loss/(Gain)	629 751	(493 630)
Total balance at year-end	36 348 000	32 387 000
Less: Current portion	(1 689 000)	(1 402 000)
Total	34 659 000	30 985 000

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

In-service members	128	125
In-service non-members	313	335
Continuation members	35	33
Total	476	493

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2022	12 741 000	4 751 000	18 856 000	36 348 000
30 June 2021	12 153 000	4 747 000	15 487 000	32 387 000
30 June 2020	9 740 000	3 523 000	16 859 000	30 122 000
30 June 2019	10 662 586	1 619 492	18 037 345	30 319 423
30 June 2018	10 530 407	2 122 331	15 883 890	28 536 628

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.



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EMPLOYEE BENEFITS (CONTINUED)

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2022	1 117 000	-
30 June 2021	(3 362 000)	-
30 June 2020	3 631 000	-
30 June 2019	652 000	-
30 June 2018	754 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
Hosmed
LA Health
Key Health
SAMWU Medical Aid

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.82%	9.99%
Health Care Cost Inflation Rate	8.44%	6.76%
Net Effective Discount Rate	3.12%	3.03%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

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

iv) Last Valuation

The last valuation was performed on 21 July 2022.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	17 492 000	18 856 000	36 348 000	
Health care inflation rate (+ 1%)	21 299 000	20 627 000	41 926 000	15%
Health care inflation rate (- 1%)	14 493 000	17 320 000	31 813 000	-12%
Discount rate (+ 1%)	14 597 000	17 376 000	31 973 000	-12%
Discount rate (- 1%)	21 207 000	20 586 000	41 793 000	15%
Post-employment mortality (+ 1 year)	17 020 000	18 192 000	35 212 000	-3%
Post-employment mortality (- 1 year)	17 960 000	19 526 000	37 486 000	3%
Average retirement age (- 1 year)	19 224 000	18 856 000	38 080 000	5%
Membership continuation (- 10%)	15 293 000	18 856 000	34 149 000	-6%



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17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service	Interest Cost	Total Cost	% change
	Cost (R)	(R)	(R)	
Estimated for 2022/23	1 678 000	4 199 000	5 877 000	
Health care inflation rate (+ 1%)	2 081 000	4 858 000	6 939 000	18%
Health care inflation rate (- 1%)	1 367 000	3 664 000	5 031 000	-14%
Discount rate (+ 1%)	1 391 000	3 994 000	5 385 000	-8%
Discount rate (- 1%)	2 052 000	4 433 000	6 485 000	10%
Post-employment mortality (+ 1 year)	1 634 000	4 065 000	5 699 000	-3%
Post-employment mortality (- 1 year)	1 725 000	4 334 000	6 059 000	3%
Average retirement age (- 1 year)	1 852 000	4 404 000	6 256 000	6%
Membership continuation (- 10%)	1 471 000	3 939 000	5 410 000	-8%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	7 308 000	6 573 000
Contribution during the year	1 365 000	1 113 000
Current Service Cost	689 000	624 000
Interest Cost	676 000	489 000
Payments made	(698 446)	(589 173)
Actuarial Loss/(Gain)	(57 554)	211 173
Total balance at year-end	7 917 000	7 308 000
Less: Current portion	(667 000)	(581 000)
Total	7 250 000	6 727 000

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards

441

460

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability R

30 June 2022	7 917 000
30 June 2021	7 308 000
30 June 2020	6 573 000
30 June 2019	6 297 099
30 June 2018	5 832 000

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2022	28 445	-
30 June 2021	309 173	-
30 June 2020	329 410	-
30 June 2019	886 503	-
30 June 2018	195 916	-



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17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.21%	9.62%
General earnings inflation rate (long-term)	7.38%	5.91%
Net discount rate	3.56%	3.50%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Last Valuation

The last valuation was performed on 21 July 2022.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	7 917 000	8 454 000	7%
General earnings inflation rate (- 1%)	7 917 000	7 431 000	-6%
Discount rate (+ 1%)	7 917 000	7 419 000	-6%
Discount rate (- 1%)	7 917 000	8 476 000	7%
Average retirement age (+ 2 years)	7 917 000	8 752 000	11%
Average retirement age (- 2 years)	7 917 000	6 759 000	-15%
Withdrawal rates (x 2)	7 917 000	6 314 000	-20%
Withdrawal rates (x 0.5)	7 917 000	9 016 000	14%

Sensitivity Analysis on the Current-service and Interest Costs (Next financial year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2022/23	728 000	851 000	1 579 000	
General earnings inflation rate (+ 1%)	788 000	911 000	1 699 000	8%
General earnings inflation rate (- 1%)	673 000	796 000	1 469 000	-7%
Discount rate (+ 1%)	679 000	866 000	1 545 000	-2%
Discount rate (- 1%)	783 000	832 000	1 615 000	2%
Average retirement age (+ 2 years)	802 000	944 000	1 746 000	11%
Average retirement age (- 2 years)	631 000	721 000	1 352 000	-14%
Withdrawal rates (x 2)	535 000	671 000	1 206 000	-24%
Withdrawal rates (x 0.5)	868 000	974 000	1 842 000	17%

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	39 176	37 852
---	--------	--------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in an sound financial position with a funding level of 102.0% (30 June 2020 - 100.0%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	16 871 064	16 106 417
--	------------	------------

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 100.5% (30 June 2020 - 100.5%).

Total

16 910 239

16 144 269

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17 EMPLOYEE BENEFITS (CONTINUED)

Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

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

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

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

SAMWU National Provident Fund

1 054 042

1 057 619

Total

1 054 042

1 057 619

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

18 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

56 437 135

54 542 014

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance

54 542 014

44 575 361

Contribution during the year

1 895 121

9 966 653

Increase/(Decrease) in estimate

(3 119 556)

5 872 393

Interest Cost

5 014 677

4 094 260

Total

56 437 135

54 542 014

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

The future obligations for rehabilitating the landfill sites has been calculated using a discount rate (SA Bond yield) between 8.82% - 11.00% depending on the remaining useful life of the landfill-sites.



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18 NON-CURRENT PROVISIONS (CONTINUED)

The total obligation at year-end can be attributed to the following sites:

Location	Discount Rate	Site Dimension (m²)	Rehabilitation cost per m² (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Bitterfontein	11.00%	4 658	1 225	4 004 072	3 785 364
Doringbaai	11.00%	13 876	404	3 550 572	2 961 398
Klawer	11.00%	11 594	541	3 590 860	3 588 494
Kliprand	11.00%	1 818	1 777	2 266 828	2 179 554
Lutzville	8.82%	40 610	301	11 491 496	10 397 204
Nuwerus	11.00%	3 276	864	1 621 942	1 634 737
Rietpoort	11.00%	796	2 990	1 669 364	1 601 694
Strandfontein	11.00%	7 716	517	2 528 532	2 493 050
VanRhynsdorp	11.00%	25 641	860	11 069 018	11 293 821
Vredendal	11.00%	50 387	268	7 736 872	7 766 260
Ebenhaeser	11.00%	3 918	945	2 346 949	2 297 828
Koekenaap	11.00%	5 044	1 490	4 560 628	4 542 612
Total				56 437 135	54 542 014

The estimate cost, based on an average inflation rate of 5.36%, and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Bitterfontein	2029	8 313 096	7 881 194
Doringbaai	2031	9 082 495	7 406 316
Klawer	2033	11 317 521	10 780 499
Kliprand	2029	4 706 299	4 537 869
Lutzville	2024	13 607 491	12 905 963
Nuwerus	2033	5 111 967	4 911 051
Rietpoort	2029	3 465 868	3 334 756
Strandfontein	2031	6 468 079	6 235 001
VanRhynsdorp	2036	46 791 391	43 654 327
Vredendal	2033	24 384 741	23 331 280
Ebenhaeser	2031	6 003 583	5 746 759
Koekenaap	2033	13 564 713	12 753 035
Total		152 817 242	143 478 051

19 PROPERTY RATES

Rateable Land and Buildings	51 819 179	53 727 425
Less: Rebates	(823 551)	(997 748)
Total	50 995 627	52 729 677

Property rate levied are based on the following rateable valuations:

Domestic	3 647 757 000	3 629 755 500
Commercial	882 372 500	881 056 500
Church	140 339 000	127 891 000
Light Industrial	174 616 000	174 604 000
Agricultural/Rural	4 058 999 000	4 053 009 500
State	427 715 000	427 184 000
Other - Pensioners etc.	72 266 000	72 266 000
Vacant Land	214 466 900	215 227 900
Total Valuation	9 618 531 400	9 580 994 400



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PROPERTY RATES (CONTINUED)

Rate that is applicable to the valuations:

Residential (40% rebate on Residential - Agricultural)	0.008956 c/R	0.009427 c/R
Business and Commercial	0.012068 c/R	0.012068 c/R
Agricultural	0.001885 c/R	0.001885 c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the 25th of each month in which the amount was levied and annual rates are payable before 30 September.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it. Rebates on tariffs are granted as follows:

Agricultural	- 30% discount on agriculture land
Pensioners	- 75 % discount where income of less than R10 000 per residential erven
Pensioners	- 25 % discount where income of between R10 001 and R15 000 per residential erven

20

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

62 693 000

69 014 000

62 693 000

69 014 000

Conditional Grants - National Government

65 392 538

57 600 287

Integrated National Electrification Programme (INEP)
Financial Management Grant (FMG)
Municipal Infrastructure Grant (MIG)
Expanded Public Works Programme (EPWP)
Municipal Disaster Relief Grant (National)
Water Services Infrastructure Grant (WSIG)
Regional Bulk Infrastructure Grant (RBIG)

-
1 550 000
22 308 000
1 836 000
-
32 037 538
7 661 000

850 000
1 550 000
17 514 547
1 940 000
234 647
35 511 092
-

Conditional Grants - Provincial Government

24 477 052

8 823 428

Community Development Workers (CDW)
Libraries, Archives and Museums
Western Cape Financial Management Support Grant
Municipal Capacity Building Grant
Municipal Service Delivery and Capacity Building Grant
Thusong Services Centres
Human Settlements
Municipal Disaster Recovery Grant
Transport, Education and Training SETA
Maintenance of Main Roads
Public Employment Support Grant
Sport And Recreational Facilities

56 425
8 004 000
-
328 575
10 900
2 179
14 596 052
-
278 921
-
1 200 000
-

30 360
8 223 000
-
68 831
157 615
41 055
1 950
-
206 617
94 000
-
-

Conditional Grants - District Municipality

-

-

West Coast District Municipality (COVID 19 Relief)

-

-

Total

152 562 590

135 437 714

Disclosed as:

Government Grants and Subsidies - Operating
Government Grants and Subsidies - Capital

84 940 858
67 621 732

82 207 947
53 139 767

Total

152 562 590

135 437 714

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	62 693 000	69 014 000
Vote 1 - Council & Executive	-	-
Vote 2 - Financial Services	59 812 924	54 689 767
Vote 3 - Corporate Services	8 549 223	8 454 724
Vote 4 - Community Development Services	14 665 555	81 027
Vote 5 - Infrastructure Services	6 841 888	3 198 196
Total	152 562 590	135 437 714
The movements per grant can be summarised as follows:		
20.01 Equitable Share		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	62 693 000	69 014 000
Transferred to Revenue - Operating	(62 693 000)	(69 014 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
20.02 Integrated National Electrification Programme (INEP)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	850 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(850 000)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
Upgrading of bulk electricity in the municipal area.		
20.03 Financial Management Grant (FMG)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 550 000	1 550 000
Transferred to Revenue - Operating	(1 550 000)	(1 550 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
20.04 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	8 342 665	-
Grants Received / (Repaid)	13 965 335	30 807 000
Transferred to Revenue - Operating	(3 805 888)	(929 550)
Transferred to Revenue - Capital	(18 502 112)	(16 584 997)
Transfer to / (from) Receivables	-	(4 949 788)
Closing Unspent Balance	-	8 342 665
The Municipal Infrastructure Grant was used for capital projects relating to roads, sport and recreation and waste water infrastructure as well as salaries of the Project Management Unit (PMU).		



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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.05 Expanded Public Works Programme (EPWP)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 836 000	1 940 000
Transferred to Revenue - Operating	(1 836 000)	(1 940 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
20.06 Municipal Disaster Relief Grant (National)		
Opening Unspent Balance	-	234 647
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	(234 647)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
The grant was used for COVID-19 related expenses including personal protective equipment and sanitisers.		
20.07 Water Services Infrastructure Grant (WSIG)		
Opening Unspent Balance	8 545 677	27 746 769
Grants Received / (Repaid)	33 388 665	16 310 000
Transferred to Revenue - Operating	(4 178 809)	-
Transferred to Revenue - Capital	(27 858 729)	(35 511 092)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	9 896 804	8 545 677
The Water Services Infrastructure Grant was utilised to increase accessibility to water resources and upgrading of sewerage services for all residents.		
20.08 Regional Bulk Infrastructure Grant (RBIG)		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	7 661 000	-
Transferred to Revenue - Operating	(999 261)	-
Transferred to Revenue - Capital	(6 661 739)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-
This grant was utilised to increase accessibility to water resources in Klawer.		
20.09 Community Development Workers (CDW)		
Opening Unspent Balance	160 725	191 085
Grants Received / (Repaid)	94 000	-
Transferred to Revenue - Operating	(56 425)	(30 360)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	198 300	160 725
The grant was used for operating expenses relating to the Community Development Workers (CDW) programme.		



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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.10 Libraries, Archives and Museums

Opening Unspent Balance	-	-
Grants Received / (Repaid)	8 675 000	8 223 000
Transferred to Revenue - Operating	(7 941 726)	(8 179 276)
Transferred to Revenue - Capital	(62 274)	(43 724)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	671 000	-

The grant was used to finance library activities in the municipal area.

20.11 Western Cape Financial Management Support Grant

Opening Unspent Balance	-	50 000
Grants Received / (Repaid)	840 475	(50 000)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	840 475	-

The grant was used to implement standard operating procedures (SOP's) and implementation of mSCOA.

20.12 Municipal Capacity Building Grant

Opening Unspent Balance	231 169	725 194
Grants Received / (Repaid)	290 235	(425 194)
Transferred to Revenue - Operating	(328 575)	(68 831)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	192 829	231 169

The grant was used to assist students with academic study fees.

20.13 Municipal Service Delivery and Capacity Building Grant

Opening Unspent Balance	42 385	200 000
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	(1 422)	(7 662)
Transferred to Revenue - Capital	(9 478)	(149 953)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	31 485	42 385

The grant was used to assist Vredendal North home work hub.

20.14 Thusong Services Centres

Opening Unspent Balance	161 480	52 535
Grants Received / (Repaid)	(11 480)	150 000
Transferred to Revenue - Operating	(2 179)	(41 055)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	147 822	161 480

The grant was used for operational maintenance of Thusong centres.



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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.15 Human Settlements

Opening Unspent Balance	2 617 917	2 619 867
Grants Received / (Repaid)	13 588 452	-
Transferred to Revenue - Operating	(68 651)	(1 950)
Transferred to Revenue - Capital	(14 527 401)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	1 610 317	2 617 917

The grant was used to facilitate and provide basic infrastructure and title deed transfers.

20.16 Municipal Disaster Recovery Grant

Opening Unspent Balance	56 863	56 863
Grants Received / (Repaid)	(56 863)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	56 863

The grant was used for drought relief through construction of boreholes in the municipal area.

20.17 Transport, Education and Training SETA

Opening Unspent Balance	-	-
Grants Received / (Repaid)	278 921	206 617
Transferred to Revenue - Operating	(278 921)	(206 617)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The grant was used for training of municipal officials.

20.18 Maintenance of Main Roads

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	94 000
Transferred to Revenue - Operating	-	(94 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The grant was used for maintenance of provincial roads.

20.19 Public Employment Support Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 200 000	-
Transferred to Revenue - Operating	(1 200 000)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant is used to coordinate and ensure the implementation of targeted, short term public employment programmes for communities identified as being in distress.

20.20 Sport And Recreational Facilities

Opening Unspent Balance	-	-
Grants Received / (Repaid)	800 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	800 000	-

The grant will be used for the construction of netball fields in Doringbaai.



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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
20.21 West Coast District Municipality (COVID 19 Relief)		
Opening Unspent Balance	42 580	42 580
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	42 580	42 580
The grant was used for COVID-19 related marketing and procurement of personal protective equipment.		
20.22 Total Grants		
Opening Unspent Balance	20 201 461	31 919 540
Grants Received / (Repaid)	146 792 741	128 669 423
Transferred to Revenue - Operating	(84 940 858)	(82 297 947)
Transferred to Revenue - Capital	(67 621 732)	(53 139 767)
Transfer to / (from) Receivables	-	(4 949 788)
Closing Unspent Balance	14 431 612	20 201 461
21 PUBLIC CONTRIBUTIONS AND DONATIONS		
Tronox Namakwa sands	1 128 900	-
Tormin Mineral Sands	-	-
Total	1 128 900	-
Disclosed as:		
Public Contributions and Donations - Operating	147 248	-
Public Contributions and Donations - Capital	981 652	-
Total	1 128 900	-
The movements per grant can be summarised as follows:		
21.01 Tronox Namakwa sands		
Opening Unspent Balance	-	-
Received	1 128 900	-
Transferred to Revenue - Operating	(147 248)	-
Transferred to Revenue - Capital	(981 652)	-
Closing Unspent Balance	-	-
The contribution was used for upgrading of Koekenaap bulk water infrastructure.		
21.02 Tormin Mineral Sands		
Opening Unspent Balance	612 415	612 415
Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	612 415	612 415
The contribution was used for upgrading of Doringbaai Fish Stain Facility.		
21.03 Total Conditional Contributions		
Opening Unspent Balance	612 415	612 415
Received	1 128 900	-
Transferred to Revenue - Operating	(147 248)	-
Transferred to Revenue - Capital	(981 652)	-
Closing Unspent Balance	612 415	612 415



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22	CONTRIBUTED ASSETS		
	Property, Plant and Equipment	1 954 313	-
	Total	1 954 313	-
	Contributed Assets consists out of the following:		
	- Skip Loader Truck	1 901 000	
	- Submersible Sewerage Pumps	53 313	
	Total	1 954 313	-
	The contributed assets were donated from the following parties:		
	- Department of Forestry, Fisheries and the Environment	1 901 000	
	- Maskam Water	53 313	
	Total	1 954 313	-
23	AVAILABILITY CHARGES		
	Electricity	1 681 723	626 362
	Water	1 339 057	543 872
	Sewerage and Sanitation	1 109 206	301 614
	Refuse Removal	97 560	7 896
	Total	4 227 546	1 479 744
	As previously reported		-
	Correction of error restatement - note 46.1		1 479 744
	Restated balance		1 479 744
	Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity, sewerage and solid waste) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		
24	FINES, PENALTIES AND FORFEITS		
	Traffic Fines	9 170 641	7 951 059
	Retentions	280 000	-
	Overdue Book Fines	18 437	12 537
	Building	9 841	22 274
	Total	9 478 919	7 985 870
	In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
25	ACTUARIAL GAINS		
	Post Retirement Medical Benefits	-	493 630
	Long Service Awards	57 554	-
	Total	57 554	493 630
26	FAIR VALUE ADJUSTMENT GAINS		
	Investment Property	2 538 500	12 377 000
	Total	2 538 500	12 377 000
	As previously reported		4 575 600
	Correction of error restatement - note 46.2		(2 102 600)
	Restated balance		12 377 000

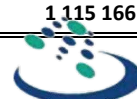
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27 OTHER INCOME (NON-EXCHANGE)		
Discounts and Early Settlements	597	4 719
Incidental Cash Surpluses	12 343	15 628
Insurance Refund	215 139	-
Staff Recoveries	17 493	7 981
Gains on Foreign Exchange Transactions	-	10 676
Unclaimed Money	812 698	1 251 311
Total	1 058 270	1 290 316
28 SERVICE CHARGES		
Electricity	137 168 846	123 349 403
Water	28 239 821	23 628 294
Sewerage and Sanitation	26 489 662	22 999 621
Refuse Removal	26 016 120	24 207 704
Total Revenue	217 914 450	194 185 022
Less: Rebates	(11 693 966)	(11 925 521)
Electricity	(260 203)	(358 200)
Water	(1 054 788)	(993 817)
Sewerage and Sanitation	(5 566 217)	(5 663 138)
Refuse Removal	(4 812 758)	(4 910 366)
Total	206 220 484	182 259 502
As previously reported		183 739 245
Correction of error restatement - note 46.1		(1 479 744)
Restated balance		182 259 502
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
29 RENTAL OF FACILITIES AND EQUIPMENT		
Halls and Sportfields	235 023	79 334
Buildings	1 515 859	1 594 502
Equipment	6 024	40 404
Total	1 756 906	1 714 240
30 INTEREST EARNED - EXTERNAL INVESTMENTS		
Banking Institutions	780 068	269 428
Eskom Deposits	13 832	15 973
Total	793 900	285 401
31 LICENCES AND PERMITS		
Hoarding (Collecting/Storing)	10 040	10 697
Trading	-	2 670
Road and Transport	955 483	1 088 868
Market Porters	6 092	12 932
Total	971 615	1 115 166

The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.



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32 AGENCY SERVICES		
Department of Transport and Public Works	4 081 216	3 731 182
Department of Human Settlements	68 651	-
Total	4 149 868	3 731 182
The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.		
The Municipality acts as an agent for the Department of Human Settlements and the beneficiaries of the developed low-cost housing.		
Refer to note 57.2 for additional disclosure in this regard.		
33 OTHER INCOME (EXCHANGE)		
Advertisements	470	34 261
Application Fees for Town Planning	25 583	37 544
Building Plan Approval and Clause Levy	421 055	252 437
Camping Fees	2 926 623	2 231 221
Cemetery and Burial	359 690	291 365
Clearance Certificates	126 307	184 191
Collection Charges	540 016	661 298
Commission	170 920	142 212
Management Fees	347 435	142 815
Photocopies and Faxes	18 156	15 259
Roadworthy Certificates	443 425	529 159
Tender documents	65 300	81 610
Sundry Income	36 384	20 626
Total	5 481 362	4 623 998
34 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	113 384 283	110 252 499
Pension and UIF Contributions	18 979 262	17 797 146
Medical Aid Contributions	4 815 249	4 589 732
Overtime	5 924 381	5 490 895
Motor Vehicle Allowances	8 909 416	9 073 697
Cell Phone Allowances	226 945	239 944
Housing Allowances	357 617	953 087
Other benefits and allowances	5 919 297	5 359 220
Bargaining Council	59 699	57 549
Group Life Insurance	2 559 562	2 113 115
Standby Allowances	3 300 036	3 188 556
Contributions to Employee Benefits	11 617 149	13 163 355
Bonuses	8 624 580	8 453 704
Staff Leave	448 855	2 704 651
Performance Bonus	225 714	-
Long Service Awards	689 000	624 000
Post Retirement Medical Benefits	1 629 000	1 381 000
Workmens Compensation Fund	829 434	970 730
Total	170 963 034	167 890 304



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EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of Management Personnel

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

Municipal Manager - Mr AI Hendricks (1 April 2020 - 28 February 2021)

Basic Salary	-	611 146
Pension and UIF Contributions	-	1 190
Motor Vehicle Allowance	-	232 295
Other benefits and allowances	-	159 547
Total	-	1 004 178

Municipal Manager - Mr I Kenned (1 March 2021 - 31 May 2021)

Basic Salary	-	414 016
Pension and UIF Contributions	-	446
Other benefits and allowances	-	77 630
Total	-	492 093

Municipal Manager - Mr GRJ Seas (18 November 2021 - current)

Basic Salary	703 608	-
Pension and UIF Contributions	1 240	-
Motor Vehicle Allowance	91 082	-
Cell Phone Allowance	13 200	-
Other benefits and allowances	123 344	-
Total	932 473	-

Chief Financial Officer - Mr ER Alfred (4 May 2020 - current)

Basic Salary	551 369	849 687
Pension and UIF Contributions	2 125	1 813
Performance Bonus	57 218	-
Motor Vehicle Allowance	273 653	188 014
Cell Phone Allowance	15 350	-
Other benefits and allowances	328 294	131 436
Total	1 228 009	1 170 951

Director: Corporate Services - Mr W Conradie (1 February 2007 - 31 July 2020)

Basic Salary	-	71 313
Pension and UIF Contributions	-	14 055
Medical Aid Contributions	-	4 773
Motor Vehicle Allowance	-	6 726
Cell Phone Allowance	-	1 149
Other benefits and allowances	-	1 345 823
Total	-	1 443 838



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EMPLOYEE RELATED COSTS (CONTINUED)

Director: Community Development Services - Mr LJ Phillips (1 January 2007 - current)

Basic Salary	976 543	977 427
Pension and UIF Contributions	2 125	1 813
Medical Aid Contributions	28 232	28 350
Performance Bonus	168 496	-
Motor Vehicle Allowance	166 573	155 378
Cell Phone Allowance	6 094	7 800
Other benefits and allowances	116 375	115 800
Total	1 464 439	1 286 568

Director: Infrastructure Services - Mr M Owies (1 August 2020 - 31 December 2021)

Basic Salary	389 001	713 452
Pension and UIF Contributions	1 063	1 664
Motor Vehicle Allowance	130 038	238 408
Other benefits and allowances	159 491	112 500
Total	679 593	1 066 025

Director: Infrastructure Services - Mr R Basson (1 April 2022 - current)

Basic Salary	234 869	-
Pension and UIF Contributions	531	-
Motor Vehicle Allowance	-	-
Other benefits and allowances	24 263	-
Total	259 664	-

Employee acting in management positions

The following employees acted in management positions for a significant time during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position	Number of days in acting position		2022	2021
		2022	2021		
RF Saul	Municipal Manager	35	0	12 554	-
RF Saul	Director: Community Services	23	27	1 876	6 672
RF Saul	Director: Corporate Services	44	0	32 998	-
M Owies	Municipal Manager	43	17	43 071	17 028
B Ovis	Director: Infrastructure Services	17	0	12 158	-
Z Nongene	Director: Infrastructure Services	126	0	101 457	-
Mr ED Adams	Director: Infrastructure Services	0	23	-	11 690
Total				204 114	35 390



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REMUNERATION OF COUNCILLORS

	2022	2021
Cllr HJ van der Hoven	587 611	-
Cllr DD Jenner	-	68 635
Cllr A Sindaymba	590 540	313 230
Cllr MM Bains	329 772	901 659
Cllr NS Louw	114 277	313 230
Cllr EJ Jenner	142 545	341 443
Cllr F Hahn	114 277	113 732
Cllr AFK Job	590 560	313 230
Cllr P Bok	209 719	704 878
Cllr WH Nell	235 145	221 320
Cllr AW Links	250 956	686 446
Cllr J de Jongh	250 956	336 038
Cllr M Carosini	114 277	313 230
Cllr NM Ngobo (passed away 7 June 2021)	-	642 590
Cllr XP Tshetu	146 014	313 230
Cllr CA le Fleur	473 846	681 372
Cllr J Hein	114 277	313 230
Cllr N Siglingo	103 909	-
Cllr W Fortuin	51 813	-
Cllr S Tshali	195 265	-
Cllr SP Cornelissen	447 383	-
Cllr AJ Pool	207 126	-
Cllr DA Witbooi	207 126	-
Cllr C White	447 384	-
Cllr TJ Muller	207 126	-
Cllr J Koopman	207 126	-
Cllr SJ Tshabalala	207 126	-
Cllr CJ Boks	313 223	-
Cllr B Owies	117 232	-
Cllr M Bottom	126 146	-
Cllr RXR Kock	250 956	686 446
Total	7 353 716	7 263 938

	Basic Salary	Cellphone Allowances	Total
2022			
Executive Mayor	814 516	97 511	912 027
Deputy Executive Mayor	665 587	72 060	737 647
Speaker	642 973	82 575	725 547
Executive Committee Members	1 731 125	192 410	1 923 536
All Other Councillors	2 636 797	418 162	3 054 959
Total	6 490 999	862 717	7 353 716
2021			
Executive Mayor	860 859	40 800	901 659
Deputy Executive Mayor	672 561	41 239	713 800
Speaker	688 688	40 800	729 488
Executive Committee Members	1 918 496	119 793	2 038 289
All Other Councillors	2 515 033	365 668	2 880 702
Total	6 655 638	608 300	7 263 938

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.



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	2022	2021
36 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	17 842 796	11 767 438
Receivables from Non-Exchange Transactions	13 791 671	9 780 318
Long-term Receivables	1 789 432	(158 939)
Total Debt Impairment	33 423 899	21 388 818
Movement in VAT included in debt impairment	(1 911 330)	91 592
Total	31 512 569	21 480 409
37 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	22 437 025	20 091 426
Intangible Assets	119 137	119 135
Total	22 556 162	20 210 561
As previously reported		19 634 691
Correction of error restatement - note 46.3		575 870
Restated balance		20 210 561
38 IMPAIRMENTS		
Property, Plant and Equipment	8 415 731	4 142
Total	8 415 731	4 142
During the current year a full physical verification was performed on Investment Property and Property, Plant and Equipment. Impairment was identified on items that are in poor conditions which are subject to refurbishment in order restore them to a functional condition.		
39 FINANCE CHARGES		
Cash	8 980 873	3 111 671
Long-term Liabilities	1 334 439	1 633 440
Bank Overdraft	420 591	310 503
Overdue Accounts	7 225 843	1 167 728
Non-cash	8 857 677	7 547 260
Post Retirement Medical Benefits	3 167 000	2 964 000
Long Service Awards	676 000	489 000
Rehabilitation of Landfill Sites	5 014 677	4 094 260
Total	17 838 550	10 658 931
Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts.		

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<i>Figures in Rand</i>		2022	2021
40	BULK PURCHASES		
	Electricity	131 624 205	110 707 673
	Water	7 805 753	7 021 014
	Total	139 429 958	117 728 687
<p>Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from Lower Olifants River Water User Association.</p>			
41	CONTRACTED SERVICES		
	Accounting and Auditing	674 294	489 622
	Audit Committee	28 214	54 879
	Business and Financial Management	1 279 431	2 799 385
	Catering Services	39 611	35 599
	Commissions and Committees	66 101	20 668
	Employee Wellness	26 735	33 668
	Fire Protection	52 632	35 939
	Fire Services	2 639 027	1 894 996
	Graves Contractors	126 000	-
	Internal Auditors	629 000	464 000
	Laboratory Services	335 332	428 930
	Land and Quantity Surveyors	-	8 541
	Legal Cost	305 493	2 164 958
	Maintenance Services	1 181 388	946 913
	Management of Informal Settlements	8 692	2 583
	Medical Services	47 302	21 480
	Organisational	-	31 304
	Project Management	-	1 950
	Quality Control	24 575	37 500
	Security Services	531 448	2 007 916
	Traffic Fines Management	-	26 879
	Translators, Scribes and Editors	1 842	-
	Transport Services	36 018	5 800
	Valuer and Assessors	125 439	128 748
	Veterinary Services	522 000	522 000
	Total	8 680 571	12 164 258
42	TRANSFERS AND GRANTS		
	Life Guards	88 696	195 500
	Development Programmes	261	30 536
	Poverty Relief	16 548	-
	Tourism	1 325 000	1 320 740
	Bursaries	446 836	61 515
	Social Relief	10 229	4 531
	Sport Development	-	1 652
	Total	1 887 571	1 614 474



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	2022	2021
43 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	299 021	315 338
Audit Fees	3 132 802	2 094 106
Bank Charges, Facility and Card Fees	728 662	953 006
Chemicals	490 745	294 400
Cleaning Materials	201 564	266 304
Commission	2 636 151	2 598 118
Prepaid Electricity Vendors	2 612 128	2 563 660
Other Third Party Vendors	24 023	34 457
Communication	1 033 858	906 397
Telephone, Fax, Telegraph and Telex	1 012 023	875 840
Postage, Stamps and Franking Machines	11 436	24 360
Licences (Radio and Television)	10 399	6 197
Entertainment	1 294	1 543
External Computer Service	2 560 011	2 310 525
Fuel	5 384 547	4 055 412
Full Time Union Representative	200 064	131 962
Hire Charges	3 426 787	1 478 332
Insurance Underwriting	1 702 069	1 900 523
Licences	279 252	266 951
Loss on Foreign Exchange Transactions	57 154	22 206
Maintenance Materials	5 325 907	4 116 658
Management Fee	363 663	158 531
Electricity - Internal usage	3 082 163	2 739 151
Printing, Publications and Books	1 612 213	1 457 195
Professional Bodies, Membership and Subscription	1 850 769	1 643 135
Registration Fees	24 700	41 337
Skills Development Fund Levy	1 422 140	1 160 168
System Access and Information Fees	26 457	33 517
Travel and Subsistence	349 441	294 517
Uniform and Protective Clothing	560 291	498 201
Vehicle Tracking	23 850	136 936
Sundries and Other Consumables	206 573	194 199
Total	36 982 146	30 068 667
As previously reported		28 691 212
Correction of error restatement - note 46.4		1 377 455
Restated balance		30 068 667
44 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	629 751	-
Long Service Awards	-	211 173
Total	629 751	211 173



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45 LOSS ON DISPOSAL OF NON-MONETARY ASSETS

Proceeds	545 739	2 108 317
Less: Carrying value of Investment Property disposed	(2 605 000)	(1 831 000)
Less: Carrying value of Property, Plant and Equipment disposed	(3 454 325)	(359 884)
Total	(5 513 585)	(82 567)
As previously reported		(201 747)
Correction of error restatement - note 46.3		273
Correction of error restatement - note 46.4		118 907
Restated balance		(82 567)

During the current year a full physical verification was performed on Investment Property and Property, Plant and Equipment. A significant amount of items were identified to be obsolete and accordingly disposed.

46 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS

46.1 Receivables from Non-Exchange Transactions

The following errors were noted:

- During the 2020/21 statutory audit, the Auditor General (AGSA) raised a finding that Availability Charges should be disclosed as non-exchange revenue and not as exchange revenue. The Municipality adopted AGSA's recommendation and reclassified Availability Charges as non-exchange revenue. Accordingly, availability charges revenue and the associated net receivable amounting to R1 479 744 and R245 154 respectively, were reclassified.
- Unpaid electricity sales from prepaid vendors amounting to R144 071 was incorrectly classified as Receivables from Non-Exchange Transactions, rather than Receivables from Exchange Transactions.

The net effect of the above-mentioned errors were as follow:

- Receivables from Exchange Transactions - note 3	Overstated	(101 082)
- Receivables from Non-Exchange Transactions - note 4	Understated	101 082
- Availability Charges - note 23	Understated	1 479 744
- Service Charges - note 28	Overstated	(1 479 744)

46.2 Investment Property

The following errors were noted:

- Properties with a fair value of R1 645 000 were duplicated on the asset register and accordingly removed.
- Properties with a fair value of R4 362 000 were deemed not to be in the control of the Municipality and accordingly removed from the asset register.
- Properties with a fair value of R14 909 500 which met the definition of Investment Property were previously incorrectly classified as Property, Plant and Equipment.
- Properties with a fair value of R5 230 500 of which the Municipality is deemed to have control, were not recorded on the asset register.

The net effect of the above-mentioned errors were as follow:

- Investment Property - note 9	Understated	14 133 000
- Fair Value Adjustment Gains - note 26	Overstated	(2 102 600)
- Accumulated Surplus - note 46.5	Understated	16 235 600



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46 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS (CONTINUED)

46.3 Property, Plant and Equipment

The following errors were noted:

- Assets with a carrying value of R113 908 were incorrectly disposed in prior years.
- Assets with a carrying value of R21 407 112 of which the Municipality is deemed to have control, were not recorded on the asset register.
- Assets with a carrying value of R1 058 491 were duplicated on the asset register and accordingly removed.
- Assets with a carrying value of R4 727 562 were deemed not to be in the control of the Municipality and accordingly removed from the asset register.
- Donated asset with a carrying value of R2 383 413 were not recorded in the asset register.
- Properties with a carrying value of R17 143 519 which met the definition of Investment Property were previously incorrectly classified as Property, Plant and Equipment.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 10	Understated	974 862
- Depreciation and Amortisation - note 37	Understated	575 870
- Loss on disposal of Non-Monetary Assets - note 45	Understated	273
- Accumulated Surplus - note 46.5	Understated	1 550 459

46.4 Payables from Exchange Transactions

The following errors were noted:

- Accruals pertaining to one supplier amounting to R2 101 582 was not raised as on 30 June 2021.
- Sale of Land Deposits was not cleared, which resulted that the proceeds on sale of land amounting to R212 339 was not recognised.
- Loan instalments amounting to R1 336 475 which was due on 30 June 2021 was not paid and accordingly the unpaid portion was incorrectly included as Payables from Exchange Transactions, rather than disclosed as part of Current Portion of Long-term Liabilities.

The net effect of the above-mentioned errors were as follow:

- Taxes - note 5	Understated	274 119
- Current Portion of Long-term Liabilities - note 12	Understated	1 336 475
- Payables from Exchange Transactions - note 13	Understated	552 769
- Other Expenditure - note 43	Understated	1 377 455
- Loss on disposal of Non-Monetary Assets - note 45	Overstated	(118 907)
- Accumulated Surplus - note 46.5	Overstated	(356 576)

46.5 Accumulated Surplus

Investment Property - note 46.2	Understated	16 235 600
Property, Plant and Equipment - note 46.3	Understated	1 550 459
Payables from Exchange Transactions - note 46.4	Overstated	(356 576)
Total		17 429 483



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NET CASH FROM OPERATING ACTIVITIES

	2022	2021
Net Surplus/(Deficit) for the year	(8 386 989)	16 181 781
Adjusted for:		
Non-cash revenue included in Net Surplus	(4 549 497)	(12 873 406)
Contributed Assets	(1 954 313)	-
Actuarial Gains	(57 554)	(493 630)
Rental of Facilities and Equipment - decrease in operating lease asset	870	(2 776)
Fair Value Adjustment Gains	(2 538 500)	(12 377 000)
Non-cash expenditure included in Net Surplus	89 102 624	62 699 467
Employee Related Costs - Contributions towards	11 617 149	13 163 355
Post Retirement Medical Benefits	1 629 000	1 381 000
Long Service Awards	689 000	624 000
Bonuses	8 624 580	8 453 704
Staff Leave	448 855	2 704 651
Performance Bonuses	225 714	-
Debt Impairment	31 512 569	21 480 409
Depreciation and Amortisation	22 556 162	20 210 561
Impairments	8 415 731	4 142
Finance Charges	8 857 677	7 547 260
Post Retirement Medical Benefits	3 167 000	2 964 000
Long Service Awards	676 000	489 000
Provision for Rehabilitation of Landfill-sites	5 014 677	4 094 260
Actuarial Losses	629 751	211 173
Loss on disposal of Non-Monetary Assets	5 513 585	82 567
Cash expenditure not included in Net Surplus	(12 629 925)	(11 474 281)
Post Retirement Medical Benefits	(1 464 751)	(1 586 371)
Long Service Awards	(698 446)	(589 173)
Bonuses	(8 658 024)	(7 993 514)
Staff Leave	(1 582 990)	(1 296 413)
Performance Bonus	(225 714)	-
Pension	-	(8 810)
Operating Surplus before changes in working capital	63 536 213	54 533 562
Movement in working capital	15 691 496	(5 798 028)
Receivables from Exchange Transactions	(20 221 321)	(12 370 727)
Receivables from Non-Exchange Transactions	(12 935 313)	(5 629 789)
Inventory	(732 267)	219 957
Long-term Receivables	(3 430 029)	(671 439)
Long-term Liabilities (Repayment Arrangements)	25 380 800	-
Payables from exchange transactions	36 433 049	28 734 399
Unspent Conditional Government Grants	(5 769 849)	(11 718 079)
Unspent Public Contributions	-	-
Taxes	(3 033 573)	(4 362 349)
Cash Flow from Operating Activities	79 227 709	48 735 534

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CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	20 332 648	15 250 438
Cash Floats	5 820	5 820
Total	20 338 468	15 256 258

Refer to note 2 for more details relating to cash and cash equivalents.



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49 BUDGET COMPARISONS

49.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

Reconciliation of adjustments to Actuals	Actuals per Statement of Financial Performance R	Reclassification due to mSCOA versus GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	50 995 627	-	50 995 627
Service Charges - Electricity Revenue	138 590 367	-	138 590 367
Service Charges	136 908 644		
Availability Charges	1 681 723		
Service Charges - Water Revenue	28 524 091	-	28 524 091
Service Charges	27 185 033		
Availability Charges	1 339 057		
Service Charges - Sanitation Revenue	22 032 650	-	22 032 650
Service Charges	20 923 444		
Availability Charges	1 109 206		
Service Charges - Refuse Revenue	21 300 922	-	21 300 922
Service Charges	21 203 363		
Availability Charges	97 560		
Rental of Facilities and Equipment	1 756 906	-	1 756 906
Interest Earned - External Investments	793 900	-	793 900
Interest Earned - Outstanding Debtors	-	-	(0)
Fines	9 478 919	-	9 478 919
Licences and Permits	971 615	-	971 615
Agency Services	4 149 868	(68 651)	4 081 216
Transfers Recognised - Operational	85 088 106	-	85 088 106
Government Grants and Subsidies - Operating	84 940 858		
Public Contributions and Donations - Operating	147 248		
Other Revenue	6 539 633	68 651	6 608 284
Other Income (Non-Exchange)	1 058 270		
Other Income (Exchange)	5 481 362		
Gains	2 596 054	-	2 596 055
Actuarial Gains	57 554		
Fair Value Adjustment Gains	2 538 500		
Total Revenue (excluding capital transfers)	372 818 658	-	372 818 658



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BUDGET COMPARISONS (CONTINUED)

EXPENDITURE

Employee Related Costs	170 963 034	(829 434)	170 133 599
Remuneration of Councillors	7 353 716	-	7 353 716
Debt Impairment	31 512 569	-	31 512 569
Depreciation and Asset Impairment	30 971 893	-	30 971 891
Depreciation and Amortisation	22 556 162		
Impairments	8 415 731		
Finance Charges	17 838 550	-	17 838 550
Bulk purchases	139 429 958	(7 805 753)	131 624 205
Inventory consumed	-	14 037 499	14 037 499
Contracted Services	8 680 571	-	8 680 571
Transfers and Grants	1 887 571	-	1 887 571
Other Expenditure	36 982 146	(5 459 466)	31 522 680
Losses	6 143 336	57 154	6 200 490
Actuarial Losses	629 751		
Loss on disposal of Non-Monetary Assets	5 513 585		
Total Expenditure	451 763 344	-	451 763 342
Surplus/(Deficit)	(78 944 687)	-	(78 944 684)
Transfers and subsidies - capital (monetary) - Government	67 621 732	-	67 621 732
Transfers and subsidies - capital (monetary) - Other	981 652	-	981 652
Transfers and subsidies - capital (in-kind)	1 954 313	-	1 954 313
Surplus/(Deficit) for the year	(8 386 989)	-	(8 386 987)

The items reclassified were as follows:

Item	GRAP Classification	Budget Classification	Amount
Department of Human Settlements	Agency Services	Other Revenue	68 651
Workmens Compensation Fund	Employee Related Cost	Other Expenditure	829 434
Water	Bulk Purchases	Inventory Consumed	7 805 753
Chemicals	Other Expenditure	Inventory Consumed	490 745
Cleaning Materials	Other Expenditure	Inventory Consumed	201 564
Maintenance Materials	Other Expenditure	Inventory Consumed	5 325 907
Printing, Publications and Books	Other Expenditure	Inventory Consumed	114 311
Sundries and Other Consumables	Other Expenditure	Inventory Consumed	99 219
Loss on Foreign Exchange Transactions	Other Expenditure	Losses	57 154

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects.

49.2 Statement of Financial Position

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2020/21.

Actual Amounts vs Final Budget

Cash	More cash available as a direct result of less creditors paid before year-end than anticipated.
Investment property	Actuals more than budget due to the prior year error corrections.



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BUDGET COMPARISONS (CONTINUED)

Property, plant and equipment	Actuals less than budget due to impairment and disposals identified during full asset verification.
Borrowing	Actuals more than budget as the Municipality entered into repayment arrangements with outstanding creditors.
Trade and other payables	Actuals more than budget as the Municipality intended to enter into a extended repayment arrangement with Eskom. At year-end the arrangement has not been finalised. The intended arrangement would have resulted that repayments would occur over a period of more than 12 months after year-end (i.e. non-current).
Provisions and Employee Benefits	Actuals less than budget as the Municipality intended to enter into a repayment arrangement with Eskom. At year-end the arrangement has not been finalised. The intended arrangement would have resulted that repayments would occur over a period of more than 12 months after year-end (i.e. non-current).
Accumulated Surplus	Actuals were less than budget due to the deficit in the Statement of Financial Performance than anticipated.

49.3 Statement of Financial Performance

Adjustments to Original Budget

Fines	Contract with traffic fines service provider ended during 2019/2020 and a new traffic fines service provider could not be appointed during the current financial year. The municipality was unable to generate its own camera speed fines without the equipment of the service provider.
Transfers Recognised - Operational	Budget was adjusted due the grant funding from Department of Human Settlements of which the Municipality is deemed to be acting as an agent and therefore neither the revenue nor expenditure included in the budget.
Debt Impairment	Initial budget for debt impairment was deemed insufficient and accordingly adjusted to be in line with the collection rate.
Finance Charges	Finance charges were increased to accommodate the interest charged by Eskom as per the repayment agreement.
Bulk Purchases	The initial budget was based on the revised tariffs which would have been implemented in March 2022. However the said tariffs was not implemented due internal processes of Eskom not finalised at year-end.
Inventory Consumed	Budget was adjusted due the grant funding from Department of Human Settlements of which the Municipality is deemed to be acting as an agent and therefore neither the revenue nor expenditure included in the budget.
Other Expenditure	Budget was increased mainly as a result of increased fuel prices.
Transfers and subsidies - capital (monetary) - Government	Additional funding received from the Department of Human Settlements.



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BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue	Actuals less than budget as the Municipality experienced unexpected delays in the replacement of electricity meters before 30 June 2022 as initially forecasted.
Transfers Recognised - Operational	Actuals less than budget is WSIG Grant related projects were abandoned and grant monies to be repaid to Treasury.
Gains	Actuals less than budget due to significant amount of disposals identified during physical verification which ultimately resulted in a net loss.
Employee Related Costs	Vacant posts were not filled as result of finalisation of new organogram. Staff leave provision was less than budget as more leave was taken than anticipated.
Depreciation and Asset Impairment	Actuals more than budget as a result of the impairment recognised during the full physical verification which was not budgeted for.
Contracted Services	Actuals less than budget as several projects not concluded at year-end, including the title deeds transfer project and cost of supply studies.
Transfers and subsidies - capital (monetary) - Government	Actuals less than budget is WSIG Grant related projects were abandoned and grant monies to be repaid to Treasury.

49.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash From/(Used) Operating Activities	Decrease in cash from operating activities due to increase in Finance Charges, Bulk Purchases and Other Expenditure as per the Statement of Financial Performance.
Net Cash from/(used) Investing Activities	Capital expenditure from funding received from the Department of Human Settlements were not included in original budget.

Actual Amounts vs Final Budget

Net Cash From/(Used) Operating Activities	Net cash flow was more than budget mainly due to less creditors settled at year-end than anticipated as a result of cash flow constraints.
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UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	6 000 343	-
Unauthorised expenditure current year - operating	14 480 078	6 000 343
Unauthorised expenditure current year - capital	-	-
Approved by Council	(6 000 343)	-
Unauthorised expenditure awaiting further action	14 480 078	6 000 343



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50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R	2021 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Council & Executive	20 606 350	22 937 788	-	-
Vote 2 - Financial Services	54 631 337	56 541 584	-	-
Vote 3 - Corporate Services	26 113 065	30 957 898	-	-
Vote 4 - Community Development Services	74 523 236	79 059 487	-	-
Vote 5 - Infrastructure Services	275 889 354	261 409 276	14 480 078	6 000 343
Total	451 763 342	450 906 033	14 480 078	6 000 343

The overspending incurred is attributable to the following categories:

Non-cash	- Debt Impairment (insufficiently budgeted)	-	6 000 343
Non-cash	- Impairment (unforeseen as project was only concluded in August 2022)	6 305 833	-
Non-cash	- Loss on disposals (unforeseen as project was only concluded in August 2022)	2 773 131	-
Non-cash	- Depreciation (insufficiently budgeted)	5 401 114	-
Total		14 480 078	6 000 343

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R	2021 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 1 - Council & Executive	-	-	-	-
Vote 2 - Financial Services	191 603	224 750	-	-
Vote 3 - Corporate Services	62 274	64 576	-	-
Vote 4 - Community Development Services	92 225	817 721	-	-
Vote 5 - Infrastructure Services	72 362 313	79 654 262	-	-
Total	72 708 415	80 761 309	-	-

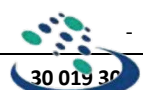
50.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	30 019 307	177 622 368
Irregular expenditure identified in the current year relating to the prior year	4 230 870	-
Irregular expenditure incurred in the current year	57 342 047	30 019 307
Approved by Council	(27 786 066)	(177 622 368)
Amount Recoverable	(66 547)	-
Irregular expenditure awaiting further action	63 739 611	30 019 307

Details of irregular expenditure incurred in the current year

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	2 251 253	12 942 400
(b) Open ended contract awarded without following a competitive bidding process	45 051 863	3 065 596
(c) Incorrect interpretation and application of SCM Reg 32	6 728 738	10 204 331
(d) Operating expenditure incurred contrary to legislative SCM requirements	4 072 986	1 573 739
(e) Expenditure exceeding approved contract value	305 976	2 233 241
(f) Overpayment of upperlimits for Section 79 Committee members	66 547	-
(g) Illegal senior manager appointments	3 095 554	-
Total irregular expenditure identified in current year	61 572 917	30 019 307



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50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of irregular expenditure awaiting further action:

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	2 251 253	12 942 400
(b) Open ended contract awarded without following a competitive bidding process	45 051 863	3 065 596
(c) Incorrect interpretation and application of SCM Reg 32	6 728 738	10 204 331
(d) Operating expenditure incurred contrary to legislative SCM requirements	4 072 986	1 573 739
(e) Expenditure exceeding approved contract value	2 539 216	2 233 241
(f) Overpayment of upperlimits for Section 79 Committee members	-	-
(g) Illegal senior manager appointments	3 095 554	-
Total irregular expenditure awaiting further action	63 739 611	30 019 307

Incidents/cases identified in the current year include:

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	4	13
(b) Open ended contract awarded without following a competitive bidding process	1	1
(c) Incorrect interpretation and application of SCM regulation 32	5	6
(d) Operating expenditure incurred contrary to legislative SCM requirements	13	2
(e) Expenditure exceeding approved contract value	4	1
(f) Overpayment of upperlimits for Section 79 Committee members	2	-
(g) Illegal senior manager appointments	4	-

Amount recoverable

(f) Overpayment of upperlimits for Section 79 Committee members	66 547	-
Total amount recoverable	66 547	-

Disciplinary steps were instituted against two officials as a result of irregular expenditure incurred.

50.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	1 167 728	640 648
Fruitless and wasteful expenditure incurred	7 225 843	1 167 728
Fruitless and wasteful expenditure recovered	-	-
Approved by Council	(1 167 728)	(640 648)
Fruitless and wasteful expenditure awaiting further action	7 225 843	1 167 728

Details of fruitless and wasteful expenditure incurred

(a) Interest paid on overdue accounts of Eskom	7 082 952	1 167 728
(b) SARS Interest and Penalties	57 087	-
(c) Interest paid on overdue accounts of suppliers	85 803	-
Total	7 225 843	1 167 728

Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:

- (a) The Municipality is in negotiation with Eskom regarding the tariff conversion on the Bulk Supply points from NightSave Rural to Ruraflex
- (b) This matter will be referred to Municipal Public Accounts Committee (MPAC)
- (c) This matter will be referred to Municipal Public Accounts Committee (MPAC)



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51	MATERIAL LOSSES		
51.1	Water distribution losses		
	Kilo litres disinfected/purified/purchased	4 384 840	3 989 723
	Kilo litres sold and free basic services	(2 726 730)	(2 700 781)
		<hr/>	<hr/>
	Kilo litres lost during distribution	1 658 110	1 288 942
	Percentage lost during distribution	37.81%	32.31%
	Normal pipe bursts and field leakages are responsible for water losses.		
51.2	Electricity distribution losses		
	Units purchased (Kwh)	79 115 743	78 852 164
	Units sold, free basic services and standard friction losses	(66 857 169)	(67 287 137)
		<hr/>	<hr/>
	Units lost during distribution (Kwh)	12 258 574	11 565 027
	Percentage lost during distribution	15.49%	14.67%
	Distribution losses are largely due to internal usage (street lighting etc. which are not metered) and electricity theft on pre-paid meters. Fines were issued for first time offenders.		
52	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
52.1	SALGA Contributions [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Expenditure incurred	1 824 949	1 641 447
	Payments	(1 824 949)	(1 641 447)
		<hr/>	<hr/>
	Outstanding balance	<hr/> <hr/>	<hr/> <hr/>
52.2	Audit Fees [MFMA 125 (1)(c)]		
	Opening balance	883 796	-
	Expenditure incurred	3 602 722	2 408 222
		<hr/>	<hr/>
	Audit Fees	3 132 802	2 094 106
	VAT	469 920	314 116
		<hr/>	<hr/>
	Payments	(4 486 519)	(1 524 426)
		<hr/>	<hr/>
	Outstanding Balance	<hr/> <hr/>	<hr/> <hr/>
52.3	VAT [MFMA 125 (1)(c)]		
	Opening balance	(1 207 940)	(1 800 392)
	Net amount claimed/(declared) during the year	(1 888 066)	1 339 584
	Net amount paid/(received) during the year	1 464 763	(747 132)
		<hr/>	<hr/>
	Outstanding Balance Receivable/(Payable)	<hr/> <hr/>	<hr/> <hr/>
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.		



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52	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
52.4	PAYE, SDL and UIF [MFMA 125 (1)(c)]		
	Opening balance	-	-
	Payroll deductions and Council Contributions during the year	26 628 083	25 800 368
	Payments	(26 628 083)	(25 800 368)
	Outstanding Balance	-	-
52.5	Pension and Medical Aid Contributions [MFMA 125 (1)(c)]		
	Opening balance	-	-
	Payroll deductions and Council Contributions during the year	25 125 004	23 397 548
	Payments made to pension and medical fund	(25 125 004)	(23 397 548)
	Outstanding Balance	-	-
52.6	Councillors Arrear Accounts [MFMA 124 (1)(b)]		
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	J Koopman	1 550	-
	J Muller	9 502	-
	S Tshabalala	393	-
	D Witbooi	915	-
	C le Fleur	-	4 243
	Total	12 360	4 243
52.7	Other Non-Compliance [MFMA 125(2)(e)]		
	(a) Payments not made within 30 days		
	Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.		
52.8	Deviations from Supply Chain Management Regulations		
	Deviations from Supply Chain Management Regulations were identified on the following categories:		
	Section 36(1)(a)(i) - Emergencies	2 155 794	2 394 434
	Section 36(1)(a)(ii) - Single provider	-	-
	Section 36(1)(a)(iii) - Specialised services	-	-
	Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
	Section 36(1)(a)(v) - Impractical to follow official procurement process	2 670 387	5 923 457
	Total	4 826 181	8 317 891
	Deviations from Supply Chain Management Regulations can be allocated as follow:		
	Office of the Municipal Manager	-	1 542 083
	Financial Services	1 059 825	636 053
	Corporate and Strategic Services	328 843	1 452 368
	Community Development Services	185 775	229 720
	Engineering and Planning Services	3 251 739	4 457 668
	Total	4 826 181	8 317 891
	All the deviations were ratified by the Municipal Manager and reported to Council.		



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53 CAPITAL COMMITMENTS

Approved and contracted for

Infrastructure	14 176 212	14 519 899
Community Assets	5 246 865	22 612
Total	19 423 076	14 542 511

This expenditure will be financed from:

Government Grants	19 416 876	14 519 899
Own funding	6 200	22 612
Total	19 423 076	14 542 511

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

In the prior year Capital Commitments were disclosed inclusive of VAT. It was considered that disclosing Capital Commitments exclusive of VAT would be more appropriate and accordingly the comparative figures were adjusted.

54 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

54.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	20 332 648	15 250 438
Receivables from exchange transactions	20 541 207	18 162 682
Receivables from non-exchange transactions	380 682	245 154
Long-term Receivables	3 252 337	1 611 740
Total	44 506 874	35 270 013

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables

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

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.



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54 FINANCIAL RISK MANAGEMENT (CONTINUED)

Also refer to note 7 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

Electricity	2 853 016	2 377 673
Water	1 535 388	1 146 666
Refuse	1 789 766	1 616 585
Sewerage	1 616 493	1 356 465
Other	345 509	374 022
Availability Charges	201 652	153 765
Total	8 341 824	7 025 175

Past due receivables are aged as follow:

Past Due (31 - 60 Days)	3 627 244	2 781 111
Past Due (61 - 90 Days)	1 207 764	1 040 273
Past Due (90 Days +)	3 506 816	3 203 792
	8 341 824	7 025 175

54.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Municipality procured goods and services denominated in a foreign currency, but the Rand value was determined at the time of procurement and the risk was low at the time of payment. It was for the payment of Microsoft licences and the supplier was the only provider of the product.

54.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	20 332 648	15 250 438
Long-term Liabilities (including current portion)	(11 070 369)	(12 928 575)
Net balance exposed	9 262 279	2 321 863

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2021 - 0.5 %) increase in interest rates	46 311	11 609
0.5% (2021 - 0.5%) decrease in interest rates	(46 311)	(11 609)

54.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.



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54 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2022				
Annuity Loans	6 136 559	9 758 631	3 593 041	19 488 231
Finance Lease Liabilities	10 416	-	-	10 416
Payables with Repayment Arrangements	24 430 856	1 116 001	-	25 546 857
Payables from exchange transactions	130 329 487	-	-	130 329 487
Total	160 907 317	10 874 632	3 593 041	175 374 991
30 JUNE 2021				
Annuity Loans	6 464 908	12 142 756	5 080 904	23 688 568
Finance Lease Liabilities	40 481	10 416	-	50 897
Payables from exchange transactions	92 973 444	-	-	92 973 444
Total	99 478 833	12 153 172	5 080 904	116 712 909

54.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to any other price risk.

55 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	20 332 648	15 250 438
Bank Accounts	20 332 648	15 250 438
Receivables from Exchange transactions	20 541 207	18 162 682
Electricity	10 802 735	9 596 795
Water	3 338 119	2 570 268
Refuse	3 091 612	2 945 042
Sewerage	2 773 903	2 498 808
Other	534 838	551 769
Receivables from Non-Exchange transactions	380 682	245 154
Availability Charges	380 682	245 154
Long-term Receivables	3 252 337	1 611 740
Receivables with repayment arrangements	3 252 337	1 611 740
Total	44 506 874	35 270 013



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55 FINANCIAL INSTRUMENTS (CONTINUED)		
<u>Financial Liabilities</u>		
Long-Term Liabilities	40 564 297	19 120 634
Annuity Loans	15 173 428	19 072 201
Finance Lease Liabilities	10 069	48 433
Payables with Repayment Arrangements	25 380 800	-
Payables from exchange transactions	130 329 487	92 973 444
Trade Payables	113 013 718	80 179 660
Retentions	4 687 796	2 263 466
Sundry Creditors	8 227 983	7 074 118
Unknown Bank Deposits	3 448 980	3 410 580
Sale of Land Deposits	935 485	45 620
Accrued Interest	15 525	-
Total	170 893 783	112 094 078

56 STATUTORY RECEIVABLES

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

Receivables from Non-Exchange Transactions	8 000 568	9 040 371
Rates	7 685 975	7 467 035
Fines	314 594	1 573 336
Total	8 000 568	9 040 371

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 19 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 24 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates

- Past due at the reporting date, and which have been impaired	15 032 374	13 513 176
- Past due that have not been impaired	4 670 782	4 291 034

57 PRINCIPAL-AGENT ARRANGEMENTS

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

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

Compensation paid for agency activities

Commission - note 43	2 612 128	2 563 660
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57 PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)

57.2 Agent in Principal-Agent Arrangements

Department of Transport and Public Works

The Municipality is the agent in the principal-agent arrangement with the Provincial Department of Transport and Public Works, and collects licencing fees on behalf of the Department. The Municipality can retain a portion of the fees collected and the net amount is due to the Department. The amount retained is recorded as agency fees income in the Statement of Financial Performance. The amounts due to the Department at year end is included in the balances reported as Trade and Other Payables from Exchange Transactions in the Statement of Financial Position.

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

Reconciliation of agency funds received and remittance

Collections payable to the Department at beginning of year	955 438	813 351
Revenue collected from third parties on behalf of Department	19 030 579	18 339 528
Collections paid over to the Department	(18 933 703)	(18 197 441)
Collections payable to the Department at year-end	<u>1 052 314</u>	<u>955 438</u>

Department of Human Settlements

The Municipality is the Agent in the principal-agent arrangement with the Department of Human Settlements and the beneficiaries of the developed low-cost housing. The Municipality benefits from the arrangement through contributed infrastructure assets developed as part of the housing development. Certificates of completion are issued to the Municipality by the consulting engineers when pre-determined milestones are achieved. The Department then pays the funds into the Municipality's account, whereafter the funds are redistributed to the contractor. Income received is recognised as Contributed Property, Plant and Equipment income in the Statement of Financial Performance when the housing project is complete. No other revenue is received or expenditure is incurred in terms of this arrangement.

In determining whether the Municipality is the agent or if not, by default the principal, in the arrangement is evaluated in terms of the specific criteria set out in the Standards of GRAP. The Municipality does not have the power to determine significant terms and conditions of the transaction, does not have the ability to use all, or substantially all of the resources resulting from the transaction for its own benefit and is not exposed to variability in the result of the transaction.

No resources are held on behalf of the Department.

Reconciliation of agency funds received and remittance

Balance at beginning of year	-	-
Payments received from the Department	31 870 871	-
Expenditure incurred on behalf of the Department	(31 831 720)	-
Balance at year-end	<u>39 151</u>	<u>-</u>

Other third parties

The Municipality is also the agent in the principal-agent arrangements with various third parties for authorised salary deductions from officials. The Municipality receives commission on the total funds deducted on a monthly basis. The amount received is recorded as Other Income (Exchange) in the Statement of Financial Performance.



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57	PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)		
	Reconciliation of agency funds received and remittance		
	Deductions payable at beginning of year	574 803	402 444
	Deductions collections from officials	7 338 841	6 088 036
	Deductions paid over to third parties	(7 097 463)	(5 915 677)
	Deductions payable at year-end	<u>816 181</u>	<u>574 803</u>
	<u>Compensation received for agency activities</u>		
	The Municipality received the following compensation for acting as an agent:		
	Agency fees - note 32	4 149 868	3 731 182
	Commission - note 33	<u>170 920</u>	<u>142 212</u>
	Total	<u>4 320 788</u>	<u>3 873 394</u>
58	EVENTS AFTER REPORTING DATE		
	The following events after reporting date are noted:		
	- Council Approved an Overdraft of R 25 million effective from 1 July 2022 in terms of Section 45 (1)(a) of MFMA.		
	- Councillor CJ Boks was elected as ward councillor of Ward 7 on 7 July 2022.		
	- Councillor DA Witbooi and Councillor AJ Pool were elected to serve on the ethics committee with Councillor White on 26 July 2022.		
	- Council entered into a repayment arrangement with Eskom on 4 November 2022 to settled outstanding debt. As part of the agreement, Council secured bank guarantees amounting to R4 580 813 which will serve as security for the duration of the agreement.		
	- Disposals of Property, Plant and Equipment which are already accounted for as on 30 June 2022, were respectively approved by Council on 26 July 2022 and 29 August 2022.		
59	IN-KIND DONATIONS AND ASSISTANCE		
	The Municipality did not receive any in-kind donations or assistance during the year under review.		
60	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The Municipality did not enter into any PPP's in the current and prior year.		
61	CONTINGENT LIABILITIES		
	The Municipality were exposed to the following contingent liabilities at year end:		
61.1	Matter against the Municipality by Marihen Auto Electrical CC	-	62 976
	The Municipality is currently engaged in a civil claim for damages by Marihen Auto Electrical CC due to a accident between the plaintiff and a municipal vehicle . Possible financial exposure for the Municipality is estimated at R62 976. The matter has been settled in the current year.		
61.2	Total	<u>-</u>	<u>62 976</u>
62	RELATED PARTIES		
	All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.		

MATZIKAMA LOCAL MUNICIPALITY

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

Figures in Rand

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2021

62 RELATED PARTIES (CONTINUED)

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.

62.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

62.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 34 and 35.

62.3 Current Employee Benefits

The Municipality has the following accrued leave obligation towards management personnel at year-end:

GRJ Seas	- Municipal Manager	65 914	-
ER Alfred	- Chief Financial Officer	96 390	70 040
MJV Owies	- Head: Infrastructure Services	-	59 746
RW Basson	- Head: Infrastructure Services	5 586	-
L Phillips	- Head: Community Development Services	271 520	246 509
Total		439 411	376 295

63 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

Section 45 of the Municipal Supply Chain Management regulations requires the disclosure of particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. The following transactions are disclosed in this regard:

Company Name	Related Party	Service Capacity	Relationship	Amount	Amount
Titanic	W Skippers	Foreman	Father	-	2 000
Sunfox	A Michinon	Senior Clerk / Cashier	Daughter	20 699	19 027
PR Civils	M Koopman	General Assistant	Husband	23 206 683	13 028 654
BFI Traders and Services N7	J Ovis	Manager Community Service	Father	30 304	34 854
BFI Traders and Services N7	C Ovis	Public Participation clerk	Father		
Total				23 257 686	13 084 534

64 FINANCIAL SUSTAINABILITY

64.1 Financial Indicators

The following financial indicators were assessed:

Cash available for working capital requirements (positive balance)	3 663 198	-
Current Ratio (norm - at least 2:1)	0.36 : 1	0.4 : 1
Cash coverage ratio (norm - 3 months or more)	0.19 months	0 months
Creditors days (norm - 30 days or less)	151 days	134 days
Debtors collection rate (95% or more)	89.07%	92.58%
Operating surplus / (deficit)	(78 944 687)	(36 957 986)

When analysing the results of the ratio's it can be concluded that Municipality's financial position has regressed which is indicative of the strained cash flow position the Municipality finds itself.



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

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64 FINANCIAL SUSTAINABILITY (CONTINUED)

The extremely high cost associated with the delivery of basic services and infrastructure needs to communities due to the vast distances between several towns coupled with the social-economic profile (high unemployment rate) of the local communities resulted in a serious risk for Matzikama Municipality's going concern.

Taking the above in mind the Municipality will therefore balance service delivery and operations based on revenue collections and ensure that grant funding is spent within the prescribed timeframes as agreed with National Treasury.

64.2 Other Indicators

Contingent Liabilities are disclosed in note 61. The Municipality has no financial exposure relating to contingent liabilities and therefore does pose any threat to the going concern assumption.

The Municipality is not aware of any events after reporting date which may pose a threat to the going concern assumption.

64.3 Future Budget

When analysing the 2022/23 MTREF (Medium Term Revenue and Expenditure Framework) budget which was approved by Council in 2021/22, the projected financial indicators are as follow:

	2022/23	2022/23	2023/24
Cash available for working capital requirements (positive balance)	509 478	13 197 962	67 565 012
Current Ratio (norm - at least 2:1)	0.84:1	1.0:1	1.59:1
Cash coverage ratio (norm - 3 months or more)	0.02 months	0.4 months	1.94 months
Creditors days (norm - 30 days or less)	162 days	125 days	99 days
Debtors collection rate (95% or more)	92%	92%	92%
Operating surplus / (deficit)	4 212 266	11 897 975	31 423 719

Although the above-mentioned ratio's are still below the required norms, there is a projected improvement.

64.4 Going concern assessment

The above-mentioned indicators may indicate that the going concern assumption of the Municipality may be in serious doubt, as the Municipality is grant dependant. The amounts promulgated in the DORA have a serious impact on the level of services that the Municipality can render and it may well raise doubt about the future financial sustainability of the Municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this Municipality have been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

65 COVID-19

65.1 Background

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



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

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65 COVID-19 (CONTINUED)

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community.

65.2 Response Expenditure

The summary below indicates the total Covid-19 response expenditure:

Personal Protective Equipment	62 146	249 062
Public awareness and advertising	11 212	40 897
Screening and Testing	850	9 913
Sanitiser and Equipment	68 784	158 118
Quarantine facilities	13 217	2 022
Total	156 210	460 012

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

Own Revenue	156 210	225 365
Grant Funding - National Government	-	234 647
Total	156 210	460 012

66 B-BBEE PERFORMANCE

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

67 NON-LIVING RESOURCES

Other than land, the Municipality identified aquifers in the Matzikama municipal area as the only non-living resources of which the water is being extracted with the use of boreholes in the following towns:

- Bitterfontein
- Klawer

68 SEGMENT REPORTING

68.1 General Information

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.

The Municipality has 62 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Sportfields, halls, parks, housing, cemeteries and library services
3	Tourism	Promote tourism in area
4	Public Safety	Traffic control, fire fighting and animal control
5	Town Planning and Building Control	Town planning and building control
6	Roads and Stormwater	Construction and maintenance of roads and storm water
7	Electricity Services	Supply of electricity services
8	Water Services	Supply of water services
9	Sewerage and Sanitation Services	Supply of sewerage services
10	Refuse Services	Refuse removal



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

Figures in Rand

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68 SEGMENT REPORTING (CONTINUED)

68.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

68.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

68.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.



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

68

SEGMENT REPORTING (CONTINUED)

68.5 Specific Segment Reporting

2022

REVENUE

	Governance and administration R	Community Services R	Tourism R	Public Safety R	Town Planning and Building Control R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage and Sanitation Services R	Refuse Services R	Total R
External Revenue from Non-Exchange Transactions	178 892 272	22 625 718	-	9 170 641	9 841	6 841 888	1 681 723	1 339 057	1 442 519	1 998 560	224 002 220
Property Rates	50 995 627	-	-	-	-	-	-	-	-	-	50 995 627
Government Grants and Subsidies - Operating	70 028 567	8 070 403	-	-	-	6 841 888	-	-	-	-	84 940 858
Public Contributions and Donations - Operating	147 248	-	-	-	-	-	-	-	-	-	147 248
Government Grants and Subsidies - Capital	53 084 853	14 536 879	-	-	-	-	-	-	-	-	67 621 732
Public Contributions and Donations - Capital	981 652	-	-	-	-	-	-	-	-	-	981 652
Contributed Assets	-	-	-	-	-	-	-	-	53 313	1 901 000	1 954 313
Availability Charges	-	-	-	-	-	-	1 681 723	1 339 057	1 109 206	97 560	4 227 546
Fines, Penalties and Forfeits	-	18 437	-	9 170 641	9 841	-	-	-	280 000	-	9 478 919
Actuarial Gains	57 555	-	-	-	-	-	-	-	-	-	57 555
Fair Value Adjustment Gains	2 538 500	-	-	-	-	-	-	-	-	-	2 538 500
Other Income (Non-Exchange)	1 058 270	-	-	-	-	-	-	-	-	-	1 058 270

External Revenue from Exchange Transactions	3 594 910	3 579 698	-	5 482 207	476 507	10 289	136 908 644	27 185 033	20 923 444	21 213 403	219 374 135
Service Charges	-	-	-	-	-	-	136 908 644	27 185 033	20 923 444	21 203 363	206 220 484
Rental of Facilities and Equipment	1 534 875	220 992	-	-	-	1 039	-	-	-	-	1 756 906
Interest Earned - external investments	793 900	-	-	-	-	-	-	-	-	-	793 900
Interest Earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	955 483	-	6 092	-	-	-	10 040	971 615
Agency Services	-	68 651	-	4 081 216	-	-	-	-	-	-	4 149 868
Other Income (Exchange)	1 266 136	3 290 054	-	445 508	476 507	3 158	-	-	-	-	5 481 362

TOTAL REVENUE	182 487 183	26 205 416	-	14 652 848	486 348	6 852 177	138 590 367	28 524 091	22 365 963	23 211 962	443 376 355
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EXPENDITURE

Employee Related Costs	52 651 912	31 317 748	767 433	15 031 558	4 559 147	25 873 810	9 954 003	11 105 633	5 693 548	14 008 241	170 963 034
Remuneration of Councillors	7 353 716	-	-	-	-	-	-	-	-	-	7 353 716
Debt Impairment	3 687 027	-	-	9 223 271	-	-	1 120 335	5 652 432	6 463 937	5 365 568	31 512 569
Depreciation and Amortisation	812 636	3 868 498	402	-	785	5 530 833	1 541 522	2 786 850	5 333 018	2 681 615	22 556 160
Impairments	2 109 898	-	-	-	-	20 401	73 158	189 221	5 903 733	119 320	8 415 731
Finance Charges	11 512 210	-	-	-	-	489 709	52 744	-	556 217	5 227 669	17 838 550
Bulk Purchases	-	-	-	-	-	-	131 624 205	7 805 753	-	-	139 429 958
Contracted Services	3 505 440	244 453	-	3 185 322	15 537	-	-	834 246	3 533	892 041	8 680 571
Transfers and Grants	473 875	88 696	1 325 000	-	-	-	-	-	-	-	1 887 571
Other Expenditure	15 561 878	2 027 440	2 618	884 340	181 056	6 783 106	4 472 833	3 124 777	2 710 468	1 233 630	36 982 146
Actuarial Losses	629 751	-	-	-	-	-	-	-	-	-	629 751
Loss on disposal of Non-Monetary Assets	2 740 454	-	-	-	-	876 802	750 265	319 967	-	826 097	5 513 585

Total Expenditure	101 038 798	37 546 835	2 095 453	28 324 492	4 756 526	39 574 662	149 589 065	31 818 878	26 664 452	30 354 181	451 763 342
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NET SURPLUS/(DEFICIT) FOR THE YEAR	81 448 385	(11 341 419)	(2 095 453)	(13 671 644)	(4 270 178)	(32 722 485)	(10 998 698)	(3 294 788)	(4 298 489)	(7 142 219)	(8 386 987)
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Less: Government Grants and Subsidies - Capital	(53 084 853)	(14 536 879)	-	-	-	-	-	-	-	-	(67 621 732)
Less: Public Contributions and Donations - Capital	(981 652)	-	-	-	-	-	-	-	-	-	(981 652)
Less: Contributed Assets	-	-	-	-	-	-	-	-	(53 313)	(1 901 000)	(1 954 313)

NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	27 381 879	(25 878 297)	(2 095 453)	(13 671 644)	(4 270 178)	(32 722 485)	(10 998 698)	(3 294 788)	(4 351 802)	(9 043 219)	(78 944 684)
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CAPITAL EXPENDITURE FOR THE YEAR	220 030	9 371 241	-	42 716	13 855	24 762 214	1 007 600	6 806 843	28 582 915	1 901 000	72 708 415
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MATZIKAMA LOCAL MUNICIPALITY

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

68

SEGMENT REPORTING (CONTINUED)

68.5 Specific Segment Reporting

2021

REVENUE

	Governance and administration R	Community Services R	Tourism R	Public Safety R	Town Planning and Building Control R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage and Sanitation Services R	Refuse Services R	Total R
External Revenue from Non-Exchange Transactions	190 869 837	8 272 840	-	7 951 059	22 274	2 963 550	626 362	778 519	301 614	7 896	211 793 951
Property Rates	52 729 677	-	-	-	-	-	-	-	-	-	52 729 677
Government Grants and Subsidies - Operating	70 839 448	8 260 303	-	-	-	2 963 550	-	234 647	-	-	82 297 948
Government Grants and Subsidies - Capital	53 139 767	-	-	-	-	-	-	-	-	-	53 139 767
Availability Charges	-	-	-	-	-	-	626 362	543 872	301 614	7 896	1 479 744
Fines, Penalties and Forfeits	-	12 537	-	7 951 059	22 274	-	-	-	-	-	7 985 870
Actuarial Gains	493 630	-	-	-	-	-	-	-	-	-	493 630
Fair Value Adjustment Gains	12 377 000	-	-	-	-	-	-	-	-	-	12 377 000
Other Income (Non-Exchange)	1 290 316	-	-	-	-	-	-	-	-	-	1 290 316
External Revenue from Exchange Transactions	3 049 417	2 704 073	-	5 356 322	332 005	53 928	122 991 203	22 634 477	17 336 483	19 308 035	193 765 943
Service Charges	-	-	-	-	-	-	122 991 203	22 634 477	17 336 483	19 297 338	182 259 502
Rental of Facilities and Equipment	1 503 658	175 257	-	-	-	35 325	-	-	-	-	1 714 240
Interest Earned - external investments	285 401	-	-	-	-	-	-	-	-	-	285 401
Interest Earned - outstanding debtors	36 454	-	-	-	-	-	-	-	-	-	36 454
Licences and Permits	-	-	-	1 088 868	2 670	12 932	-	-	-	10 697	1 115 166
Agency Services	-	-	-	3 731 182	-	-	-	-	-	-	3 731 182
Other Income (Exchange)	1 223 904	2 528 817	-	536 273	329 335	5 670	-	-	-	-	4 623 998
TOTAL REVENUE	193 919 254	10 976 913	-	13 307 381	354 279	3 017 478	123 617 565	23 412 997	17 638 097	19 315 930	405 559 893

EXPENDITURE

Employee Related Costs	54 065 173	32 141 283	718 229	14 411 983	4 164 036	22 348 471	9 757 974	10 601 299	5 154 581	14 527 277	167 890 304
Remuneration of Councillors	7 263 938	-	-	-	-	-	-	-	-	-	7 263 938
Debt Impairment	4 080 961	-	-	6 929 702	-	-	-601 861	3 586 399	3 578 275	3 906 933	21 480 409
Depreciation and Amortisation	1 050 472	8 879 692	402	-	811	156 147	1 523 781	2 496 798	4 161 745	1 940 714	20 210 562
Impairments	4 142	-	-	-	-	-	-	-	-	-	4 142
Finance Charges	4 979 418	-	-	-	-	613 622	72 240	-	607 651	4 386 000	10 658 931
Bulk Purchases	-	-	-	-	-	-	110 707 673	7 021 014	-	-	117 728 687
Contracted Services	6 433 119	270 834	27 071	2 459 686	14 480	-	-	2 243 718	2 592	712 759	12 164 258
Transfers and Grants	96 582	197 152	1 320 740	-	-	-	-	-	-	-	1 614 474
Other Expenditure	13 605 995	1 863 085	3 953	614 009	104 418	3 095 949	4 109 098	3 012 506	2 698 939	960 715	30 068 667
Actuarial Losses	211 173	-	-	-	-	-	-	-	-	-	211 173
Loss on disposal of Non-Monetary Assets	82 567	-	-	-	-	-	-	-	-	-	82 567
Total Expenditure	91 873 539	43 352 045	2 070 396	24 415 380	4 283 745	26 214 189	125 568 905	28 961 734	16 203 782	26 434 397	389 378 112

NET SURPLUS/(DEFICIT) FOR THE YEAR

Less: Government Grants and Subsidies - Capital	(53 139 767)	-	-	-	-	-	-	-	-	-	(53 139 767)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	48 905 948	(32 375 132)	(2 070 396)	(11 107 999)	(3 929 466)	(23 196 712)	(1 951 340)	(5 548 737)	1 434 315	(7 118 467)	(36 957 986)

CAPITAL EXPENDITURE FOR THE YEAR

	82 094	1 730 335	-	35 335	1 478	9 783 827	743 541	10 145 904	24 744 361		47 266 876
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MATZIKAMA LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2022

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2021	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2022
<u>ANNUITY LOANS</u>							
DBSA	103749	8.93%	2020	4	-	(4)	-
DBSA	WC12007362.1	6.87%	2031	7 343 064	-	(644 827)	6 698 237
DBSA	WC12007362.2	6.87%	2021	162 439	-	(162 439)	-
DBSA	12007652	6.83% & 7.23%	2022 / 2027	5 423 068	-	(1 050 936)	4 372 132
Standard Bank	514952	10.08%	2024	6 143 627	-	(2 040 568)	4 103 059
Total Annuity Loans				19 072 202	-	(3 898 774)	15 173 428
<u>FINANCE LEASE LIABILITIES - PRINTERS</u>							
Bytes Document Solutions - Printers Versalink C7025	Various	10.50%	2021/07/31	10 655	-	(10 655)	-
Nashua - Printers MP2501SPFH1	Various	10.50%	2021/07/31	3 612	-	(3 612)	-
Nashua - Printers MPC2004EXSP	Various	10.50%	2021/07/31	3 410	-	(3 410)	-
EDK Besigheidsmasjiene - Printers Ecosys M2540DN	Various	10.50%	2021/07/31	4 761	-	(4 761)	-
Nashua - CCTV system HIKVISION	Various	10.75%	2023/01/31	25 995	-	(15 926)	10 069
Total Finance Lease Liabilities - Printers				48 433	-	(38 364)	10 069
Total Long-Term Liabilities				19 120 635	-	(3 937 138)	15 183 497

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

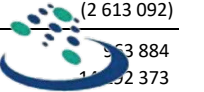
	OPENING BALANCE R	GRANTS RECEIVED R	GRANTS REPAID R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO / (FROM) RECEIVABLES R	CLOSING BALANCE R
NATIONAL GOVERNMENT							
Equitable Share	-	62 693 000	-	(62 693 000)	-	-	-
Financial Management Grant (FMG)	-	1 550 000	-	(1 550 000)	-	-	-
Municipal Infrastructure Grant (MIG)	8 342 665	22 308 000	(8 342 665)	(3 805 888)	(18 502 112)	-	-
Expanded Public Works Programme (EPWP)	-	1 836 000	-	(1 836 000)	-	-	-
Water Services Infrastructure Grant (WSIG)	8 545 677	41 935 000	(8 546 335)	(4 178 809)	(27 858 729)	-	9 896 804
Regional Bulk Infrastructure Grant (RBIG)	-	7 661 000	-	(999 261)	(6 661 739)	-	-
Total	16 888 342	137 983 000	(16 889 000)	(75 062 958)	(53 022 580)	-	9 896 804
PROVINCIAL GOVERNMENT							
Community Development Workers (CDW)	160 725	94 000	-	(56 425)	-	-	198 300
Libraries, Archives and Museums	-	8 675 000	-	(7 941 726)	(62 274)	-	671 000
Western Cape Financial Management Support Grant	-	840 475	-	-	-	-	840 475
Municipal Capacity Building Grant	231 169	290 235	-	(328 575)	-	-	192 829
Municipal Service Delivery and Capacity Building Grant	42 385	-	-	(1 422)	(9 478)	-	31 485
Thusong Services Centres	161 480	-	(11 480)	(2 179)	-	-	147 822
Human Settlements	2 617 917	13 588 452	-	(68 651)	(14 527 401)	-	1 610 317
Municipal Disaster Recovery Grant	56 863	-	(56 863)	-	-	-	-
Transport, Education and Training SETA	-	278 921	-	(278 921)	-	-	-
Public Employment Support Grant	-	1 200 000	-	(1 200 000)	-	-	-
Sport And Recreational Facilities	-	800 000	-	-	-	-	800 000
Total	3 270 539	25 767 083	(68 343)	(9 877 900)	(14 599 152)	-	4 492 228
DISTRICT MUNICIPALITY							
West Coast District Municipality (COVID 19 Relief)	42 580	-	-	-	-	-	42 580
Total	42 580	-	-	-	-	-	42 580
ALL SPHERES OF GOVERNMENT	20 201 461	163 750 083	(16 957 343)	(84 940 858)	(67 621 732)	-	14 431 612

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
FINANCIAL PERFORMANCE						
Property rates	55 769 422	(3 273 056)	52 496 366	50 995 627	(1 500 739)	52 729 677
Service charges	224 982 009	159 715	225 141 724	210 448 030	(14 693 694)	183 739 245
Investment revenue	623 794	135 000	758 794	793 900	35 106	285 401
Transfers and subsidies - operational	118 700 455	(28 912 201)	89 788 254	85 088 106	(4 700 148)	82 297 948
Other own revenue	39 279 778	(5 046 566)	34 233 212	25 492 995	(8 740 217)	33 367 855
Total Operating Revenue (excluding capital transfers)	439 355 458	(36 937 108)	402 418 350	372 818 658	(29 599 692)	352 420 126
Employee costs	176 434 009	154 087	176 588 096	170 133 599	(6 454 497)	166 919 574
Remuneration of councillors	7 245 128	177 117	7 422 245	7 353 716	(68 529)	7 263 938
Debt impairment	10 971 924	21 153 076	32 125 000	31 512 569	(612 431)	21 480 409
Depreciation and asset impairment	18 970 747	10 081	18 980 828	30 971 891	11 991 063	20 214 703
Finance charges	7 988 024	7 550 819	15 538 843	17 838 550	2 299 707	10 658 931
Bulk purchases	116 856 633	13 850 000	130 706 633	131 624 205	917 572	110 707 673
Inventory Consumed	58 200 717	(40 234 522)	17 966 195	14 037 499	(3 928 696)	11 923 330
Contracted Services	11 827 982	1 794 274	13 622 256	8 680 571	(4 941 685)	12 164 258
Transfers and grants	2 272 775	(12 363)	2 260 412	1 887 571	(372 841)	1 614 474
Other expenditure	26 250 890	6 776 806	33 027 696	31 522 680	(1 505 016)	26 114 875
Losses	-	2 667 829	2 667 829	6 200 490	3 532 661	315 946
Total Expenditure	437 018 829	13 887 204	450 906 033	451 763 342	857 309	389 378 112
Surplus/(Deficit)	2 336 629	(50 824 312)	(48 487 683)	(78 944 684)	(30 457 001)	(36 957 986)
Transfers and subsidies - capital (monetary) - Government	71 729 545	5 671 727	77 401 272	67 621 732	(9 779 540)	52 989 814
Transfers and subsidies - capital (monetary) - Other	-	981 653	981 653	981 652	(1)	149 953
Transfers and subsidies - capital (in-kind)	-	2 186 150	2 186 150	1 954 313	(231 837)	-
Surplus/(Deficit) for the year	74 066 174	(41 984 782)	32 081 392	(8 386 987)	(40 468 379)	16 181 781
CAPITAL EXPENDITURE & FUNDS SOURCES						
Capital expenditure	71 729 545	9 031 764	80 761 309	72 708 415	(8 052 894)	47 266 876
Transfers recognised - capital	71 729 545	6 653 380	78 382 925	70 557 697	(7 825 228)	46 208 493
Borrowing	-	-	-	-	-	-
Internally generated funds	-	2 378 384	2 378 384	2 150 717	(227 667)	1 058 383
Total sources of capital funds	71 729 545	9 031 764	80 761 309	72 708 415	(8 052 894)	47 266 876
CASH FLOWS						
Net cash from (used) operating	81 336 885	(20 475 346)	60 861 539	79 227 709	18 366 170	48 735 534
Net cash from (used) investing	(61 154 857)	(10 031 764)	(71 186 621)	(70 208 362)	978 259	(45 158 559)
Net cash from (used) financing	(3 796 162)	0	(3 796 162)	(3 937 136)	(140 974)	(2 613 092)
Net Cash Movement for the year	16 385 866	(30 507 110)	(14 121 244)	5 082 211	19 203 455	5 963 884
Cash/cash equivalents at beginning of year	3 491 713	11 764 544	15 256 258	15 256 258	(0)	11 764 544
Cash/cash equivalents at the year end	19 877 579	(18 742 566)	1 135 013	20 338 468	19 203 455	15 256 257



MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	52 000	52 000	57 555	5 555	493 630
Finance and administration	199 623 317	(393 346)	199 229 971	182 429 628	(16 800 343)	193 425 625
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	8 658 927	1 055 697	9 714 624	8 604 298	(1 110 326)	8 642 035
Sport and recreation	4 611 409	(1 000 000)	3 611 409	2 932 894	(678 515)	2 233 821
Public safety	16 869 644	(8 350 000)	8 519 644	9 172 724	653 080	7 958 173
Housing	43 092 679	(26 724 978)	16 367 701	14 668 223	(1 699 478)	101 058
Economic and environmental services						
Planning and development	564 088	55 000	619 088	486 348	(132 740)	354 279
Road transport	9 622 793	4 061 709	13 684 502	12 332 302	(1 352 200)	8 366 686
Trading services						
Energy sources	152 267 178	442 125	152 709 303	138 590 367	(14 118 936)	123 617 565
Water management	31 488 705	(1 188 850)	30 299 855	28 524 091	(1 775 764)	23 412 997
Waste water management	23 499 392	1 334 850	24 834 242	22 365 963	(2 468 279)	17 638 097
Waste management	20 786 871	2 558 215	23 345 086	23 211 962	(133 124)	19 315 930
Total Revenue - Standard	511 085 003	(28 097 578)	482 987 425	443 376 355	(39 611 070)	405 559 893
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	21 231 735	1 706 053	22 937 788	20 606 350	(2 331 438)	20 451 924
Finance and administration	68 514 549	11 112 191	79 626 740	73 438 615	(6 188 125)	67 129 514
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	28 580 401	(747 836)	27 832 565	25 266 716	(2 565 849)	26 232 805
Sport and recreation	9 885 294	(1 064 478)	8 820 816	8 657 961	(162 855)	8 640 069
Public safety	23 633 618	3 897 660	27 531 278	28 324 492	793 214	24 415 380
Housing	50 562 081	(42 066 478)	8 495 603	3 622 158	(4 873 445)	8 479 171
Health	119 000	(18 000)	101 000	87 274	(13 726)	129 874
Economic and environmental services						
Planning and development	9 436 319	965 219	10 401 538	11 663 085	1 261 547	8 445 972
Road transport	27 616 864	6 451 762	34 068 626	39 574 662	5 506 036	26 214 189
Trading services						
Energy sources	132 111 776	19 905 757	152 017 533	149 589 065	(2 428 468)	125 568 905
Water management	28 013 069	3 809 432	31 822 501	31 818 878	(3 623)	28 961 734
Waste water management	12 540 657	6 105 714	18 646 371	26 664 452	8 018 081	16 203 782
Waste management	22 558 013	3 900 233	26 458 246	30 354 181	3 895 935	26 434 397
Other	2 215 453	(70 025)	2 145 428	2 095 453	(49 975)	2 070 396
Total Expenditure - Standard	437 018 829	13 887 204	450 906 033	451 763 342	857 309	461 181 781
Surplus/(Deficit) for the year	74 066 174	(41 984 782)	32 081 392	(8 386 987)	(40 468 379)	16 181 781

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Council & Executive	-	52 000	52 000	57 555	5 555	493 630
Vote 2 - Financial Services	199 165 577	(754 205)	198 411 372	181 807 674	(16 603 698)	193 138 780
Vote 3 - Corporate Services	8 494 788	1 003 911	9 498 699	8 592 776	(905 923)	8 487 367
Vote 4 - Community Development Services	72 285 307	(35 620 933)	36 664 374	33 231 461	(3 432 913)	16 247 182
Vote 5 - Infrastructure Services	231 139 331	7 221 649	238 360 980	219 686 890	(18 674 090)	187 192 935
Total Revenue by Vote	511 085 003	(28 097 578)	482 987 425	443 376 355	(39 611 070)	405 559 893
EXPENDITURE						
Vote 1 - Council & Executive	21 231 735	1 706 053	22 937 788	20 606 350	(2 331 438)	20 451 924
Vote 2 - Financial Services	46 680 052	9 861 532	56 541 584	54 631 337	(1 910 247)	44 767 014
Vote 3 - Corporate Services	29 398 605	1 559 293	30 957 898	26 113 065	(4 844 833)	30 074 494
Vote 4 - Community Development Services	119 281 097	(40 221 610)	79 059 487	74 523 236	(4 536 251)	73 155 256
Vote 5 - Infrastructure Services	220 427 340	40 981 936	261 409 276	275 889 354	14 480 078	220 929 424
Total Expenditure by Vote	437 018 829	13 887 204	450 906 033	451 763 342	857 309	389 378 112
Surplus/(Deficit) for the year	74 066 174	(41 984 782)	32 081 392	(8 386 987)	(40 468 379)	16 181 781

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	55 769 422	(3 273 056)	52 496 366	50 995 627	(1 500 739)	52 729 677
Service charges - electricity revenue	152 267 178	(398 350)	151 868 828	138 590 367	(13 278 461)	123 617 565
Service charges - water revenue	31 488 705	(1 188 850)	30 299 855	28 524 091	(1 775 764)	23 178 350
Service charges - sanitation revenue	20 499 392	1 334 850	21 834 242	22 032 650	198 408	17 638 097
Service charges - refuse revenue	20 726 734	412 065	21 138 799	21 300 922	162 123	19 305 234
Rental of facilities and equipment	2 425 126	(210 000)	2 215 126	1 756 906	(458 220)	1 714 240
Interest earned - external investments	623 794	135 000	758 794	793 900	35 106	285 401
Interest earned - outstanding debtors	133 518	(133 518)	-	(0)	(0)	36 454
Fines, penalties and forfeits	16 916 361	(8 350 000)	8 566 361	9 478 919	912 558	7 985 870
Licences and permits	1 085 840	46 400	1 132 240	971 615	(160 625)	1 115 166
Agency services	4 673 736	-	4 673 736	4 081 216	(592 520)	3 731 182
Transfers and subsidies - Operating	118 700 455	(28 912 201)	89 788 254	85 088 106	(4 700 148)	82 297 948
Other revenue	10 470 509	48 552	10 519 061	6 608 284	(3 910 777)	5 903 638
Gains	3 574 688	3 552 000	7 126 688	2 596 055	(4 530 633)	12 881 306
Total Revenue (excl capital transfers)	439 355 458	(36 937 108)	402 418 350	372 818 658	(29 599 692)	352 420 126
EXPENDITURE BY TYPE						
Employee related costs	176 434 009	154 087	176 588 096	170 133 599	(6 454 497)	166 919 574
Remuneration of councillors	7 245 128	177 117	7 422 245	7 353 716	(68 529)	7 263 938
Debt impairment	10 971 924	21 153 076	32 125 000	31 512 569	(612 431)	21 480 409
Depreciation and asset impairment	18 970 747	10 081	18 980 828	30 971 891	11 991 063	20 214 703
Finance charges	7 988 024	7 550 819	15 538 843	17 838 550	2 299 707	10 658 931
Bulk purchases	116 856 633	13 850 000	130 706 633	131 624 205	917 572	110 707 673
Inventory Consumed	58 200 717	(40 234 522)	17 966 195	14 037 499	(3 928 696)	11 923 330
Contracted Services	11 827 982	1 794 274	13 622 256	8 680 571	(4 941 685)	12 164 258
Transfers and grants	2 272 775	(12 363)	2 260 412	1 887 571	(372 841)	1 614 474
Other expenditure	26 250 890	6 776 806	33 027 696	31 522 680	(1 505 016)	26 114 875
Losses	-	2 667 829	2 667 829	6 200 490	3 532 661	315 946
Total Expenditure	437 018 829	13 887 204	450 906 033	451 763 342	857 309	389 378 112
Surplus/(Deficit)	2 336 629	(50 824 312)	(48 487 683)	(78 944 684)	(30 457 001)	(36 957 986)
Transfers and subsidies - capital (monetary) - Government	71 729 545	5 671 727	77 401 272	67 621 732	(9 779 540)	52 989 814
Transfers and subsidies - capital (monetary) - Other	-	981 653	981 653	981 652	(1)	149 953
Transfers and subsidies - Capital (in-kind)	-	2 186 150	2 186 150	1 954 313	(231 837)	-
Surplus/(Deficit) for the year	74 066 174	(41 984 782)	32 081 392	(8 386 987)	(40 468 379)	16 181 781

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Council & Executive	-	-	-	-	-	-
Vote 2 - Financial Services	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-
Vote 4 - Community Development Services	-	-	-	-	-	-
Vote 5 - Infrastructure Services	32 882 877	(6 078 017)	26 804 860	26 804 894	34	19 519 686
Total Multi-year expenditure	32 882 877	(6 078 017)	26 804 860	26 804 894	34	19 519 686
Single-year expenditure						
Vote 1 - Council & Executive	-	-	-	-	-	-
Vote 2 - Financial Services	-	224 750	224 750	191 603	(33 147)	2 173
Vote 3 - Corporate Services	56 163	8 413	64 576	62 274	(2 302)	38 021
Vote 4 - Community Development Services	800 000	17 721	817 721	92 225	(725 496)	347 596
Vote 5 - Infrastructure Services	37 990 505	14 858 897	52 849 402	45 557 420	(7 291 982)	27 359 400
Total Single-year expenditure	38 846 668	15 109 781	53 956 449	45 903 521	(8 052 928)	27 747 190
Total Capital Expenditure by Vote	71 729 545	9 031 764	80 761 309	72 708 415	(8 052 894)	47 266 876

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NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE (CONTINUED)						
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	-
Finance and administration	56 163	217 713	273 876	240 703	(33 173)	82 094
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	-	70 984	70 984	41 238	(29 746)	251 667
Sport and recreation	3 832 270	6 174 126	10 006 396	9 309 331	(697 065)	1 478 668
Public safety	-	43 534	43 534	42 716	(818)	35 335
Housing	-	-	-	-	-	-
Economic and environmental services						
Planning and development	-	14 000	14 000	13 855	(145)	1 478
Road transport	18 245 112	6 517 066	24 762 178	24 762 214	36	9 783 827
Trading services						
Energy sources	-	1 469 350	1 469 350	1 007 600	(461 750)	743 541
Water management	19 596 001	(12 508 920)	7 087 081	6 806 843	(280 238)	10 145 904
Waste water management	29 999 999	7 033 911	37 033 910	28 582 915	(8 450 995)	24 744 361
Waste management	-	-	-	1 901 000	1 901 000	-
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	71 729 545	9 031 764	80 761 309	72 708 415	(8 052 894)	47 266 876
FUNDING SOURCES						
National Government	70 873 382	(9 244 349)	61 629 033	53 022 580	(8 606 453)	46 040 078
Provincial Government	856 163	14 916 076	15 772 239	14 599 152	(1 173 087)	168 415
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	981 653	981 653	2 935 965	1 954 312	-
Transfers recognised - capital	71 729 545	6 653 380	78 382 925	70 557 697	(7 825 228)	46 208 493
Borrowing	-	-	-	-	-	-
Internally generated funds	-	2 378 384	2 378 384	2 150 717	(227 667)	1 058 383
Total Capital Funding	71 729 545	9 031 764	80 761 309	72 708 415	(8 052 894)	47 266 876

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NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	46 846 314	(649 512)	46 196 802	48 400 604	2 203 802	48 440 253
Service charges	198 120 918	5 254 057	203 374 975	185 686 577	(17 688 398)	171 368 835
Other revenue	22 376 810	(2 249 302)	20 127 508	16 702 461	(3 425 047)	14 163 610
Government - operating	118 700 455	(30 635 933)	88 064 522	79 171 009	(8 893 513)	75 529 656
Government - capital	71 729 545	5 198 030	76 927 575	67 621 732	(9 305 843)	53 139 767
Interest	737 284	21 510	758 794	780 068	21 274	269 428
Payments						
Suppliers and employees	(369 593 152)	6 281 260	(363 311 892)	(308 281 823)	55 030 069	(309 449 870)
Finance charges	(5 308 514)	(3 707 819)	(9 016 333)	(8 965 348)	50 985	(3 111 671)
Transfers and grants	(2 272 775)	12 363	(2 260 412)	(1 887 571)	372 841	(1 614 474)
NET CASH FROM OPERATING ACTIVITIES	81 336 885	(20 475 346)	60 861 539	79 227 709	18 366 170	48 735 534
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	10 574 688	(1 000 000)	9 574 688	545 739	(9 028 949)	2 108 317
Payments						
Capital assets	(71 729 545)	(9 031 764)	(80 761 309)	(70 754 102)	10 007 207	(47 266 876)
NET CASH USED IN INVESTING ACTIVITIES	(61 154 857)	(10 031 764)	(71 186 621)	(70 208 362)	978 259	(45 158 559)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits		-	-	-	-	-
Payments						
Repayment of borrowing	(3 796 162)	-	(3 796 162)	(3 937 136)	(140 974)	(2 613 092)
NET CASH FROM FINANCING ACTIVITIES	(3 796 162)	-	(3 796 162)	(3 937 136)	(140 974)	(2 613 092)
NET INCREASE/ (DECREASE) IN CASH HELD	16 385 866	(30 507 110)	(14 121 244)	5 082 211	19 203 455	963 884
Cash/cash equivalents at the year begin:	3 491 713	11 764 544	15 256 258	15 256 258	(0)	14 292 373
Cash/cash equivalents at the year end:	19 877 579	(18 742 566)	1 135 013	20 338 468	19 203 455	15 256 258