

MATZIKAMA LOCAL MUNICIPALITY

matzikama



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

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

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	Christoffel van der Westruis
Proportional	Monica Bottom
Proportional	Chris White

MEMBERS OF THE EXECUTIVE COMMITTEE

Cllr Hermanus Johannes van der Hoven
Cllr Amelia Fransina Kristina Job
Cllr Stephanus Petrus Cornelissen
Cllr Christo Boks
Cllr Chris White

MUNICIPAL MANAGER

Lionel Phillips (Acting)

CHIEF FINANCIAL OFFICER

ER Alfred

AUDIT COMMITTEE

A Wells
M Smit
F Rootman

REGISTERED OFFICE

37 Church Street
Vredendal
8160

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

Swanepoel en Swanepoel
Koos Coetzee
Fairbridges Wertheim Becker Inc

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 2023, which are set out on pages 1 to 89 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 2024 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.



Lionel Phillips (Acting)
Municipal Manager

31823

Date

MATZIKAMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets		75 464 087	69 392 273
Cash and Cash Equivalents	2	18 509 123	20 338 468
Receivables from Exchange Transactions	3	21 303 171	20 541 207
Receivables from Non-Exchange Transactions	4	10 573 122	8 989 142
Taxes	5	22 500 804	16 900 340
Operating Lease Assets	6	-	2 824
Current Portion of Long-term Receivables	7	1 691 015	1 489 147
Inventory	8	886 852	1 131 146
Non-Current Assets		920 947 143	898 178 697
Operating Lease Assets	6	56 676	-
Long-term Receivables	7	1 635 240	1 763 190
Investment Property	9	96 087 100	93 863 182
Property, Plant and Equipment	10	823 055 477	802 337 045
Intangible Assets	11	112 650	215 280
Total Assets		996 411 230	967 570 970
Current Liabilities			
		170 109 950	194 694 916
Current Portion of Long-term Liabilities	12	33 762 418	29 179 549
Payables from Exchange Transactions	13	94 669 022	132 834 432
Unspent Conditional Government Grants	14	23 597 614	14 431 612
Unspent Public Contributions	15	612 415	612 415
Current Employee Benefits	16	17 468 481	17 636 909
Non-Current Liabilities		180 639 097	109 730 882
Long-term Liabilities	12	80 420 897	11 384 747
Employee Benefits	17	38 484 000	41 909 000
Non-Current Provisions	18	61 734 200	56 437 135
Total Liabilities		350 749 046	304 425 798
NET ASSETS		645 662 184	663 145 172
COMMUNITY WEALTH			
Accumulated Surplus		645 662 184	663 145 172
		645 662 184	663 145 172

MATZIKAMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		212 557 980	224 044 115
Taxation Revenue		49 549 692	50 995 627
Property Rates	19	49 549 692	50 995 627
Transfer Revenue - Operating		90 122 944	85 088 106
Government Grants and Subsidies - Operating	20	90 122 944	84 940 858
Public Contributions and Donations - Operating	21	-	147 248
Transfer Revenue - Capital		41 501 819	70 697 092
Government Grants and Subsidies - Capital	20	39 332 475	67 761 127
Public Contributions and Donations - Capital	21	-	981 652
Contributed Assets	22	2 169 344	1 954 313
Other Revenue		31 383 525	17 263 290
Availability Charges	23	4 144 322	4 227 546
Fines, Penalties and Forfeits	24	10 365 793	9 478 919
Actuarial Gains	25	8 457 079	57 555
Fair Value Adjustment Gains	26	5 234 918	2 441 000
Other Income (Non-Exchange)	27	3 181 413	1 058 270
REVENUE FROM EXCHANGE TRANSACTIONS		229 910 215	219 374 135
Operating Activities		229 910 215	219 374 135
Service Charges	28	209 104 591	206 220 484
Rental of Facilities and Equipment	29	1 983 766	1 756 906
Interest Earned - external investments	30	1 418 787	793 900
Interest Earned - outstanding debtors		7 592 133	-
Licences and Permits	31	996 352	971 615
Agency Services	32	4 155 961	4 149 868
Other Income (Exchange)	33	4 658 626	5 481 362
TOTAL REVENUE		442 468 196	443 418 250
EXPENDITURE			
Employee Related Costs	34	172 433 024	170 963 034
Remuneration of Councillors	35	7 561 198	7 353 716
Debt Impairment	36	44 525 563	31 512 569
Depreciation and Amortisation	37	23 714 696	23 360 864
Impairments	38	2 259 693	8 415 731
Finance Charges	39	28 166 446	17 838 550
Bulk Purchases	40	129 262 183	139 429 958
Contracted Services	41	8 504 252	8 680 571
Transfers and Grants	42	1 746 581	1 887 571
Other Expenditure	43	41 133 483	36 982 146
Actuarial Losses	44	-	629 751
Loss on disposal of Non-Monetary Assets	45	644 068	5 383 585
TOTAL EXPENDITURE		459 951 188	452 438 046
NET DEFICIT FOR THE YEAR		(17 482 992)	(9 019 796)

MATZIKAMA LOCAL MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021	653 259 199	653 259 199
Correction of error restatement - note 46.3	18 905 768	18 905 768
Balance on 30 June 2021 - Restated	672 164 967	672 164 967
Net Deficit for the year	(9 019 795)	(9 019 795)
Balance on 30 June 2022 - Restated	663 145 172	663 145 172
Net Deficit for the year	(17 482 988)	(17 482 988)
Balance on 30 June 2023	645 662 184	645 662 184

MATZIKAMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		45 682 779	48 400 604
Service Charges and Interest		187 083 457	185 686 577
Other Revenue and Receipts		16 990 302	16 702 461
Government Grants		138 449 132	146 932 135
Investment Interest		1 398 999	780 068
Payments			
Suppliers and employees		(333 598 754)	(313 177 211)
Finance charges		(10 926 598)	(4 069 959)
Transfers and Grants		(1 746 581)	(1 887 571)
NET CASH FROM OPERATING ACTIVITIES	47	43 332 736	79 367 105
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		3 837 093	545 739
Payments			
Purchase of Capital Assets		(45 178 470)	(70 893 496)
NET CASH USED INVESTING ACTIVITIES		(41 341 377)	(70 347 757)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(3 820 704)	(3 937 137)
NET CASH USED FINANCING ACTIVITIES		(3 820 704)	(3 937 137)
NET INCREASE/(DECREASE) IN CASH HELD		(1 829 345)	5 082 211
Cash and Cash Equivalents at the beginning of the year		20 338 468	15 256 258
Cash and Cash Equivalents at the end of the year		18 509 123	20 338 468

MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	10 361 377	9 762 136	20 123 513	18 509 123	(1 614 390)
Consumer debtors	54 055 639	(24 060 443)	29 995 195	29 084 136	(911 059)
Other Receivables	17 845 433	(493 083)	17 352 350	25 292 961	7 940 610
Current portion of long-term receivables	808 518	346 404	1 154 923	1 691 015	536 092
Inventory	671 384	691 787	1 363 171	886 852	(476 319)
Total current assets	83 742 352	(13 753 199)	69 989 153	75 464 087	5 474 934
Non current assets					
Long-term receivables	518 314	1 297 772	1 816 086	1 635 240	(180 846)
Investment property	56 109 762	29 772 738	85 882 500	96 087 100	10 204 600
Property, plant and equipment	836 971 213	(21 714 299)	815 256 914	823 055 477	7 798 563
Intangible Assets	249 592	(80 329)	169 262	112 650	(56 612)
Other non-current assets	2 824	(2 824)	-	56 676	56 676
Total non current assets	893 851 705	9 273 058	903 124 762	920 947 143	17 822 381
TOTAL ASSETS	977 594 056	(4 480 141)	973 113 915	996 411 230	23 297 315
LIABILITIES					
Current liabilities					
Borrowing	3 314 054	49 593 839	52 907 893	33 762 418	(19 145 475)
Consumer deposits	-	10 763	10 763	-	(10 763)
Trade and other payables	74 230 973	(3 173 821)	71 057 152	118 879 051	47 821 899
Provisions and Employee Benefits	21 769 257	(2 167 800)	19 601 457	17 468 481	(2 132 976)
Total current liabilities	99 314 284	44 262 981	143 577 265	170 109 950	26 532 685
Non current liabilities					
Borrowing	7 785 280	68 101 991	75 887 271	80 420 897	4 533 625
Provisions and Employee Benefits	142 936 419	(33 770 235)	109 166 184	100 218 200	(8 947 984)
Total non current liabilities	150 721 699	34 331 756	185 053 455	180 639 097	(4 414 359)
TOTAL LIABILITIES	250 035 983	78 594 737	328 630 720	350 749 046	22 118 326
NET ASSETS	727 558 073	(83 074 878)	644 483 195	645 662 183	1 178 988
COMMUNITY WEALTH					
Accumulated Surplus	727 558 073	(83 074 878)	644 483 195	645 662 183	1 178 988
TOTAL COMMUNITY WEALTH/EQUITY	727 558 073	(83 074 878)	644 483 195	645 662 183	1 178 988

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 2023

	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	49 282 261	980 000	50 262 261	-	50 262 261	49 549 692	(712 569)
Service Charges - Electricity Revenue	163 952 702	(14 837 029)	149 115 673	-	149 115 673	135 885 957	(13 229 716)
Service Charges - Water Revenue	33 075 792	2 874 855	35 950 647	-	35 950 647	29 371 531	(6 579 116)
Service Charges - Sanitation Revenue	23 279 712	1 524 000	24 803 712	-	24 803 712	24 566 223	(237 489)
Service Charges - Refuse Revenue	22 325 059	1 298 000	23 623 059	-	23 623 059	23 425 201	(197 858)
Rental of Facilities and Equipment	2 262 128	(190 000)	2 072 128	-	2 072 128	1 983 766	(88 362)
Interest Earned - External Investments	700 746	800 000	1 500 746	-	1 500 746	1 418 787	(81 959)
Interest Earned - Outstanding Debtors	4 000 000	3 400 000	7 400 000	-	7 400 000	7 592 133	192 133
Fines	14 509 871	(4 260 627)	10 249 244	-	10 249 244	10 365 793	116 549
Licences and Permits	1 149 332	(50 000)	1 099 332	-	1 099 332	996 352	(102 980)
Agency Services	5 073 211	(350 000)	4 723 211	-	4 723 211	4 155 961	(567 250)
Transfers Recognised - Operational	89 085 582	3 595 817	92 681 399	-	92 681 399	90 122 944	(2 558 455)
Other Revenue	12 491 532	3 676 109	16 167 641	-	16 167 641	7 668 213	(8 499 428)
Gains	8 750 000	3 500 000	12 250 000	-	12 250 000	13 863 823	1 613 823
Total Revenue (excluding capital transfers)	429 937 928	1 961 125	431 899 053	-	431 899 053	400 966 377	(30 932 676)
EXPENDITURE							
Employee Related Costs	176 936 867	1 047 338	177 984 205	-	177 984 205	171 536 470	(6 447 735)
Remuneration of Councillors	7 906 252	(302 957)	7 603 295	-	7 603 295	7 561 198	(42 097)
Debt Impairment	22 458 634	17 407 366	39 866 000	-	39 866 000	44 525 563	4 659 563
Depreciation and Asset Impairment	21 405 913	7 000 000	28 405 913	-	28 405 913	25 974 389	(2 431 524)
Finance Charges	10 863 990	15 604 589	26 468 579	-	26 468 579	28 166 446	1 697 867
Bulk Purchases	124 835 000	(2 800 000)	122 035 000	-	122 035 000	121 620 623	(414 377)
Inventory Consumed	17 685 062	4 119 432	21 804 494	-	21 804 494	17 216 541	(4 587 953)
Contracted Services	11 527 886	(326 282)	11 201 604	-	11 201 604	8 504 252	(2 697 352)
Transfers and Grants	1 998 733	957 009	2 955 742	-	2 955 742	1 746 581	(1 209 161)
Other Expenditure	30 107 325	5 834 072	35 941 397	-	35 941 397	32 394 239	(3 547 158)
Losses	-	3 527 250	3 527 250	-	3 527 250	704 885	(2 822 365)
Total Expenditure	425 725 662	52 067 817	477 793 478	-	477 793 479	459 951 188	(17 842 291)
Surplus/(Deficit)	4 212 266	(50 106 692)	(45 894 425)	-	(45 894 426)	(58 984 811)	(13 090 385)
Transfers and subsidies - capital (monetary) - Government	36 436 418	6 894 645	43 331 063	-	43 331 063	39 332 475	(3 998 588)
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	2 174 344	2 174 344	-	2 174 344	2 169 344	(5 000)
Surplus/(Deficit) for the year	40 648 684	(41 037 703)	(389 018)	-	(389 019)	(17 482 992)	(17 093 973)

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 2023

	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	44 846 858	(113 445)	44 733 412	45 682 779	949 367
Service charges	224 247 017	(16 444 052)	207 802 964	187 083 457	(20 719 507)
Other revenue	24 212 906	2 859 065	27 071 971	16 990 302	(10 081 669)
Government Grants	125 522 000	26 872 228	152 394 228	138 449 132	(13 945 096)
Interest	4 260 746	3 826 000	8 086 746	1 398 999	(6 687 747)
Payments					
Suppliers and Employees	(394 818 198)	19 248 291	(375 569 907)	(333 598 754)	41 971 153
Finance Charges	(3 822 941)	(13 503 589)	(17 326 530)	(10 926 598)	6 399 931
Transfers and Grants	(1 998 733)	(957 009)	(2 955 742)	(1 746 581)	1 209 161
Net Cash from/(used) Operating Activities	22 449 653	21 787 489	44 237 143	43 332 736	(904 407)
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	15 850 000	(5 100 000)	10 750 000	3 837 093	(6 912 907)
Payments					
Capital Assets	(42 432 899)	(7 763 814)	(50 196 713)	(45 178 470)	5 018 243
Net Cash from/(used) Investing Activities	(26 582 899)	(12 863 814)	(39 446 713)	(41 341 377)	(1 894 664)
CASH FLOW FROM FINANCING ACTIVITIES					
Payments					
Repayment of Borrowing	(3 641 706)	(1 363 679)	(5 005 385)	(3 820 704)	1 184 681
Net Cash from/(used) Financing Activities	(3 641 706)	(1 363 679)	(5 005 385)	(3 820 704)	1 184 681
NET INCREASE/(DECREASE) IN CASH HELD	(7 774 952)	7 559 996	(214 955)	(1 829 345)	(1 614 390)
Cash and Cash Equivalents at the year begin	18 136 329	2 202 140	20 338 468	20 338 468	-
Cash and Cash Equivalents at the year end	10 361 377	9 762 136	20 123 513	18 509 123	(1 614 390)

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 2023

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 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.

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 2023

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 Standards of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 25 (Revised 2021) - Employee Benefits (effective 1 April 2023)

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.

The impact of this Standard on the financial statements will not be significant.

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

1.08.1.2 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.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
- (d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

1.08.1.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 April 2023)

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.

1.08.2 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 103 (Revised 2022) - Heritage Assets

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

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.

1.08.2.2 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

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

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.

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.

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

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.

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.

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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.

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.

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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.

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:

	Years
Computer Software	2 - 15
Rights (Servitudes)	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.

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

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.

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.

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

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.

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.

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

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.

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.

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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.

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.

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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.

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.

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(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.

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.

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

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 used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 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.

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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.

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.

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

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.

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.

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

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.

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.

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

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.

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.

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

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.

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).

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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 it 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.

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.

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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.

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.

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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.

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.

MATZIKAMA LOCAL MUNICIPALITY

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

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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2 CASH AND CASH EQUIVALENTS

Bank Accounts	18 503 263	20 332 648
Cash Floats	5 860	5 820
Total	18 509 123	20 338 468

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	23 597 614	14 431 612
Unspent Public Contributions - note 15	612 415	612 415
VAT Payable - note 52.3	1 516 842	1 631 243
Total	25 726 871	16 675 270

Grant funding utilised for own working capital requirements	7 217 748	-
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Overdraft facilities available during the financial year with Standard Bank	25 000 000	15 000 000
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Guarantee in favour of Eskom registered with Standard Bank (Account 082 451 885)	4 580 815	-
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Bank Accounts

ABSA Bank Limited - Account Number 40-5057-5029 (Former Primary Bank Account)	-	51 907
Standard Bank Limited - Account Number 082 451 885 (Primary Bank Account)	3 417 746	2 118 830
Standard Bank Limited - Account Number 082 452 024 (Grants)	10 402 304	18 122 760
Standard Bank Limited - Account Number 082 455 333 (Housing)	4 683 213	39 151
Total	18 503 263	20 332 648

Bank accounts consists out of the following accounts:

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

Cash book balance at beginning of year	51 907	754 328
Cash book balance at end of year	-	51 907
Bank statement balance at beginning of year	51 907	754 328
Bank statement balance at end of year	-	51 907

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

Cash book balance at beginning of year	2 118 830	857 243
Cash book balance at end of year	3 417 746	2 118 830
Bank statement balance at beginning of year	1 503 340	406 040
Bank statement balance at end of year	2 891 942	1 503 340

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

Cash book balance at beginning of year	18 122 760	13 505 447
Cash book balance at end of year	10 402 304	18 122 760
Bank statement balance at beginning of year	18 122 760	13 505 447
Bank statement balance at end of year	10 402 304	18 122 760

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

Cash book balance at beginning of year	39 151	-
Cash book balance at end of year	4 683 213	39 151
Bank statement balance at beginning of year	39 151	-
Bank statement balance at end of year	4 683 213	39 151

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	15 431 456	13 504 020
Water	25 348 794	19 757 852
Refuse	30 020 222	24 131 415
Sewerage	28 501 806	22 303 262
Other	19 489 400	13 247 599
Interest	12 636 604	6 256 993
Housing Selling Scheme	253 013	258 205
Property Rental Debtors	620 477	515 159
Other Services	4 313 371	4 592 434
Sundry Arrears	1 665 935	1 624 808

Total Gross Balance

118 791 677 92 944 149

Less: Allowance for Debt Impairment

(97 488 506) (72 402 942)

Total Net Receivable

21 303 171 20 541 207

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 until December 2022. Interest charged on outstanding accounts was approved by council on 29 November 2022 and charged from 31 December 2022 at a rate of prime +1%.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	72 402 942	62 804 934
Movement in the contribution to the provision	32 605 632	17 842 796
Electricity	1 790 194	513 367
Water	8 674 097	5 468 583
Refuse	7 421 261	5 787 446
Sewerage	8 062 892	6 301 850
Other	6 657 188	(228 450)
Bad Debts Written off	(7 520 068)	(8 244 788)
Electricity	(278 278)	(278 575)
Water	(2 509 508)	(2 595 523)
Refuse	(1 837 053)	(2 384 935)
Sewerage	(2 156 223)	(2 483 270)
Other	(739 006)	(502 484)
Balance at the end of the year	97 488 506	72 402 942

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	Allowance for Debt Impairment	Net Receivable
	R	R	R
30 June 2023			
Service Receivables			
Electricity	15 431 456	(4 213 201)	11 218 255
Water	25 348 794	(22 584 323)	2 764 471
Refuse	30 020 222	(26 624 011)	3 396 211
Sewerage	28 501 806	(25 436 028)	3 065 778
Other	19 489 400	(18 630 943)	858 456
Total	118 791 677	(97 488 506)	21 303 171

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	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
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		8 626 590	8 340 881
31 - 60 Days		1 851 661	2 111 255
61 - 90 Days		782 156	598 331
+ 90 Days		4 171 050	2 453 553
Total		15 431 456	13 504 020
Water			
Current (0 - 30 days)		2 303 704	2 636 341
31 - 60 Days		1 128 506	1 452 482
61 - 90 Days		979 268	890 129
+ 90 Days		20 937 316	14 778 900
Total		25 348 794	19 757 852
Refuse			
Current (0 - 30 days)		2 370 015	2 124 224
31 - 60 Days		1 345 925	1 250 583
61 - 90 Days		1 061 894	950 103
+ 90 Days		25 242 388	19 806 504
Total		30 020 222	24 131 415
Sewerage			
Current (0 - 30 days)		2 373 696	2 069 278
31 - 60 Days		1 418 451	1 328 012
61 - 90 Days		1 150 593	1 047 688
+ 90 Days		23 559 065	17 858 285
Total		28 501 806	22 303 262
Interest			
Current (0 - 30 days)		1 113 814	9 981
31 - 60 Days		1 053 484	6 257
61 - 90 Days		990 330	6 335
+ 90 Days		9 478 975	6 234 421
Total		12 636 604	6 256 993
Housing Selling Scheme			
Current (0 - 30 days)		20	80
31 - 60 Days		31	78
61 - 90 Days		79	78
+ 90 Days		252 883	257 969
Total		253 013	258 205

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Property Rental Debtors

Current (0 - 30 days)	107 268	85 458
31 - 60 Days	39 587	29 796
61 - 90 Days	40 156	23 936
+ 90 Days	433 466	375 970
Total	620 477	515 159

Other Services

Current (0 - 30 days)	(22 841)	36 904
31 - 60 Days	1 348	3 846
61 - 90 Days	1 154	889
+ 90 Days	4 333 711	4 550 796
Total	4 313 371	4 592 434

Sundry Arrears

Current (0 - 30 days)	87 152	111 020
31 - 60 Days	27 683	34 810
61 - 90 Days	20 812	28 471
+ 90 Days	1 530 288	1 450 507
Total	1 665 935	1 624 808

Summary Ageing of all Receivables from Exchange Transactions

Current (0 - 30 days)	16 959 419	15 414 166
31 - 60 Days	6 866 676	6 217 118
61 - 90 Days	5 026 442	3 545 961
+ 90 Days	89 939 141	67 766 904
Total	118 791 677	92 944 149

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

33 249 562

28 133 834

Property Rates
Availability Charges

26 361 987
6 887 575

23 293 900
4 839 935

Other Receivables

17 771 265

14 890 412

Unpaid Traffic Fines
Other Receivables
Deposits
Unpaid Grants

15 385 255
54 122
2 159 598
172 289

14 282 521
165 832
442 059
-

Total Gross Balance

51 020 827

43 024 246

Less: Allowance for Debt Impairment

(40 447 705)

(34 035 105)

Total Net Receivable

10 573 122

8 989 142

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 until December 2022. Interest charged on outstanding accounts was approved by council on 29 November 2022 and charged from 31 December 2022 at a rate of prime +1%.

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	34 035 105	57 889 771
Movement in the contribution to the provision	13 937 529	13 791 671
Property Rates	4 138 975	2 376 084
Availability Charges	2 127 439	2 192 317
Traffic Fines	7 671 115	9 223 271
Bad Debts Written off	(7 524 929)	(37 646 337)
Property Rates	(798 826)	(911 691)
Availability Charges	(66 168)	(35 615)
Traffic Fines	(6 659 935)	(36 699 031)
Balance at the end of the year	40 447 705	34 035 105

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.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Property Rates	26 361 987	(18 948 074)	7 413 913
Availability Charges	6 887 575	(6 520 523)	367 052
Other Receivables			
Unpaid Traffic Fines	15 385 255	(14 979 108)	406 147
Other Receivables	54 122	-	54 122
Deposits	2 159 598	-	2 159 598
Unpaid Grants	172 289	-	172 289
Total	51 020 827	(40 447 705)	10 573 122
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

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	3 514 070	3 590 744
31 - 60 Days	1 403 547	1 456 797
61 - 90 Days	860 141	902 670
+ 90 Days	20 584 230	17 343 688
Total	26 361 987	23 293 900

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

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4	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
	Availability Charges		
	Current (0 - 30 days)	445 411	406 064
	31 - 60 Days	268 344	280 283
	61 - 90 Days	249 853	251 267
	+ 90 Days	5 923 968	3 902 322
	Total	6 887 575	4 839 935
	Unpaid Traffic Fines		
	Current (0 - 30 days)	799 800	732 500
	31 - 60 Days	801 550	789 100
	61 - 90 Days	1 406 100	625 350
	+ 90 Days	12 377 805	12 135 571
	Total	15 385 255	14 282 521
5	TAXES		
	VAT Claimable/(Payable)	(2 167 581)	(1 803 353)
	VAT in Suspense	12 717 219	9 607 745
	VAT on Allowance for Debt Impairment	11 951 166	9 095 948
	Total	22 500 804	16 900 340
	Reconciliation of VAT on Allowance for Debt Impairment		
	Balance at beginning of year	9 095 948	7 184 618
	Debt Impairment for current year	2 855 218	1 911 330
	Balance at the end of the year	11 951 166	9 095 948
6	OPERATING LEASES		
6.1	OPERATING LEASE ASSETS		
	Operating Lease Asset	56 676	2 824
	Disclosed as follows:		
	Non-Current Operating Lease Asset	56 676	-
	Current Operating Lease Asset	-	2 824
	Total	56 676	2 824
	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	2 824	3 694
	Movement during the year	53 852	(870)
	Balance at the end of the year	56 676	2 824
	The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
	Within 1 Year	481 467	39 086
	Between 1 and 5 Years	1 500 993	-
	After 5 Years	-	-
	Total operating lease payments	1 982 460	39 086

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6 OPERATING LEASES (CONTINUED)

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 1 - 60 months with escalations linked to CPI or 5.5% per year ranging until 2028.

Significant lease agreements include, but are not limited to:

- Lease of various properties to the Department of Transport and Public Works for periods not exceeding 5 years, with the last agreement ending 30 September 2027. These agreements have an annual escalation of 5.5%.
- Lease of houses to employees. These agreements are reviewed annually.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	6 575 731	5 664 192
Less: Allowance for Debt Impairment	(3 249 476)	(2 411 855)
Total Net Receivable	3 326 255	3 252 337
Less: Current portion of Long-term Receivables	(1 691 015)	(1 489 147)
Total	1 635 240	1 763 190

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	2 411 855	622 423
Movement in the contribution to the provision	837 620	1 789 432
Balance at the end of the year	3 249 476	2 411 855

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	332 020	570 568
Water	554 832	560 578
Total	886 852	1 131 146

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	-	-
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Inventory recognised as an expense during the year

Consumables	623 314	243 538
Finished Goods	133 008	93 920
Water	8 475 196	8 296 498
Total	9 231 518	8 633 956

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9 INVESTMENT PROPERTY

Investment Property - Fair Value	96 087 100	93 863 182
As previously reported		87 532 500
Correction of error restatement - note 46.1		6 330 682
Restated balance		93 863 182
The carrying value of Investment Property is reconciled as follows:		
Opening Fair Value	93 863 182	93 897 182
Gains/(Losses) arising from changes in fair value	5 234 918	2 441 000
Disposals	(3 011 000)	(2 475 000)
Closing Fair Value	96 087 100	93 863 182
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.		
Revenue derived from the rental of investment property	440 615	413 345
No significant operating expenditure was incurred on investment property during the 2022/23 and 2021/22 financial year.		

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2023				
Land and Buildings	111 926 309	(9 791 814)	(1 567 488)	100 567 007
Infrastructure	809 520 253	(173 420 486)	(8 476 612)	627 623 155
Community Assets	86 050 785	(17 592 885)	(635 210)	67 822 689
Other Assets	36 815 207	(20 691 223)	(123 615)	16 000 370
Leased Assets	1 200 983	(133 321)	-	1 067 662
Capitalised Restoration Cost	39 413 156	(29 438 561)	-	9 974 594
Total	1 084 926 692	(251 068 290)	(10 802 925)	823 055 477
30 June 2022				
Land and Buildings	111 947 892	(9 232 499)	(1 567 488)	101 147 906
Infrastructure	771 016 887	(156 435 275)	(6 306 416)	608 275 196
Community Assets	80 327 792	(16 253 011)	(620 251)	63 454 530
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	1 040 855 842	(229 970 443)	(8 548 354)	802 337 045
As previously reported				790 394 767
Correction of error restatement - note 46.1				(5 632 182)
Correction of error restatement - note 46.2				17 574 460
Restated balance				802 337 045

10.1 Repairs and maintenance incurred on Property, Plant and Equipment

10 895 451

7 014 696

10.2 Capital Restoration 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.

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

1 067 662

1 556

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 material 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:

	2023	2024	After 2024
Increase / (Decrease) in Depreciation and Amortisation	(1 117 620)	(877 345)	1 994 965
Increase / (Decrease) in Accumulated Surplus	1 117 620	877 345	(1 994 965)
Increase / (Decrease) in Property, Plant and Equipment	1 117 620	877 345	(1 994 965)

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2023	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	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	111 947 892	147 917	(169 500)	-	-	111 926 309	10 799 987	559 315	-	-	11 359 302	100 567 007
Land	68 065 873	21 739	(169 500)	-	-	67 918 112	-	-	-	-	-	67 918 112
Buildings	43 168 229	-	-	-	-	43 168 229	10 799 987	559 315	-	-	11 359 302	31 808 927
Work in Progress	713 791	126 178	-	-	-	839 968	-	-	-	-	-	839 968
Infrastructure	771 016 887	37 825 920	(886 895)	1 564 341	-	809 520 253	162 741 691	17 156 910	2 170 196	(171 699)	181 897 098	627 623 155
Roads and Storm Water	229 415 635	-	-	-	16 070 719	245 486 354	44 166 727	5 788 443	718	-	49 955 888	195 530 466
Electricity	62 860 267	-	(286 465)	1 564 341	4 512 263	68 650 407	27 953 093	1 725 171	30 273	(11 372)	29 697 165	38 953 242
Water Supply	168 469 748	-	(13 259)	-	18 897 718	187 354 207	39 549 368	3 616 426	267 297	(13 257)	43 419 834	143 934 373
Sanitation	274 727 525	-	(587 171)	-	1 320 752	275 461 106	50 599 491	5 995 060	1 871 908	(147 070)	58 319 389	217 141 717
Solid Waste	771 077	-	-	-	-	771 077	473 012	31 810	-	-	504 823	266 255
Work in Progress	34 772 635	37 825 920	-	-	(40 801 453)	31 797 102	-	-	-	-	-	31 797 102
Community Assets	80 327 792	5 117 990	-	605 003	-	86 050 785	16 873 262	1 339 875	14 959	-	18 228 095	67 822 689
Sport and Recreation Facilities	26 291 372	-	-	605 003	11 332 409	38 228 784	7 727 186	707 347	-	-	8 434 533	29 794 252
Community Facilities	43 007 695	-	-	-	143 998	43 151 693	9 146 076	632 528	14 959	-	9 793 563	33 358 130
Work in progress	11 028 725	5 117 990	-	-	(11 476 407)	4 670 307	-	-	-	-	-	4 670 307
Other Assets	37 592 037	2 086 646	(2 863 476)	-	-	36 815 207	20 029 758	2 988 552	74 539	(2 278 011)	20 814 838	16 000 370
Computer Equipment	3 027 090	353 886	(156 557)	-	-	3 224 419	1 789 377	317 609	49	(121 208)	1 985 827	1 238 592
Furniture and Office Equipment	4 552 320	150 262	(93 274)	-	-	4 609 308	2 847 711	345 260	54	(86 014)	3 107 011	1 502 297
Machinery and Equipment	2 340 862	118 859	(238 378)	-	-	2 221 343	1 639 638	194 830	9 298	(198 218)	1 645 547	575 796
Transport Assets	27 671 765	1 463 640	(2 375 267)	-	-	26 760 137	13 753 033	2 130 852	65 138	(1 872 571)	14 076 452	12 683 685
Leased Assets	69 629	1 200 983	(69 629)	-	-	1 200 983	68 074	134 877	-	(69 629)	133 321	1 067 662
Furniture and Office Equipment	69 629	1 200 983	(69 629)	-	-	1 200 983	68 074	134 877	-	(69 629)	133 321	1 067 662
Capitalised Restoration Cost	39 901 605	997 726	(1 486 175)	-	-	39 413 156	28 006 025	1 432 536	-	-	29 438 561	9 974 594
Landfill Site Rehabilitation	39 901 605	997 726	(1 486 175)	-	-	39 413 156	28 006 025	1 432 536	-	-	29 438 561	9 974 594
	1 040 855 842	47 377 181	(5 475 675)	2 169 344	-	1 084 926 692	238 518 797	23 612 065	2 259 693	(2 519 339)	261 871 216	823 055 477

MATZIKAMA LOCAL MUNICIPALITY

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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 (Restated)
	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	111 952 615	21 708	(28 163)	-	1 733	111 947 892	8 678 438	559 692	1 567 488	(5 631)	10 799 987	101 147 906
Land	68 065 873	-	-	-	-	68 065 873	-	-	-	-	-	68 065 873
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	714 903 514	60 716 761	(4 638 715)	53 313	(17 986)	771 016 887	142 172 325	16 129 117	6 305 833	(1 865 584)	162 741 691	608 275 196
Roads and Storm Water	224 123 324	-	(1 550 045)	-	6 842 356	229 415 635	39 311 677	5 507 892	20 401	(673 243)	44 166 727	185 248 908
Electricity	62 341 286	-	(1 009 229)	-	1 528 210	62 860 267	26 458 244	1 680 655	73 158	(258 964)	27 953 093	34 907 175
Water Supply	156 844 674	-	(633 065)	-	12 258 139	168 469 748	36 375 487	3 297 758	189 221	(313 097)	39 549 368	128 920 380
Sanitation	239 186 464	-	(1 446 377)	53 313	36 934 124	274 727 525	39 722 728	5 593 310	5 903 733	(620 280)	50 599 491	224 128 034
Solid Waste	771 077	-	-	-	-	771 077	304 190	49 502	119 320	-	473 012	298 065
Work in Progress	31 636 689	60 716 761	-	-	(57 580 815)	34 772 635	-	-	-	-	-	34 772 635
Community Assets	71 282 341	9 319 886	(272 702)	-	(1 733)	80 327 792	15 337 603	1 036 821	536 946	(38 108)	16 873 262	63 454 530
Sport and Recreation Facilities	26 283 422	-	-	-	7 950	26 291 372	6 792 967	397 272	536 946	-	7 727 186	18 564 186
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	1 718 522	9 319 886	-	-	(9 683)	11 028 725	-	-	-	-	-	11 028 725
Other Assets	36 410 421	754 142	(1 491 512)	1 901 000	17 986	37 592 037	18 220 889	2 870 851	5 464	(1 067 445)	20 029 758	17 562 278
Computer Equipment	2 950 017	231 156	(154 083)	-	-	3 027 090	1 592 478	292 663	2 444	(98 208)	1 789 377	1 237 713
Furniture and Office Equipment	4 609 951	104 756	(162 386)	-	-	4 552 320	2 613 781	372 622	401	(139 094)	2 847 711	1 704 610
Machinery and Equipment	2 435 939	17 230	(130 293)	-	17 986	2 340 862	1 514 188	235 191	1 518	(111 259)	1 639 638	701 224
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
	978 340 853	71 434 894	(10 874 218)	1 954 313	-	1 040 855 842	210 539 278	23 241 727	8 415 731	(3 677 940)	238 518 797	802 337 045

MATZIKAMA LOCAL MUNICIPALITY

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

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INTANGIBLE ASSETS

Intangible Assets - Carrying Value

112 650

215 280

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

215 280

253 417

Cost

1 078 224

997 224

Accumulated Amortisation

(862 944)

(743 807)

Accumulated Impairment

-

-

Additions

-

81 000

Amortisation

(102 631)

(119 137)

Disposal

-

-

Cost

-

-

Accumulated Amortisation

-

-

Closing Carrying Value

112 650

215 280

Cost

1 078 224

1 078 224

Accumulated Amortisation

(965 574)

(862 944)

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

11 482 515

15 173 427

Finance Lease Liabilities

1 081 260

10 069

Payables with Repayment Arrangements

101 619 540

25 380 800

Sub-Total

114 183 315

40 564 296

Less: Current portion of Long-term Liabilities

33 762 418

29 179 549

Annuity Loans

4 094 050

4 875 544

Finance Lease Liabilities

343 587

10 069

Payables with Repayment Arrangements

29 324 781

24 293 936

Total

80 420 897

11 384 747

Long-term Liabilities were utilised as follow:

Total loans taken up

12 563 775

15 183 496

Used to finance Property, Plant and Equipment at cost

(12 563 775)

(15 183 496)

Unspent Borrowings

-

-

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

MATZIKAMA LOCAL MUNICIPALITY

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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 (WC12007362.1)	11.79%	2031	6 126 855	6 698 237
DBSA (12007652)	12.15%	2022 / 2027	3 508 692	4 372 132
Standard Bank (514952)	10.08%	2024	1 846 968	4 103 058
Total			11 482 515	15 173 427

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	5 139 566	6 136 559
Payable within two to five years	7 354 236	9 758 631
Payable after five years	2 796 879	3 593 041
Total amount payable	15 290 681	19 488 231
Less: Outstanding Future Finance Charges	(3 808 166)	(4 314 804)
Present value of annuity loans	11 482 515	15 173 427

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	
Nashua - CCTV system HIKVISION	5 years	2023/01/31	-	10 069
Konica Minolta - Printers	3 years	2026/02/28	492 103	-
SkyMetro - Printers	3 years	2026/02/28	589 157	-
Total			1 081 260	10 069

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	520 332	10 416
Payable within two to five years	867 221	-
Payable after five years	-	-
Total amount payable	1 387 553	10 416
Less: Outstanding Future Finance Charges	(306 293)	(347)
Present value of finance lease liabilities	1 081 260	10 069

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	1 086 864	2 623 945
Eskom Holdings SOC Ltd	0.0%	2026/10/31	100 532 676	22 756 855
Total			101 619 540	25 380 800

All payables with repayment arrangements are unsecured.

MATZIKAMA LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>		2023	2022
12	LONG-TERM LIABILITIES (CONTINUED)		
	Payables with Repayment Arrangements are payable as follows:		
	Payable within one year	29 353 918	24 430 856
	Payable within two to five years	72 294 758	1 116 001
	Payable after five years	-	-
	Total amount payable	101 648 677	25 546 857
	Less: Outstanding Future Finance Charges	(29 137)	(166 057)
	Present value of finance lease liabilities	101 619 540	25 380 800
13	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	77 315 362	113 013 718
	Retentions	3 073 175	4 687 796
	Payments received in advance	2 023 552	2 345 580
	Pre-paid Electricity	680 599	159 365
	Sundry Creditors	7 685 498	8 227 983
	Unknown Bank Deposits	2 488 038	3 448 980
	Sale of Land Deposits	1 379 255	935 485
	Accrued Interest	23 541	15 525
	Total	94 669 022	132 834 432
	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.		
	The following serves as security for payables:		
	- Bank guarantee as per note 2	4 580 815	-
	- Cash deposits as per note 4	2 159 598	442 059
	Total	6 740 413	442 059
14	UNSPENT CONDITIONAL GOVERNMENT GRANTS		
	National Government	21 099 546	9 896 804
	Provincial Government	2 455 488	4 492 228
	District Municipality	42 580	42 580
	Total	23 597 614	14 431 612
	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.		

MATZIKAMA LOCAL MUNICIPALITY

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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

4 619 770

4 647 678

Staff Leave

9 917 557

10 608 062

Performance Bonuses

334 984

-

Pension

25 169

25 169

Current portion of Non-Current Employee Benefits - note 17

2 571 000

2 356 000

Post Retirement Medical Benefits

1 630 000

1 689 000

Long Service Awards

941 000

667 000

Total

17 468 481

17 636 909

The movement in current employee benefits are reconciled as follows:

16.1 Bonuses

Opening Balance

4 647 678

4 681 123

Contribution during the year

8 738 398

8 624 580

Payments made

(8 766 306)

(8 658 024)

Balance at the end of the year

4 619 771

4 647 678

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

10 608 062

11 742 197

Contribution during the year

500 032

448 855

Payments made

(1 190 537)

(1 582 990)

Balance at the end of the year

9 917 557

10 608 062

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

776 282

225 714

Payments made

(441 298)

(225 714)

Balance at the end of the year

334 984

-

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.

MATZIKAMA LOCAL MUNICIPALITY

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

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16 CURRENT EMPLOYEE BENEFITS (CONTINUED)

16.4 Pension

Opening Balance	25 169	25 169
Contribution during the year	-	-
Payments made	-	-
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	32 727 000	36 348 000
Long Service Awards	8 328 000	7 917 000
Sub-Total	41 055 000	44 265 000
Less: Current portion of Employee Benefits	2 571 000	2 356 000
Post Retirement Medical Benefits	1 630 000	1 689 000
Long Service Awards	941 000	667 000
Total	38 484 000	41 909 000

17.1 Post Retirement Medical Benefits

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

Opening Balance	36 348 000	32 387 000
Contribution during the year	5 877 000	4 796 000
Current Service Cost	1 678 000	1 629 000
Interest Cost	4 199 000	3 167 000
Payments made	(1 618 791)	(1 464 751)
Actuarial Loss/(Gain)	(7 879 209)	629 751
Total balance at year-end	32 727 000	36 348 000
Less: Current portion	(1 630 000)	(1 689 000)
Total	31 097 000	34 659 000

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

In-service members	128	128
In-service non-members	285	313
Continuation members	30	35
Total	443	476

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 2023	12 013 000	4 137 000	16 577 000	32 727 000
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

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

MATZIKAMA LOCAL MUNICIPALITY

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17 EMPLOYEE BENEFITS (CONTINUED)

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2023	(3 745 000)	-
30 June 2022	1 117 000	-
30 June 2021	(3 362 000)	-
30 June 2020	3 631 000	-
30 June 2019	652 000	-

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	12.53%	11.82%
Health Care Cost Inflation Rate	8.26%	8.44%
Net Effective Discount Rate	3.94%	3.12%

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 24 June 2023.

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	16 150 000	16 577 000	32 727 000	
Health care inflation rate (+ 1%)	19 536 000	18 017 000	37 553 000	15%
Health care inflation rate (- 1%)	13 457 000	15 316 000	28 773 000	-12%
Discount rate (+ 1%)	13 570 000	15 372 000	28 942 000	-12%
Discount rate (- 1%)	19 425 000	17 972 000	37 397 000	14%
Post-employment mortality (+ 1 year)	15 752 000	16 012 000	31 764 000	-3%
Post-employment mortality (- 1 year)	16 543 000	17 145 000	33 688 000	3%
Average retirement age (- 1 year)	17 940 000	16 577 000	34 517 000	5%
Membership continuation (- 10%)	14 114 000	16 577 000	30 691 000	-6%

MATZIKAMA LOCAL MUNICIPALITY

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17 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2023/24	1 470 000	4 002 000	5 472 000	
Health care inflation rate (+ 1%)	1 800 000	4 606 000	6 406 000	17%
Health care inflation rate (- 1%)	1 211 000	3 507 000	4 718 000	-14%
Discount rate (+ 1%)	1 234 000	3 809 000	5 043 000	-8%
Discount rate (- 1%)	1 772 000	4 220 000	5 992 000	10%
Post-employment mortality (+ 1 year)	1 435 000	3 881 000	5 316 000	-3%
Post-employment mortality (- 1 year)	1 507 000	4 122 000	5 629 000	3%
Average retirement age (- 1 year)	1 652 000	4 226 000	5 878 000	7%
Membership continuation (- 10%)	1 287 000	3 746 000	5 033 000	-8%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	7 917 000	7 308 000
Contribution during the year	1 579 000	1 365 000
Current Service Cost	728 000	689 000
Interest Cost	851 000	676 000
Payments made	(590 130)	(698 445)
Actuarial Loss/(Gain)	(577 870)	(57 555)
Total balance at year-end	8 328 000	7 917 000
Less: Current portion	(941 000)	(667 000)
Total	7 387 000	7 250 000

The Long Service Awards plans are defined benefit plans.

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

413	441
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2023	8 328 000
30 June 2022	7 917 000
30 June 2021	7 308 000
30 June 2020	6 573 000
30 June 2019	6 297 099

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 2023	(132 870)	-
30 June 2022	28 445	-
30 June 2021	309 173	-
30 June 2020	329 410	-
30 June 2019	886 503	-

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17 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.58%	11.21%
General earnings inflation rate (long-term)	6.91%	7.38%
Net discount rate	4.37%	3.56%

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 24 June 2023.

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%)	8 328 000	8 849 000	6%
General earnings inflation rate (- 1%)	8 328 000	7 855 000	-6%
Discount rate (+ 1%)	8 328 000	7 847 000	-6%
Discount rate (- 1%)	8 328 000	8 867 000	6%
Average retirement age (+ 2 years)	8 328 000	9 191 000	10%
Average retirement age (- 2 years)	8 328 000	7 105 000	-15%
Withdrawal rates (x 2)	8 328 000	6 798 000	-18%
Withdrawal rates (x 0.5)	8 328 000	9 364 000	12%

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 2023/24	721 000	912 000	1 633 000	
General earnings inflation rate (+ 1%)	777 000	972 000	1 749 000	7%
General earnings inflation rate (- 1%)	672 000	857 000	1 529 000	-6%
Discount rate (+ 1%)	677 000	930 000	1 607 000	-2%
Discount rate (- 1%)	771 000	890 000	1 661 000	2%
Average retirement age (+ 2 years)	790 000	1 012 000	1 802 000	10%
Average retirement age (- 2 years)	627 000	771 000	1 398 000	-14%
Withdrawal rates (x 2)	547 000	734 000	1 281 000	-22%
Withdrawal rates (x 0.5)	846 000	1 032 000	1 878 000	15%

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	41 096	39 176
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 104.5% (30 June 2021 - 102.0%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	17 201 208	16 871 064
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).

Total	17 242 304	16 910 239
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MATZIKAMA LOCAL MUNICIPALITY

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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

879 387

1 054 042

Total

879 387

1 054 042

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

61 734 200

56 437 135

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

Opening Balance

56 437 135

54 542 014

Contribution during the year

5 297 065

1 895 121

Increase/(decrease) in estimate added to /(deducted from) cost of related asset

(488 449)

(3 119 556)

Decrease in estimate recognised in surplus

(171 826)

-

Interest Cost

5 957 340

5 014 677

Total

61 734 200

56 437 135

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 9.18% - 11.90% 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 (m ²)	Rehabilitation cost per m ² (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Bitterfontein	11.90%	4 658	1 338	4 399 576	4 004 072
Doringbaai	11.90%	13 297	446	3 730 905	3 550 572
Klawer	11.90%	11 895	565	3 762 175	3 590 860
Kliprand	11.90%	1 818	1 906	2 446 854	2 266 828
Lutzville	9.18%	45 805	311	12 476 800	11 491 496
Nuwerus	11.90%	3 276	917	1 682 182	1 621 942
Rietpoort	11.90%	796	3 124	1 755 637	1 669 364
Strandfontein	11.90%	9 220	489	2 835 133	2 528 532
VanRhynsdorp	11.90%	31 345	936	11 763 147	11 069 018
Vredendal	11.90%	55 062	310	9 557 190	7 736 872
Ebenhaeser	11.90%	3 918	1 007	2 480 322	2 346 949
Koekenaap	11.90%	5 044	1 627	4 844 279	4 560 628
Total				61 734 200	56 437 135

The estimate cost, based on an average inflation rate of 5.59% (2022 - 5.52%), and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Bitterfontein	2029	8 637 565	8 313 096
Doringbaai	2031	9 171 806	9 082 495
Klawer	2033	11 580 834	11 317 521
Kliprand	2029	4 803 840	4 706 299
Lutzville	2027	17 727 347	13 607 491
Nuwerus	2033	5 178 140	5 111 967
Rietpoort	2029	3 446 794	3 465 868
Strandfontein	2031	6 969 701	6 468 079
VanRhynsdorp	2039	70 064 063	46 791 391
Vredendal	2033	29 419 217	24 384 741
Ebenhaeser	2031	6 097 458	6 003 583
Koekenaap	2033	14 144 637	13 564 713
Total		187 241 402	152 817 242

19 PROPERTY RATES

Rateable Land and Buildings	50 301 491	51 819 179
Less: Rebates	(751 799)	(823 551)
Total	49 549 692	50 995 627

Property rate levied are based on the following rateable valuations:

Domestic	3 687 968 500	3 647 757 000
Commercial	886 307 500	882 372 500
Church	142 687 000	140 339 000
Light Industrial	174 760 000	174 616 000
Agricultural/Rural	4 053 872 500	4 058 999 000
State	423 445 000	427 715 000
Other - Pensioners etc.	78 246 000	72 266 000
Vacant Land	209 928 900	214 466 900
Total Valuation	9 657 215 400	9 618 531 400

Rate that is applicable to the valuations:

Residential (40% rebate on Residential - Agricultural)	0.008240 c/R	0.008956 c/R
Business and Commercial	0.012551 c/R	0.012068 c/R
Agricultural	0.001885 c/R	0.001885 c/R

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PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every five 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
Agricultural	- 40% Rebate on Residential -Agriculture properties - residential tariff
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

69 892 000

62 693 000

69 892 000

62 693 000

Conditional Grants - National Government

45 253 258

65 392 538

Financial Management Grant (FMG)
Municipal Infrastructure Grant (MIG)
Expanded Public Works Programme (EPWP)
Water Services Infrastructure Grant (WSIG)
Regional Bulk Infrastructure Grant (RBIG)

1 771 000

1 550 000

23 817 000

22 308 000

1 569 000

1 836 000

8 096 258

32 037 538

10 000 000

7 661 000

Conditional Grants - Provincial Government

14 310 161

24 616 447

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
Public Employment Support Grant
Sport And Recreational Facilities
Municipal Interventions Grant
Emergency Municipal Load-Shedding Relief Grant
Community Library Service Grant
Water Resilience Grant

182 690

56 425

8 913 373

8 004 000

544 500

-

193 765

328 575

172 289

10 900

-

2 179

2 514 648

14 735 447

-

-

288 898

278 921

-

1 200 000

-

-

450 000

-

1 049 999

-

-

-

-

-

Conditional Grants - District Municipality

-

-

West Coast District Municipality (COVID 19 Relief)

-

-

Total

129 455 419

152 701 984

As previously reported

152 562 589

Correction of error restatement - note 46.2

139 395

Restated balance

152 701 984

Disclosed as:

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

90 122 944

84 940 858

39 332 475

67 761 127

Total

129 455 419

152 701 984

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Grants per Vote (MFMA Sec 123 (c)):

Equitable share	69 892 000	62 693 000
Vote 1 - Municipal Manager	-	-
Vote 2 - Financial Services	1 946 950	-
Vote 3 - Corporate Management	9 402 775	-
Vote 4 - Development Planning	3 635 379	-
Vote 5 - Technical Services	44 578 315	-
Vote 1 - Council & Executive	-	-
Vote 2 - Financial Services	-	59 812 924
Vote 3 - Corporate Services	-	8 549 223
Vote 4 - Community Development Services	-	14 804 950
Vote 5 - Infrastructure Services	-	6 841 888
Total	129 455 419	152 701 984

The movements per grant can be summarised as follows:

20.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	69 892 000	62 693 000
Transferred to Revenue - Operating	(69 892 000)	(62 693 000)
Transferred to Revenue - Capital	-	-
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 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 771 000	1 550 000
Transferred to Revenue - Operating	(1 771 000)	(1 550 000)
Transferred to Revenue - Capital	-	-
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).

20.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	8 342 665
Grants Received / (Repaid)	23 817 000	13 965 335
Transferred to Revenue - Operating	(4 084 770)	(3 805 888)
Transferred to Revenue - Capital	(19 732 230)	(18 502 112)
Closing Unspent Balance	-	-

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)

20.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 569 000	1 836 000
Transferred to Revenue - Operating	(1 569 000)	(1 836 000)
Transferred to Revenue - Capital	-	-
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.

20.05 Water Services Infrastructure Grant (WSIG)

Opening Unspent Balance	9 896 804	8 545 677
Grants Received / (Repaid)	(701 000)	33 388 665
Transferred to Revenue - Operating	(1 056 034)	(4 178 809)
Transferred to Revenue - Capital	(7 040 224)	(27 858 729)
Closing Unspent Balance	1 099 546	9 896 804

The Water Services Infrastructure Grant was utilised to increase accessibility to water resources and upgrading of sewerage services for all residents.

20.06 Regional Bulk Infrastructure Grant (RBIG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	30 000 000	7 661 000
Transferred to Revenue - Operating	(1 309 437)	(999 261)
Transferred to Revenue - Capital	(8 690 562)	(6 661 739)
Closing Unspent Balance	20 000 000	-

This grant was utilised to increase accessibility to water resources in Klawer.

20.07 Community Development Workers (CDW)

Opening Unspent Balance	198 300	160 725
Grants Received / (Repaid)	(10 300)	94 000
Transferred to Revenue - Operating	(182 690)	(56 425)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	5 310	198 300

The grant was used for operating expenses relating to the Community Development Workers (CDW) programme.

20.08 Libraries, Archives and Museums

Opening Unspent Balance	671 000	-
Grants Received / (Repaid)	8 859 000	8 675 000
Transferred to Revenue - Operating	(8 862 910)	(7 941 726)
Transferred to Revenue - Capital	(50 463)	(62 274)
Closing Unspent Balance	616 627	671 000

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

20.09 Western Cape Financial Management Support Grant

Opening Unspent Balance	840 475	-
Grants Received / (Repaid)	-	840 475
Transferred to Revenue - Operating	(544 500)	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	295 975	840 475

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

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.10 Municipal Capacity Building Grant

Opening Unspent Balance	192 829	231 169
Grants Received / (Repaid)	738 491	290 235
Transferred to Revenue - Operating	(193 765)	(328 575)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	737 555	192 829

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

20.11 Municipal Service Delivery and Capacity Building Grant

Opening Unspent Balance	31 485	42 385
Grants Received / (Repaid)	(31 485)	-
Transferred to Revenue - Operating	(172 289)	(1 422)
Transferred to Revenue - Capital	-	(9 478)
Transfer to / (from) Receivables	172 289	-
Closing Unspent Balance	-	31 485

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

20.12 Thusong Services Centres

Opening Unspent Balance	147 822	161 480
Grants Received / (Repaid)	(147 822)	(11 480)
Transferred to Revenue - Operating	-	(2 179)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	147 822

The grant was used for operational maintenance of Thusong centres.

20.13 Human Settlements

Opening Unspent Balance	1 610 317	2 617 917
Grants Received / (Repaid)	904 353	13 727 847
Transferred to Revenue - Operating	-	(68 651)
Transferred to Revenue - Capital	(2 514 648)	(14 666 795)
Closing Unspent Balance	22	1 610 317

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

20.14 Municipal Disaster Recovery Grant

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

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

20.15 Transport, Education and Training SETA

Opening Unspent Balance	-	-
Grants Received / (Repaid)	288 898	278 921
Transferred to Revenue - Operating	(288 898)	(278 921)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

The grant was used for training of municipal officials.

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20 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

20.16 Public Employment Support Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	1 200 000
Transferred to Revenue - Operating	-	(1 200 000)
Transferred to Revenue - Capital	-	-
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.

20.17 Sport And Recreational Facilities

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

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

20.18 Municipal Interventions Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	450 000	-
Transferred to Revenue - Operating	(58 696)	-
Transferred to Revenue - Capital	(391 304)	-
Closing Unspent Balance	-	-

The grant was used for the purchase of a TLB tractor.

20.19 Emergency Municipal Load-Shedding Relief Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 050 000	-
Transferred to Revenue - Operating	(136 956)	-
Transferred to Revenue - Capital	(913 043)	-
Closing Unspent Balance	-	-

The grant was used for back-up generators purchased for the supply of water.

20.20 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	-	-
Closing Unspent Balance	42 580	42 580

The grant was used for COVID-19 related marketing and procurement of personal protective equipment.

20.21 Total Grants

Opening Unspent Balance	14 431 612	20 201 461
Grants Received / (Repaid)	138 449 135	146 932 136
Transferred to Revenue - Operating	(90 122 944)	(84 940 858)
Transferred to Revenue - Capital	(39 332 475)	(67 761 127)
Transfer to / (from) Receivables	172 289	-
Closing Unspent Balance	23 597 617	14 431 612

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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

22 CONTRIBUTED ASSETS

Property, Plant and Equipment	2 169 344	1 954 313
Total	2 169 344	1 954 313

Contributed Assets consists out of the following:

- Mini-Substation	1 564 341	-
- Ebenhaeser Sports grounds Ablution Upgrade	605 003	-
- Skip Loader Truck	-	1 901 000
- Submersible Sewerage Pumps	-	53 313
Total	2 169 344	1 954 313

The contributed assets were donated from the following parties:

- Echo Canyon	1 564 341	-
- Tronox	605 003	-
- Department of Forestry, Fisheries and the Environment	-	1 901 000
- Maskam Water	-	53 313
Total	2 169 344	1 954 313

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23	AVAILABILITY CHARGES		
	Electricity	1 614 768	1 681 723
	Water	1 311 860	1 339 057
	Sewerage and Sanitation	1 099 650	1 109 206
	Refuse Removal	118 043	97 560
	Total	4 144 322	4 227 546
	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	9 793 350	9 170 641
	Retentions	559 373	280 000
	Overdue Book Fines	12 489	18 437
	Building	580	9 841
	Total	10 365 793	9 478 919
	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	7 879 209	-
	Long Service Awards	577 870	57 555
	Total	8 457 079	57 555
	The actuarial gains mainly originated as a result of an increase in the net discount rate being used by the actuaries to calculate the employee benefits.		
26	FAIR VALUE ADJUSTMENT GAINS		
	Investment Property	5 234 918	2 441 000
	Total	5 234 918	2 441 000
	As previously reported		2 538 500
	Correction of error restatement - note 46.1		(97 500)
	Restated balance		2 441 000
27	OTHER INCOME (NON-EXCHANGE)		
	Discounts and Early Settlements	-	597
	Incidental Cash Surpluses	11 145	12 343
	Insurance Refund	1 876 676	215 139
	Landfill Sites - iGRAP 2 adjustments	171 826	-
	Staff Recoveries	2 540	17 493
	Unclaimed Money	1 119 226	812 698
	Total	3 181 413	1 058 270
	Landfill Sites - iGRAP2 adjustments relate to a decrease in the landfill site's rehabilitation provision of which the decrease is in excess of the carrying value of the related asset.		

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28 SERVICE CHARGES		
Electricity	134 529 189	137 168 846
Water	28 816 412	28 239 821
Sewerage and Sanitation	29 101 720	26 489 662
Refuse Removal	28 195 004	26 016 120
Total Revenue	220 642 325	217 914 450
Less: Rebates	(11 537 734)	(11 693 966)
Electricity	(258 001)	(260 203)
Water	(756 741)	(1 054 788)
Sewerage and Sanitation	(5 635 147)	(5 566 217)
Refuse Removal	(4 887 846)	(4 812 758)
Total	209 104 591	206 220 484
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	434 827	235 023
Buildings	1 548 722	1 515 859
Equipment	217	6 024
Total	1 983 766	1 756 906
30 INTEREST EARNED - EXTERNAL INVESTMENTS		
Banking Institutions	1 398 999	780 068
Eskom Deposits	19 788	13 832
Total	1 418 787	793 900
31 LICENCES AND PERMITS		
Hoarding (Collecting/Storing)	40 392	10 040
Trading	3 090	-
Road and Transport	944 260	955 483
Market Porters	8 610	6 092
Total	996 352	971 615
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.		
32 AGENCY SERVICES		
Department of Transport and Public Works	4 155 961	4 081 216
Department of Human Settlements	-	68 651
Total	4 155 961	4 149 868
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.		

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33 OTHER INCOME (EXCHANGE)		
Advertisements	7 199	470
Application Fees for Town Planning	71 097	25 583
Building Plan Approval and Clause Levy	529 147	421 055
Camping Fees	2 724 706	2 926 623
Cemetery and Burial	272 875	359 690
Clearance Certificates	111 590	126 307
Collection Charges	6 681	540 016
Commission	173 182	170 920
Development Charges	21 769	-
Management Fees	-	347 435
Photocopies and Faxes	18 341	18 156
Roadworthy Certificates	437 384	443 425
Sub-division, Rezoning and Consolidation Fees	66 780	27 243
Tender documents	66 790	65 300
Sundry Income	151 086	9 141
Total	4 658 626	5 481 362
34 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	112 683 017	113 384 283
Pension and UIF Contributions	18 878 777	18 755 124
Medical Aid Contributions	4 953 277	4 815 249
Overtime	5 892 552	5 894 381
Motor Vehicle Allowances	9 016 900	8 939 416
Cell Phone Allowances	316 080	226 945
Housing Allowances	677 069	581 755
Other benefits and allowances	6 698 085	5 919 297
Bargaining Council	59 519	59 699
Group Life Insurance	3 337 977	2 559 562
Standby Allowances	3 300 589	3 300 036
Contributions to Employee Benefits	12 420 712	11 617 149
Bonuses	8 738 398	8 624 580
Staff Leave	500 032	448 855
Performance Bonus	776 282	225 714
Long Service Awards	728 000	689 000
Post Retirement Medical Benefits	1 678 000	1 629 000
Workmens Compensation Fund	896 554	829 434
Total	172 433 024	170 963 034
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 GRJ Seas (18 November 2021 - 30 April 2023)		
Basic Salary	911 840	703 608
Pension and UIF Contributions	1 771	1 240
Performance Bonus	120 878	-
Motor Vehicle Allowance	263 138	91 082
Cell Phone Allowance	34 000	13 200
Other benefits and allowances	217 718	123 344
Total	1 549 344	932 473

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34 EMPLOYEE RELATED COSTS (CONTINUED)

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

Basic Salary	612 092	551 369
Pension and UIF Contributions	2 125	2 125
Performance Bonus	160 210	57 218
Motor Vehicle Allowance	293 201	273 653
Cell Phone Allowance	40 800	15 350
Other benefits and allowances	424 369	328 294
Total	1 532 798	1 228 009

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

Basic Salary	952 120	976 543
Pension and UIF Contributions	2 125	2 125
Medical Aid Contributions	23 155	28 232
Performance Bonus	160 210	168 496
Motor Vehicle Allowance	232 902	166 573
Cell Phone Allowance	40 800	6 094
Other benefits and allowances	165 276	116 375
Total	1 576 589	1 464 439

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

Basic Salary	-	389 001
Pension and UIF Contributions	-	1 063
Motor Vehicle Allowance	-	130 038
Other benefits and allowances	-	159 491
Total	-	679 593

Director: Infrastructure Services - Mr R Basson (11 April 2022 - 30 September 2022)

Basic Salary	259 518	234 869
Pension and UIF Contributions	531	531
Cell Phone Allowance	3 711	-
Other benefits and allowances	45 986	24 263
Total	309 747	259 664

Director: Infrastructure Services - Z Nongene (1 January 2023 - 28 February 2023)

Basic Salary	141 869	-
Pension and UIF Contributions	354	-
Motor Vehicle Allowance	7 656	-
Cell Phone Allowance	26 088	-
Other benefits and allowances	6 800	-
Total	209 717	-

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34 EMPLOYEE RELATED COSTS (CONTINUED)

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			
		2023	2022		
RF Saul	Municipal Manager	0	35	-	12 554
RF Saul	Director: Community Services	0	23	-	1 876
RF Saul	Director: Corporate Services	0	44	-	32 998
M Owies	Municipal Manager	0	43	-	43 071
LJ Phillips	Municipal Manager	61.21	0	81 800	-
B Ovis	Director: Infrastructure Services	0	17	-	12 158
Z Nongene	Director: Infrastructure Services	21	126	18 164	101 457
D Wessels	Director: Development & Planning	76.55	0	58 812	-
RF Saul	Director: Community Services and Director: Corporate Services	186	0	147 786	-
Total				306 561	204 114

RF Saul acted as both Director: Community Services and Director: Corporate Services simultaneously for a period of 186 days during the year under review.

35 REMUNERATION OF COUNCILLORS

CIlr HJ van der Hoven	927 485	587 611
CIlr A Sindyamba	750 149	590 540
CIlr MM Bains	-	329 772
CIlr NS Louw	-	114 277
CIlr EJ Jenner	-	142 545
CIlr F Hahn	-	114 277
CIlr AFK Job	750 149	590 560
CIlr P Bok	-	209 719
CIlr WH Nell	208 529	235 145
CIlr AW Links	-	250 956
CIlr J de Jongh	-	250 956
CIlr M Carosini	-	114 277
CIlr XP Tshetu	-	146 014
CIlr CA le Fleur	321 403	473 846
CIlr J Hein	-	114 277
CIlr N Siglingo	-	103 909
CIlr W Fortuin	-	51 813
CIlr S Tshali	367 780	195 265
CIlr SP Cornelissen	705 815	447 383
CIlr AJ Pool	321 403	207 126
CIlr DA Witbooi	395 564	207 126
CIlr C White	705 815	447 384
CIlr TJ Muller	321 403	207 126
CIlr J Koopman	354 530	207 126
CIlr SJ Tshabalala	321 403	207 126
CIlr CJ Boks	701 682	313 223
CIlr B Owies	-	117 232
CIlr M Bottom	314 778	126 146
CIlr RXR Kock	-	250 956
CIlr C Van Der Westruis	93 311	-
Total	7 561 198	7 353 716

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35 REMUNERATION OF COUNCILLORS (CONTINUED)

	Basic Salary	Allowances	Total
2023			
Executive Mayor	714 513	212 972	927 485
Deputy Executive Mayor	709 349	40 800	750 149
Speaker	616 825	133 324	750 149
Executive Committee Members	1 987 894	121 961	2 109 856
All Other Councillors	2 576 511	447 049	3 023 559
Total	6 605 092	956 106	7 561 198
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

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.

36 DEBT IMPAIRMENT

Receivables from Exchange Transactions	32 605 632	17 842 796
Receivables from Non-Exchange Transactions	13 937 529	13 791 671
Long-term Receivables	837 620	1 789 432
Total Debt Impairment	47 380 781	33 423 899
Movement in VAT included in debt impairment	(2 855 218)	(1 911 330)
Total	44 525 563	31 512 569

37 DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	23 612 065	23 241 727
Intangible Assets	102 631	119 137
Total	23 714 696	23 360 864
As previously reported		22 556 162
Correction of error restatement - note 46.2		804 702
Restated balance		23 360 864

38 IMPAIRMENTS

Property, Plant and Equipment	2 259 693	8 415 731
Total	2 259 693	8 415 731

During the current and prior 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.

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39 FINANCE CHARGES

Cash

17 159 106

8 980 873

Long-term Liabilities

1 325 438

1 334 439

Bank Overdraft

1 150 163

420 591

Overdue Accounts

14 683 505

7 225 843

Non-cash

11 007 340

8 857 677

Post Retirement Medical Benefits

4 199 000

3 167 000

Long Service Awards

851 000

676 000

Rehabilitation of Landfill Sites

5 957 340

5 014 677

Total

28 166 446

17 838 550

Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts.

40 BULK PURCHASES

Electricity

121 620 623

131 624 205

Water

7 641 559

7 805 753

Total

129 262 183

139 429 958

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.

41 CONTRACTED SERVICES

Accounting and Auditing

1 004 971

674 294

Audit Committee

46 006

28 214

Business and Financial Management

1 409 237

1 279 431

Catering Services

71 835

39 611

Commissions and Committees

163 162

66 101

Electrical

528 140

-

Employee Wellness

48 453

26 735

Fire Protection

26 537

52 632

Fire Services

984 183

2 639 027

First Aid

12 000

-

Graves Contractors

130 000

126 000

Human Resources

90 490

-

Internal Auditors

846 500

629 000

Laboratory Services

382 413

335 332

Legal Cost

2 000

305 493

Maintenance Services

1 953 289

1 181 388

Management of Informal Settlements

1 654

8 692

Medical Services

68 017

47 302

Quality Control

210 775

24 575

Security Services

192 786

531 448

Traffic Fines Management

125 870

-

Translators, Scribes and Editors

4 500

1 842

Transport Services

56 470

36 018

Valuer and Assessors

144 965

125 439

Veterinary Services

-

522 000

Total

8 504 252

8 680 571

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	2023	2022
42 TRANSFERS AND GRANTS		
Life Guards	114 783	88 696
Development Programmes	20 030	261
Poverty Relief	24 230	16 548
Tourism	1 404 500	1 325 000
Bursaries	142 765	446 836
Social Relief	40 273	10 229
Total	1 746 581	1 887 571
43 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	245 359	299 021
Audit Fees	2 878 122	3 132 802
Bank Charges, Facility and Card Fees	924 539	728 662
Chemicals	833 637	490 745
Cleaning Materials	139 554	201 564
Commission	2 657 037	2 636 151
Prepaid Electricity Vendors	2 641 742	2 612 128
Other Third Party Vendors	15 296	24 023
Communication	929 999	1 033 858
Telephone, Fax, Telegraph and Telex	918 770	1 012 023
Postage, Stamps and Franking Machines	5 886	11 436
Licences (Radio and Television)	5 344	10 399
Entertainment	1 214	1 294
External Computer Service	2 065 836	2 560 011
Fuel	7 438 351	5 384 547
Full Time Union Representative	125 249	200 064
Hire Charges	2 185 259	3 426 787
Insurance Underwriting	1 950 156	1 702 069
Licences	283 212	279 252
Loss on Foreign Exchange Transactions	60 818	57 154
Maintenance Materials	8 383 000	5 325 907
Management Fee	41 055	363 663
Electricity - Internal usage	3 083 093	3 082 163
Printing, Publications and Books	1 364 366	1 612 213
Professional Bodies, Membership and Subscription	1 939 711	1 850 769
Registration Fees	350 334	24 700
Skills Development Fund Levy	1 434 548	1 422 140
System Access and Information Fees	31 345	26 457
Travel and Subsistence	812 200	349 441
Uniform and Protective Clothing	634 644	560 291
Vehicle Tracking	99 765	23 850
Ward Committees	8 750	-
Sundries and Other Consumables	232 332	206 573
Total	41 133 483	36 982 146
44 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	-	629 751
Long Service Awards	-	-
Total	-	629 751

MATZIKAMA LOCAL MUNICIPALITY

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

Figures in Rand		2023	2022
45	GAIN/LOSS ON DISPOSAL OF NON-MONETARY ASSETS		
	Proceeds	3 837 093	545 739
	Less: Carrying value of Investment Property disposed	(3 011 000)	(2 475 000)
	Less: Carrying value of Property, Plant and Equipment disposed	(1 470 161)	(3 454 324)
	Total	(644 068)	(5 383 585)
	As previously reported		(5 513 585)
	Correction of error restatement - note 46.1		130 000
	Restated balance		(5 383 585)
46	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS		
46.1	Investment Property		
	The following errors were noted:		
	- Properties with a fair value of R262 500 were incorrectly removed from the asset register in the prior year.		
	- Properties with a fair value of R3 600 000 were incorrectly classified as Investment Property, rather than Property, Plant and Equipment.		
	- Properties with a fair value of R9 668 182 were incorrectly classified as Property, Plant and Equipment, rather than Investment Property.		
	The net effect of the above-mentioned errors were as follow:		
	- Investment Property - note 9	Understated	6 330 682
	- Property, Plant and Equipment - note 10	Overstated	(5 632 182)
	- Fair Value Adjustment Gains - note 26	Overstated	(97 500)
	- Loss on disposal of Non-Monetary Assets - note 45	Understated	130 000
	- Accumulated Surplus - note 46.3	Understated	666 000
46.2	Property, Plant and Equipment		
	The following errors were noted:		
	- Infrastructure assets with a carrying value of R17 221 734 and community assets with a carrying value of R246 416 were not recorded in the asset register.		
	- Operating expenditure amounting to R33 085 was incorrectly recognised as work in progress.		
	- Capital expenditure amounting to R139 395 was incorrectly allocated to the agency function (Housing Top Structure), rather than work in progress.		
	The net effect of the above-mentioned errors were as follow:		
	- Property, Plant and Equipment - note 10	Understated	17 574 460
	- Government Grants and Subsidies - Capital - note 20	Understated	139 395
	- Depreciation and Amortisation - note 37	Understated	804 702
	- Accumulated Surplus - note 46.3	Understated	18 239 768
46.3	Accumulated Surplus		
	Investment Property - note 46.1	Understated	666 000
	Property, Plant and Equipment - note 46.2	Understated	18 239 768
	Total		18 905 768

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47 NET CASH FROM OPERATING ACTIVITIES

Net Deficit for the year	(17 482 992)	(9 019 796)
Adjusted for:		
Non-cash revenue included in Net Surplus	(16 087 019)	(4 451 998)
Contributed Assets	(2 169 344)	(1 954 313)
Actuarial Gains	(8 457 079)	(57 555)
Rental of Facilities and Equipment - decrease in operating lease asset	(53 852)	870
Fair Value Adjustment Gains	(5 234 918)	(2 441 000)
Other Income - Decrease in landfill site rehabilitation provision	(171 826)	-
Non-cash expenditure included in Net Surplus	94 572 073	89 777 326
Employee Related Costs - Contributions towards	12 420 712	11 617 149
Post Retirement Medical Benefits	1 678 000	1 629 000
Long Service Awards	728 000	689 000
Bonuses	8 738 398	8 624 580
Staff Leave	500 032	448 855
Performance Bonuses	776 282	225 714
Debt Impairment	44 525 563	31 512 569
Depreciation and Amortisation	23 714 696	23 360 864
Impairments	2 259 693	8 415 731
Finance Charges	11 007 340	8 857 677
Post Retirement Medical Benefits	4 199 000	3 167 000
Long Service Awards	851 000	676 000
Provision for Rehabilitation of Landfill-sites	5 957 340	5 014 677
Actuarial Losses	-	629 751
Loss on disposal of Non-Monetary Assets	644 068	5 383 585
Cash expenditure not included in Net Surplus	(12 607 062)	(12 629 924)
Post Retirement Medical Benefits	(1 618 791)	(1 464 751)
Long Service Awards	(590 130)	(698 445)
Bonuses	(8 766 306)	(8 658 024)
Staff Leave	(1 190 537)	(1 582 990)
Performance Bonus	(441 298)	(225 714)
Pension	-	-
Operating Surplus before changes in working capital	48 395 000	63 675 608
Movement in working capital	(5 062 264)	15 691 496
Receivables from Exchange Transactions	(33 367 596)	(20 221 321)
Receivables from Non-Exchange Transactions	(15 521 509)	(12 935 313)
Inventory	244 294	(732 267)
Long-term Receivables	(911 539)	(3 430 029)
Long-term Liabilities (Repayment Arrangements)	76 238 740	25 380 800
Payables from exchange transactions	(38 165 410)	36 433 049
Unspent Conditional Government Grants	9 166 002	(5 769 849)
Unspent Public Contributions	-	-
Taxes	(2 745 246)	(3 033 573)
Cash Flow from Operating Activities	43 332 736	79 367 105

48 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	18 503 263	20 332 648
Cash Floats	5 860	5 820
Total	18 509 123	20 338 468

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

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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	49 549 692	-	49 549 692
Service Charges - Electricity Revenue	135 885 957	-	135 885 957
Service Charges	134 271 189		
Availability Charges	1 614 768		
Service Charges - Water Revenue	29 371 531	-	29 371 531
Service Charges	28 059 671		
Availability Charges	1 311 860		
Service Charges - Sanitation Revenue	24 566 223	-	24 566 223
Service Charges	23 466 573		
Availability Charges	1 099 650		
Service Charges - Refuse Revenue	23 425 201	-	23 425 201
Service Charges	23 307 158		
Availability Charges	118 043		
Rental of Facilities and Equipment	1 983 766	-	1 983 766
Interest Earned - External Investments	1 418 787	-	1 418 787
Interest Earned - Outstanding Debtors	7 592 133	-	7 592 133
Fines	10 365 793	-	10 365 793
Licences and Permits	996 352	-	996 352
Agency Services	4 155 961	-	4 155 961
Transfers Recognised - Operational	90 122 944	-	90 122 944
Government Grants and Subsidies - Operating	90 122 944		
Public Contributions and Donations - Operating	-		
Other Revenue	7 840 039	(171 826)	7 668 213
Other Income (Non-Exchange)	3 181 413		
Other Income (Exchange)	4 658 626		
Gains	13 691 997	171 826	13 863 823
Actuarial Gains	8 457 079		
Fair Value Adjustment Gains	5 234 918		
Total Revenue (excluding capital transfers)	400 966 377	-	400 966 377

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49 BUDGET COMPARISONS (CONTINUED)

EXPENDITURE

Employee Related Costs	172 433 024	(896 554)	171 536 470
Remuneration of Councillors	7 561 198	-	7 561 198
Debt Impairment	44 525 563	-	44 525 563
Depreciation and Asset Impairment	25 974 389	-	25 974 389
Depreciation and Amortisation	23 714 696		
Impairments	2 259 693		
Finance Charges	28 166 446	-	28 166 446
Bulk purchases	129 262 183	(7 641 559)	121 620 623
Inventory consumed	-	17 216 541	17 216 541
Contracted Services	8 504 252	-	8 504 252
Transfers and Grants	1 746 581	-	1 746 581
Other Expenditure	41 133 483	(8 739 245)	32 394 239
Losses	644 068	60 818	704 885
Actuarial Losses	-		
Loss on disposal of Non-Monetary Assets	644 068		
Total Expenditure	459 951 188	-	459 951 188
Surplus/(Deficit)	(58 984 811)	-	(58 984 811)
Transfers and subsidies - capital (monetary) - Government	39 332 475	-	39 332 475
Transfers and subsidies - capital (monetary) - Other	-	-	-
Transfers and subsidies - capital (in-kind)	2 169 344	-	2 169 344
Surplus/(Deficit) for the year	(17 482 992)	-	(17 482 992)

The items reclassified were as follows:

Item	GRAP Classification	Budget Classification	Amount
Revenue			
Landfill Sites - iGRAP 2 adjustments	Other Income (Non-Exchange)	Gains	171 826
Expenditure			
Workmens Compensation Fund	Employee Related Cost	Other Expenditure	896 554
Water	Bulk Purchases	Inventory Consumed	7 641 559
Chemicals	Other Expenditure	Inventory Consumed	833 637
Cleaning Materials	Other Expenditure	Inventory Consumed	139 554
Maintenance Materials	Other Expenditure	Inventory Consumed	8 383 000
Printing, Publications and Books	Other Expenditure	Inventory Consumed	98 860
Sundries and Other Consumables	Other Expenditure	Inventory Consumed	119 930
Loss on Foreign Exchange Transactions	Other Expenditure	Losses	60 818

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 2021/22.

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49 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Other Receivables	Included in Other Receivables are Taxes (i.e. VAT). The VAT increased due to an increase in Input VAT as a result in the increase of unpaid creditors
Investment property	Actuals more than budget due to prior year error correction and increase in fair value which was not budgeted for.
Property, plant and equipment	Actuals more than budget mainly due to prior year error correction.
Borrowing (current)	Actuals are less than budget due to the Eskom arrangement of which a repayment holiday of 9 months have been granted by Eskom. Therefore, a portion of the current portion has been deferred beyond current.
Trade and other payables	Actuals more than budget due to more unpaid creditors at year-end than anticipated.
Provisions and Employee Benefits	Actuals are less than budget due to the actuarial gains (as calculated by the actuaries) which resulted in a decrease in the provision.

49.3 Statement of Financial Performance

Adjustments to Original Budget

Service Charges - Electricity Revenue	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Debt Impairment	Initial budget for debt impairment was deemed insufficient and accordingly adjusted to be in line with the collection rate.
Depreciation and Asset Impairment	Budget increased in line with the results of the full physical asset verification which was concluded during 2021/22.
Finance Charges	Finance charges were increased to accommodate the interest charged by Eskom as per the repayment agreement.
Other Expenditure	Increased to make provision for fuel cost to run generators during load-shedding stages.
Transfers and subsidies - capital (monetary) - Government	Increased to accommodate approved roll over grants and additional funding received from Provincial Treasury of the most significant was the Emergency Municipal Load-Shedding Relief Grant.

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue	Actuals less than budget as more consumers are making use of alternative electricity resources than initially anticipated.
Service Charges - Water Revenue	Actuals less than budget as a result of an increase in load-shedding. During load-shedding water could not be distributed.
Other Revenue	Actuals are less than budget due to anticipated development charges revenue not realising.
Employee Related Costs	Actuals less the budget due to budgeted positions of senior management still vacant at year-end.
Debt Impairment	Actuals are more than budget due to a lower debtors collection rate than anticipated, which resulted in an increase in the debt impairment provision.
Inventory Consumed	Actuals are less than budget due to general savings.

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49 BUDGET COMPARISONS (CONTINUED)

49.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash From/(Used) Operating Activities	Increased due to Regional Bulk Infrastructure Grant (RBIG) allocation. The grant monies were paid, but no projects were identified to which the grant allocation could be spent.
Net Cash from/(used) Investing Activities	Capital expenditure from own funding was decreased due to cash flow constraints.

Actual Amounts vs Final Budget

No material variances noted.

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

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

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:

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Municipal Manager	16 923 867	18 453 093	-	-
Vote 2 - Financial Services	72 017 451	73 895 400	-	-
Vote 3 - Corporate Management	68 263 050	72 817 974	-	-
Vote 4 - Development Planning	22 095 431	29 114 877	-	-
Vote 5 - Technical Services	280 651 389	283 512 135	-	-
Vote 5 - Infrastructure Services	-	-	-	14 480 078
Total	459 951 188	477 793 479	-	14 480 078

The overspending incurred is attributable to the following categories:

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

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 1 - Municipal Manager	-	-	-	-
Vote 2 - Financial Services	1 542 103	1 545 091	-	-
Vote 3 - Corporate Management	201 313	807 960	-	-
Vote 4 - Development Planning	11 488	707 141	-	-
Vote 5 - Technical Services	46 793 892	50 511 848	-	-
Total	48 548 797	53 572 040	-	-

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

50.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	63 739 611	30 019 307
Irregular expenditure identified in the current year relating to the prior year	-	4 230 870
Irregular expenditure incurred in the current year	85 186 609	57 342 047
Approved by Council	(63 739 611)	(27 786 066)
Amount Recoverable	-	(66 547)
Irregular expenditure awaiting further action	85 186 609	63 739 611

Details of irregular expenditure incurred in the current year

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	712 556	2 251 253
(b) Open ended contract awarded without following a competitive bidding process	74 843 963	45 051 863
(c) Incorrect interpretation and application of SCM Reg 32	6 252 213	6 728 738
(d) Operating expenditure incurred contrary to legislative SCM requirements	2 488 353	4 072 986
(e) Expenditure exceeding approved contract value	-	305 976
(f) Overpayment of upper limits for Section 79 Committee members	-	66 547
(g) Illegal senior manager appointments	-	3 095 554
(h) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	889 523	-
Total irregular expenditure identified in current year	85 186 609	61 572 917

Details of irregular expenditure awaiting further action:

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	712 556	2 251 253
(b) Open ended contract awarded without following a competitive bidding process	74 843 963	45 051 863
(c) Incorrect interpretation and application of SCM Reg 32	6 252 213	6 728 738
(d) Operating expenditure incurred contrary to legislative SCM requirements	2 488 353	4 072 986
(e) Expenditure exceeding approved contract value	-	2 539 216
(f) Overpayment of upper limits for Section 79 Committee members	-	-
(g) Illegal senior manager appointments	-	3 095 554
(h) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	889 523	-
Total irregular expenditure awaiting further action	85 186 609	63 739 611

With regards to the non-compliance with the Preferential Procurement Regulations 2022, the Municipality will engage with National Treasury in March 2024 to discuss the future implementation of the Regulation.

Incidents/cases identified in the current year include:

(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	3	4
(b) Open ended contract awarded without following a competitive bidding process	1	1
(c) Incorrect interpretation and application of SCM regulation 32	5	5
(d) Operating expenditure incurred contrary to legislative SCM requirements	5	13
(e) Expenditure exceeding approved contract value	-	4
(f) Overpayment of upper limits for Section 79 Committee members	-	2
(g) Illegal senior manager appointments	-	4
(h) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	106	-

Amount recoverable

(f) Overpayment of upper limits 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.

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50	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
50.3	Fruitless and Wasteful Expenditure		
Fruitless and wasteful expenditure can be reconciled as follow:			
	Opening balance	7 225 843	1 167 728
	Fruitless and wasteful expenditure incurred	14 683 505	7 225 843
	Fruitless and wasteful expenditure recovered	-	-
	Approved by Council	(7 225 843)	(1 167 728)
	Fruitless and wasteful expenditure awaiting further action	14 683 505	7 225 843
Details of fruitless and wasteful expenditure incurred			
	(a) Interest paid on overdue accounts of Eskom	14 464 389	7 082 952
	(b) SARS Interest and Penalties	-	57 087
	(c) Interest paid on overdue accounts of suppliers	219 117	85 803
	Total	14 683 505	7 225 843
Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:			
	(a) The Municipality is still in the process of negotiation with Eskom regarding the tariff conversion on certain 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).		
51	MATERIAL LOSSES		
51.1	Water distribution losses		
	Kilo litres disinfected/purified/purchased	4 462 761	4 384 840
	Kilo litres sold and free basic services	(2 610 902)	(2 726 730)
	Kilo litres lost during distribution	1 851 859	1 658 110
	Percentage lost during distribution	41.50%	37.81%
	Normal pipe bursts and field leakages are responsible for water losses.		
51.2	Electricity distribution losses		
	Units purchased (Kwh)	67 358 922	79 115 743
	Units sold, free basic services and standard friction losses	(59 797 658)	(66 857 169)
	Units lost during distribution (Kwh)	7 561 264	12 258 574
	Percentage lost during distribution	11.23%	15.49%
	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	1 919 446	1 824 949
	Payments	(1 919 446)	(1 824 949)
	Outstanding balance	-	-

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52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

52.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	883 796
Expenditure incurred	3 309 840	3 602 722
Audit Fees	2 878 122	3 132 802
VAT	431 718	469 920
Payments	(3 309 840)	(4 486 519)
Outstanding Balance	-	-

52.3 VAT [MFMA 125 (1)(c)]

Opening balance	(1 631 243)	(1 207 940)
Net amount claimed/(declared) during the year	(4 142 796)	(1 888 066)
Net amount paid/(received) during the year	4 257 197	1 464 763
Outstanding Balance Receivable/(Payable)	(1 516 842)	(1 631 243)

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.

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

Opening balance	2 167 434	1 952 583
Payroll deductions and Council Contributions during the year	27 231 199	26 628 083
Payments	(27 239 189)	(26 413 232)
Outstanding Balance	2 159 444	2 167 434

52.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	3 115 964	3 043 333
Payroll deductions and Council Contributions during the year	24 693 759	25 125 004
Payments made to pension and medical fund	(24 671 712)	(25 052 373)
Outstanding Balance	3 138 011	3 115 964

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
M Bottom	1 195	-
Total	1 195	12 360

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.

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52 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

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	5 637 495	2 155 794
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	2 258 949	2 670 387
Total	7 896 444	4 826 181

Deviations from Supply Chain Management Regulations can be allocated as follow:

Municipal Manager	6 945	-
Financial Services	1 031 891	1 059 825
Corporate Services	53 111	328 843
Community Development Services	-	185 775
Infrastructure Services	6 804 497	3 251 739
Total	7 896 444	4 826 181

All the deviations were ratified by the Municipal Manager and reported to Council.

53 CAPITAL COMMITMENTS

Approved and contracted for

Infrastructure	13 186 222	14 176 212
Community Assets	8 714 393	5 246 865
Total	21 900 615	19 423 076

This expenditure will be financed from:

Government Grants	21 894 415	19 416 876
Own funding	6 200	6 200
Total	21 900 615	19 423 076

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

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	18 503 263	20 332 648
Receivables from exchange transactions	21 303 171	20 541 207
Receivables from non-exchange transactions	367 052	380 682
Long-term Receivables	3 326 255	3 252 337
Total	43 499 741	44 506 874

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54 FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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	2 986 369	2 853 016
Water	1 403 793	1 535 388
Refuse	1 984 813	1 789 766
Sewerage	1 790 440	1 616 493
Other	624 909	345 509
Availability Charges	194 616	201 652
Total	8 984 939	8 341 824

Past due receivables are aged as follow:

Past Due (31 - 60 Days)	3 054 048	3 627 244
Past Due (61 - 90 Days)	1 382 487	1 207 764
Past Due (90 Days +)	4 548 404	3 506 816
Total	8 984 939	8 341 824

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.

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54 FINANCIAL RISK MANAGEMENT (CONTINUED)

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)	18 503 263	20 332 648
Long-term Liabilities (including current portion)	(9 635 547)	(11 070 369)
Net balance exposed	8 867 716	9 262 279

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

0.5% (2022 - 0.5 %) increase in interest rates	44 339	46 311
0.5% (2022 - 0.5%) decrease in interest rates	(44 339)	(46 311)

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.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2023				
Annuity Loans	5 139 566	7 354 236	2 796 879	15 290 681
Finance Lease Liabilities	520 332	867 221	-	1 387 553
Payables with Repayment Arrangements	29 353 918	72 294 758	-	101 648 677
Payables from Exchange Transactions	90 585 615	-	-	90 585 615
Total	125 599 431	80 516 215	2 796 879	208 912 526
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	129 394 002	-	-	129 394 002
Total	159 971 832	10 874 632	3 593 041	174 439 506

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.

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55 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	18 503 263	20 332 648
Bank Accounts	18 503 263	20 332 648
Receivables from Exchange Transactions	21 303 171	20 541 207
Electricity	11 218 255	10 802 735
Water	2 764 471	3 338 119
Refuse	3 396 211	3 091 612
Sewerage	3 065 778	2 773 903
Other	858 456	534 838
Receivables from Non-Exchange Transactions	367 052	380 682
Availability Charges	367 052	380 682
Long-term Receivables	3 326 255	3 252 337
Receivables with repayment arrangements	3 326 255	3 252 337
Total	43 499 741	44 506 874

Financial Liabilities

Long-Term Liabilities	114 183 315	40 564 296
Annuity Loans	11 482 515	15 173 427
Finance Lease Liabilities	1 081 260	10 069
Payables with Repayment Arrangements	101 619 540	25 380 800
Payables from exchange transactions	90 585 615	129 394 002
Trade Payables	77 315 362	113 013 718
Retentions	3 073 175	4 687 796
Sundry Creditors	7 685 498	8 227 983
Unknown Bank Deposits	2 488 038	3 448 980
Accrued Interest	23 541	15 525
Total	204 768 929	169 958 297

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	7 820 061	8 000 568
Rates	7 413 913	7 685 975
Fines	406 147	314 594
Total	7 820 061	8 000 568

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	18 359 280	15 032 374
- Past due that have not been impaired	4 488 638	4 670 782

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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

2 641 742

2 612 128

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

1 052 314

955 438

Revenue collected from third parties on behalf of Department

19 010 924

19 030 579

Collections paid over to the Department

(18 175 525)

(18 933 703)

Collections payable to the Department at year-end

1 887 713

1 052 314

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

39 151

-

Payments received from the Department

68 115 076

31 731 476

Expenditure incurred on behalf of the Department

(68 154 228)

(31 692 325)

Balance at year-end

-

39 151

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57 PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)

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.

Reconciliation of agency funds received and remittance

Deductions payable at beginning of year	816 181	574 803
Deductions collections from officials	7 327 155	7 338 841
Deductions paid over to third parties	(7 553 536)	(7 097 463)
Deductions payable at year-end	589 800	816 181

Compensation received for agency activities

The Municipality received the following compensation for acting as an agent:

Agency fees - note 32	4 155 961	4 149 868
Commission - note 33	173 182	170 920
Total	4 329 143	4 320 788

58 EVENTS AFTER REPORTING DATE

The following events after reporting date are noted:

- Council Approved an overdraft of R 25 million from 1 July 2023 and was effective from 21 July 2023 in terms of Section 45 (1)(a) of MFMA.
- The Municipality applied to National Treasury on 26 June 2023 in terms of Circular 124 for debt relief for outstanding Eskom accounts. As at reporting date, the Municipality is still waiting for the formal approval of the application.
- Disposals of Property, Plant and Equipment which are already accounted for as on 30 June 2023, were approved by Council on 29 August 2023

59 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received donations as disclosed in note 22.

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 not exposed to any contingent liabilities at year end.

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.

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.

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62 RELATED PARTIES (CONTINUED)

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	54 696	96 390
RW Basson	- Head: Infrastructure Services	-	5 586
L Phillips	- Head: Community Development Services	174 542	271 520
Total		229 239	439 411

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
Sunfox	A Michinon	Senior Clerk / Cashier	Daughter	18 265	20 699
PR Civils	M Koopman	General Assistant	Husband	16 979 461	23 206 683
BFI Traders and Services N7	J Ovis	Manager Community Service	Father	11 310	30 304
BFI Traders and Services N7	C Ovis	Public Participation clerk	Father		
Total				17 009 036	23 257 686

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)	0.44 : 1	0.36 : 1
Cash coverage ratio (norm - 3 months or more)	0 months	0 months
Creditors days (norm - 30 days or less)	259 days	184 days
Debtors collection rate (95% or more)	85.11%	89.07%
Operating surplus / (deficit)	(58 984 811)	(79 716 888)

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.

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.

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64 FINANCIAL SUSTAINABILITY (CONTINUED)

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 2023/24 MTREF (Medium Term Revenue and Expenditure Framework) budget which was approved by Council in 2022/23, the projected financial indicators are as follow:

	2023/24	2024/25	2025/26
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.

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.

MATZIKAMA LOCAL MUNICIPALITY

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

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65 COVID-19 (CONTINUED)

65.2 Response Expenditure

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

Personal Protective Equipment	-	62 146
Public awareness and advertising	-	11 212
Screening and Testing	-	850
Sanitiser and Equipment	-	68 784
Quarantine facilities	-	13 217
Total	-	156 210

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

Own Revenue	-	156 210
Total	-	156 210

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 79 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

MATZIKAMA LOCAL MUNICIPALITY

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

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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.

MATZIKAMA LOCAL MUNICIPALITY

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

68

SEGMENT REPORTING (CONTINUED)

68.5 Specific Segment Reporting

2023

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	139 517 671	12 228 203	-	9 793 350	580	35 446 931	3 723 609	10 458 118	1 099 650	289 869	212 557 980
Property Rates	49 549 692	-	-	-	-	-	-	-	-	-	49 549 692
Government Grants and Subsidies - Operating	73 266 394	9 045 599	-	-	-	6 073 461	544 500	1 192 990	-	-	90 122 944
Government Grants and Subsidies - Capital	-	2 565 111	-	-	-	28 814 097	-	7 953 267	-	-	39 332 475
Contributed Assets	-	605 003	-	-	-	-	1 564 341	-	-	-	2 169 344
Availability Charges	-	-	-	-	-	-	1 614 768	1 311 860	1 099 650	118 043	4 144 322
Fines, Penalties and Forfeits	-	12 489	-	9 793 350	580	559 373	-	-	-	-	10 365 793
Actuarial Gains	8 457 079	-	-	-	-	-	-	-	-	-	8 457 079
Fair Value Adjustment Gains	5 234 918	-	-	-	-	-	-	-	-	-	5 234 918
Other Income (Non-Exchange)	3 009 587	-	-	-	-	-	-	-	-	171 826	3 181 413
External Revenue from Exchange Transactions	11 078 384	3 438 650	-	5 542 555	675 265	8 610	134 271 189	28 059 671	23 488 342	23 347 550	229 910 215
Service Charges	-	-	-	-	-	-	134 271 189	28 059 671	23 466 573	23 307 158	209 104 591
Rental of Facilities and Equipment	1 546 148	437 618	-	-	-	-	-	-	-	-	1 983 766
Interest Earned - external investments	1 418 787	-	-	-	-	-	-	-	-	-	1 418 787
Interest Earned - outstanding debtors	7 592 133	-	-	-	-	-	-	-	-	-	7 592 133
Licences and Permits	-	-	-	944 260	3 090	8 610	-	-	-	40 392	996 352
Agency Services	-	-	-	4 155 961	-	-	-	-	-	-	4 155 961
Other Income (Exchange)	521 315	3 001 033	-	442 334	672 175	-	-	-	21 769	-	4 658 626
TOTAL REVENUE	150 596 055	15 666 853	-	15 335 905	675 845	35 455 541	137 994 798	38 517 789	24 587 992	23 637 419	442 468 196

EXPENDITURE

Employee Related Costs	58 430 654	33 529 962	824 387	11 354 660	4 907 787	19 619 710	10 919 080	12 023 042	5 426 989	15 396 753	172 433 024
Remuneration of Councillors	7 561 198	-	-	-	-	-	-	-	-	-	7 561 198
Debt Impairment	11 552 273	-	-	7 671 115	-	-	2 227 549	8 457 962	7 887 115	6 729 549	44 525 563
Depreciation and Amortisation	1 038 840	1 941 939	402	-	785	7 688 693	1 732 862	3 617 679	6 260 959	1 432 536	23 714 696
Impairments	89 497	-	-	-	-	718	30 273	267 297	1 871 908	-	2 259 693
Finance Charges	20 967 057	-	-	-	-	446 618	31 171	-	638 378	6 083 223	28 166 446
Bulk Purchases	-	-	-	-	-	-	121 620 623	7 641 559	-	-	129 262 183
Contracted Services	4 145 188	230 827	-	1 168 155	6 500	-	674 360	1 439 215	-	840 007	8 504 252
Transfers and Grants	203 068	139 013	1 404 500	-	-	-	-	-	-	-	1 746 581
Other Expenditure	15 740 309	1 910 711	301	732 571	129 945	6 553 111	6 642 188	4 589 500	3 201 402	1 633 447	41 133 483
Loss on disposal of Non-Monetary Assets	644 068	-	-	-	-	-	-	-	-	-	644 068
Total Expenditure	120 372 152	37 752 452	2 229 591	20 926 501	5 045 017	34 308 851	143 878 106	38 036 253	25 286 750	32 115 515	459 951 188
NET SURPLUS/(DEFICIT) FOR THE YEAR	30 223 903	(22 085 599)	(2 229 591)	(5 590 596)	(4 369 172)	1 146 690	(5 883 308)	481 536	(698 758)	(8 478 096)	(17 482 992)
Less: Government Grants and Subsidies - Capital	-	(2 565 111)	-	-	-	(28 814 097)	-	(7 953 267)	-	-	(39 332 475)
Less: Contributed Assets	-	(605 003)	-	-	-	-	(1 564 341)	-	-	-	(2 169 344)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	30 223 903	(25 255 713)	(2 229 591)	(5 590 596)	(4 369 172)	(27 667 407)	(7 447 649)	(7 471 731)	(698 758)	(8 478 096)	(58 984 811)
CAPITAL EXPENDITURE FOR THE YEAR	1 566 775	5 845 010	-	126 178	-	19 393 602	3 589 253	17 310 626	717 353	-	48 548 797

MATZIKAMA LOCAL MUNICIPALITY

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

68 SEGMENT REPORTING (CONTINUED)											
68.5 Specific Segment Reporting	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
2022											
REVENUE											
External Revenue from Non-Exchange Transactions	178 794 772	22 765 113	-	9 170 641	9 841	6 841 888	1 681 723	1 339 057	1 442 519	1 998 560	224 044 115
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	14 676 273	-	-	-	-	-	-	-	-	67 761 127
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	2 441 000	-	-	-	-	-	-	-	-	-	2 441 000
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
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	182 389 683	26 344 811	-	14 652 848	486 348	6 852 177	138 590 367	28 524 091	22 365 963	23 211 962	443 418 250
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	812 637	3 879 006	402	-	785	5 519 962	1 689 040	3 258 216	5 519 200	2 681 615	23 360 862
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	-	696 097	5 383 585
Total Expenditure	101 038 798	37 557 342	2 095 453	28 324 492	4 756 526	39 563 791	149 736 583	32 290 244	26 850 635	30 224 181	452 438 045
NET SURPLUS/(DEFICIT) FOR THE YEAR	81 350 885	(11 212 531)	(2 095 453)	(13 671 644)	(4 270 178)	(32 711 614)	(11 146 216)	(3 766 154)	(4 484 672)	(7 012 218)	(9 019 794)
Less: Government Grants and Subsidies - Capital	(53 084 853)	(14 676 273)	-	-	-	-	-	-	-	-	(67 761 127)
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	27 284 379	(25 888 805)	(2 095 453)	(13 671 644)	(4 270 178)	(32 711 614)	(11 146 216)	(3 766 154)	(4 537 985)	(8 913 218)	(79 716 886)
CAPITAL EXPENDITURE FOR THE YEAR	220 030	9 371 241	-	42 716	13 855	24 901 609	1 007 600	6 806 843	28 582 915	1 901 000	72 847 809

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2022	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2023
<u>ANNUITY LOANS</u>							
DBSA	WC12007362.1	11.79%	2031	6 698 237	-	(571 382)	6 126 855
DBSA	12007652	12.15%	2022 / 2027	4 372 132	-	(863 440)	3 508 692
Standard Bank	514952	10.08%	2024	4 103 059	-	(2 256 091)	1 846 968
Total Annuity Loans				15 173 428	-	(3 690 914)	11 482 515
<u>FINANCE LEASE LIABILITIES - PRINTERS</u>							
Nashua - CCTV system HIKVISION	Various	10.75%	2023/01/31	10 069	-	(10 069)	-
Konica Minolta - Printers	4434638	14.19%	2026/02/28	-	548 000	(55 897)	492 103
SkyMetro - Printers	SLA	23.00%	2026/02/28	-	652 983	(63 825)	589 157
Total Finance Lease Liabilities - Printers				10 069	1 200 983	(129 791)	1 081 260
Total Long-Term Liabilities				15 183 497	1 200 983	(3 820 705)	12 563 775

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2023

	OPENING BALANCE	GRANTS RECEIVED	GRANTS REPAID	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	TRANSFER TO / (FROM) RECEIVABLES	CLOSING BALANCE
	R	R	R	R	R	R	R
NATIONAL GOVERNMENT							
Equitable Share	-	69 892 000	-	(69 892 000)	-	-	-
Financial Management Grant (FMG)	-	1 771 000	-	(1 771 000)	-	-	-
Municipal Infrastructure Grant (MIG)	-	23 817 000	-	(4 084 770)	(19 732 230)	-	-
Expanded Public Works Programme (EPWP)	-	1 569 000	-	(1 569 000)	-	-	-
Water Services Infrastructure Grant (WSIG)	9 896 804	9 196 000	(9 897 000)	(1 056 034)	(7 040 224)	-	1 099 546
Regional Bulk Infrastructure Grant (RBIG)	-	30 000 000	-	(1 309 437)	(8 690 562)	-	20 000 000
Total	9 896 804	136 245 000	(9 897 000)	(79 682 241)	(35 463 017)	-	21 099 546
PROVINCIAL GOVERNMENT							
Community Development Workers (CDW)	198 300	94 000	(104 300)	(182 690)	-	-	5 310
Libraries, Archives and Museums	671 000	8 859 000	-	(8 862 910)	(50 463)	-	616 626
Western Cape Financial Management Support Grant	840 475	-	-	(544 500)	-	-	295 975
Municipal Capacity Building Grant	192 829	778 726	(40 235)	(193 765)	-	-	737 555
Municipal Service Delivery and Capacity Building Grant	31 485	-	(31 485)	(172 289)	-	172 289	-
Thusong Services Centres	147 822	-	(147 822)	-	-	-	-
Human Settlements	1 610 317	2 066 900	(1 162 547)	-	(2 514 648)	-	22
Transport, Education and Training SETA	-	288 898	-	(288 898)	-	-	-
Sport And Recreational Facilities	800 000	-	-	-	-	-	800 000
Municipal Interventions Grant	-	450 000	-	(58 696)	(391 304)	-	-
Emergency Municipal Load-Shedding Relief Grant	-	1 050 000	-	(136 956)	(913 043)	-	-
Total	4 492 228	13 587 524	(1 486 389)	(10 440 703)	(3 869 458)		2 455 488
DISTRICT MUNICIPALITY							
West Coast District Municipality (COVID 19 Relief)	42 580	-	-	-	-	-	42 580
Total	42 580	-	-	-	-	-	42 580
ALL SPHERES OF GOVERNMENT	14 431 612	149 832 524	(11 383 389)	(90 122 944)	(39 332 475)	-	23 597 614

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
FINANCIAL PERFORMANCE						
Property rates	49 282 261	980 000	50 262 261	49 549 692	(712 569)	50 995 627
Service charges	242 633 265	(9 140 174)	233 493 091	213 248 913	(20 244 178)	210 448 030
Investment revenue	700 746	800 000	1 500 746	1 418 787	(81 959)	793 900
Transfers and subsidies - operational	89 085 582	3 595 817	92 681 399	90 122 944	(2 558 455)	85 088 106
Other own revenue	48 236 074	5 725 482	53 961 556	46 626 040	(7 335 516)	25 395 495
Total Operating Revenue (excluding capital transfers)	429 937 928	1 961 125	431 899 053	400 966 377	(30 932 676)	372 721 158
Employee costs	176 936 867	1 047 338	177 984 205	171 536 470	(6 447 735)	170 133 599
Remuneration of councillors	7 906 252	(302 957)	7 603 295	7 561 198	(42 097)	7 353 716
Debt impairment	22 458 634	17 407 366	39 866 000	44 525 563	4 659 563	31 512 569
Depreciation and asset impairment	21 405 913	7 000 000	28 405 913	25 974 389	(2 431 524)	31 776 594
Finance charges	10 863 990	15 604 589	26 468 579	28 166 446	1 697 867	17 838 550
Bulk purchases	124 835 000	(2 800 000)	122 035 000	121 620 623	(414 377)	131 624 205
Inventory Consumed	17 685 062	4 119 432	21 804 494	17 216 541	(4 587 953)	14 037 499
Contracted Services	11 527 886	(326 282)	11 201 604	8 504 252	(2 697 352)	8 680 571
Transfers and grants	1 998 733	957 009	2 955 742	1 746 581	(1 209 161)	1 887 571
Other expenditure	30 107 325	5 834 072	35 941 397	32 394 239	(3 547 158)	31 522 680
Losses	-	3 527 250	3 527 250	704 885	(2 822 365)	6 070 490
Total Expenditure	425 725 662	52 067 817	477 793 479	459 951 188	(17 842 291)	452 438 045
Surplus/(Deficit)	4 212 266	(50 106 692)	(45 894 426)	(58 984 811)	(13 090 385)	(79 716 886)
Transfers and subsidies - capital (monetary) - Government	36 436 418	6 894 645	43 331 063	39 332 475	(3 998 588)	67 761 127
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	981 652
Transfers and subsidies - capital (in-kind)	-	2 174 344	2 174 344	2 169 344	(5 000)	1 954 313
Surplus/(Deficit) for the year	40 648 684	(41 037 703)	(389 019)	(17 482 992)	(17 093 973)	(9 019 795)
CAPITAL EXPENDITURE & FUNDS SOURCES						
Capital expenditure	42 432 899	11 139 141	53 572 040	48 548 797	(5 023 243)	72 847 809
Transfers recognised - capital	36 436 418	9 068 989	45 505 407	41 501 819	(4 003 588)	70 697 092
Borrowing	-	1 200 983	1 200 983	1 200 983	(0)	-
Internally generated funds	5 996 481	869 169	6 865 650	5 845 996	(1 019 654)	2 150 717
Total sources of capital funds	42 432 899	11 139 141	53 572 040	48 548 797	(5 023 243)	72 847 809
CASH FLOWS						
Net cash from (used) operating	22 449 653	21 787 490	44 237 143	43 332 736	(904 407)	79 367 105
Net cash from (used) investing	(26 582 899)	(12 863 814)	(39 446 713)	(41 341 377)	(1 894 664)	(70 347 757)
Net cash from (used) financing	(3 641 706)	(1 363 679)	(5 005 385)	(3 820 704)	1 184 681	(3 937 137)
Net Cash Movement for the year	(7 774 952)	7 559 997	(214 955)	(1 829 345)	(1 614 390)	5 082 211
Cash/cash equivalents at beginning of year	18 136 329	2 202 140	20 338 468	20 338 468	(0)	15 256 258
Cash/cash equivalents at the year end	10 361 377	9 762 136	20 123 513	18 509 123	(1 614 390)	20 338 469

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	1 000 000	1 000 000	8 457 079	7 457 079	57 555
Finance and administration	138 487 532	11 047 428	149 534 960	141 018 244	(8 516 716)	182 332 128
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	9 574 454	1 247 415	10 821 869	9 750 373	(1 071 496)	8 604 298
Sport and recreation	4 197 030	955 003	5 152 033	3 399 103	(1 752 930)	2 932 894
Public safety	14 461 286	(4 795 000)	9 666 286	9 798 300	132 014	9 172 724
Housing	96 386	2 891 253	2 987 639	2 517 378	(470 261)	14 807 618
Economic and environmental services						
Planning and development	1 511 184	107 238	1 618 422	1 796 576	178 154	486 348
Road transport	41 154 667	1 212 135	42 366 802	40 993 145	(1 373 657)	12 332 302
Trading services						
Energy sources	163 952 702	(12 432 213)	151 520 489	137 994 798	(13 525 691)	138 590 367
Water management	42 271 792	5 474 855	47 746 647	38 517 789	(9 228 858)	28 524 091
Waste water management	28 279 712	3 024 000	31 303 712	24 587 992	(6 715 720)	22 365 963
Waste management	22 387 601	1 298 000	23 685 601	23 637 419	(48 182)	23 211 962
Total Revenue - Standard	466 374 346	11 030 114	477 404 460	442 468 196	(34 936 264)	443 418 250
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	15 817 545	1 351 824	17 169 369	15 328 014	(1 841 355)	20 606 350
Finance and administration	75 276 706	25 202 597	100 479 303	95 374 965	(5 104 338)	73 438 615
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	27 157 284	1 100 133	28 257 417	27 968 257	(289 160)	25 266 716
Sport and recreation	9 170 002	697 408	9 867 410	7 726 928	(2 140 482)	8 668 468
Public safety	27 666 682	(5 639 251)	22 027 431	20 926 501	(1 100 930)	28 324 492
Housing	7 782 232	355 540	8 137 772	2 057 267	(6 080 505)	3 622 158
Health	60 000	(60 000)	-	-	-	87 274
Economic and environmental services						
Planning and development	12 806 411	3 144 541	15 950 952	14 714 190	(1 236 762)	11 663 085
Road transport	30 062 335	3 066 399	33 128 734	34 308 851	1 180 117	39 563 791
Trading services						
Energy sources	144 161 492	1 052 447	145 213 939	143 878 106	(1 335 833)	149 736 583
Water management	30 205 531	8 553 981	38 759 512	38 036 253	(723 259)	32 290 244
Waste water management	19 278 612	4 809 857	24 088 469	25 286 750	1 198 281	26 850 635
Waste management	24 017 263	8 409 929	32 427 192	32 115 515	(311 677)	30 224 181
Other	2 263 567	22 412	2 285 979	2 229 591	(56 388)	2 095 453
Total Expenditure - Standard	425 725 662	52 067 817	477 793 479	459 951 188	(17 842 291)	452 438 045
Surplus/(Deficit) for the year	40 648 684	(41 037 703)	(389 019)	(17 482 992)	(17 093 973)	(9 019 795)

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Municipal Manager	-	1 000 000	1 000 000	8 457 079	7 457 079	-
Vote 2 - Financial Services	128 172 431	10 878 725	139 051 156	139 296 142	244 986	181 710 174
Vote 3 - Corporate Management	30 504 581	(3 474 991)	27 029 590	25 133 056	(1 896 534)	-
Vote 4 - Development Planning	15 828 333	2 364 600	18 192 933	8 441 108	(9 751 825)	-
Vote 5 - Technical Services	291 869 001	261 780	292 130 781	261 140 810	(30 989 971)	-
Vote 1 - Council & Executive	-	-	-	-	-	57 555
Vote 3 - Corporate Services	-	-	-	-	-	8 592 776
Vote 4 - Community Development Services	-	-	-	-	-	33 370 856
Vote 5 - Infrastructure Services	-	-	-	-	-	219 686 890
Total Revenue by Vote	466 374 346	11 030 114	477 404 460	442 468 196	(34 936 264)	443 418 250
EXPENDITURE						
Vote 1 - Municipal Manager	20 512 734	(2 059 641)	18 453 093	16 923 867	(1 529 226)	-
Vote 2 - Financial Services	47 393 214	26 502 186	73 895 400	72 017 451	(1 877 949)	54 631 338
Vote 3 - Corporate Management	75 017 051	(2 199 077)	72 817 974	68 263 050	(4 554 924)	-
Vote 4 - Development Planning	26 194 041	2 920 836	29 114 877	22 095 431	(7 019 446)	-
Vote 5 - Technical Services	256 608 622	26 903 513	283 512 135	280 651 389	(2 860 746)	-
Vote 1 - Council & Executive	-	-	-	-	-	20 606 350
Vote 3 - Corporate Services	-	-	-	-	-	26 113 065
Vote 4 - Community Development Services	-	-	-	-	-	74 533 744
Vote 5 - Infrastructure Services	-	-	-	-	-	276 553 548
Total Expenditure by Vote	425 725 662	52 067 817	477 793 479	459 951 188	(17 842 291)	452 438 045
Surplus/(Deficit) for the year	40 648 684	(41 037 703)	(389 019)	(17 482 992)	(17 093 973)	(9 019 795)

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	49 282 261	980 000	50 262 261	49 549 692	(712 569)	50 995 627
Service charges - electricity revenue	163 952 702	(14 837 029)	149 115 673	135 885 957	(13 229 716)	138 590 367
Service charges - water revenue	33 075 792	2 874 855	35 950 647	29 371 531	(6 579 116)	28 524 091
Service charges - sanitation revenue	23 279 712	1 524 000	24 803 712	24 566 223	(237 489)	22 032 650
Service charges - refuse revenue	22 325 059	1 298 000	23 623 059	23 425 201	(197 858)	21 300 922
Rental of facilities and equipment	2 262 128	(190 000)	2 072 128	1 983 766	(88 362)	1 756 906
Interest earned - external investments	700 746	800 000	1 500 746	1 418 787	(81 959)	793 900
Interest earned - outstanding debtors	4 000 000	3 400 000	7 400 000	7 592 133	192 133	(0)
Fines, penalties and forfeits	14 509 871	(4 260 627)	10 249 244	10 365 793	116 549	9 478 919
Licences and permits	1 149 332	(50 000)	1 099 332	996 352	(102 980)	971 615
Agency services	5 073 211	(350 000)	4 723 211	4 155 961	(567 250)	4 081 216
Transfers and subsidies - Operating	89 085 582	3 595 817	92 681 399	90 122 944	(2 558 455)	85 088 106
Other revenue	12 491 532	3 676 109	16 167 641	7 668 213	(8 499 428)	6 608 284
Gains	8 750 000	3 500 000	12 250 000	13 863 823	1 613 823	2 498 555
Total Revenue (excl capital transfers)	429 937 928	1 961 125	431 899 053	400 966 377	(30 932 676)	372 721 158
EXPENDITURE BY TYPE						
Employee related costs	176 936 867	1 047 338	177 984 205	171 536 470	(6 447 735)	170 133 599
Remuneration of councillors	7 906 252	(302 957)	7 603 295	7 561 198	(42 097)	7 353 716
Debt impairment	22 458 634	17 407 366	39 866 000	44 525 563	4 659 563	31 512 569
Depreciation and asset impairment	21 405 913	7 000 000	28 405 913	25 974 389	(2 431 524)	31 776 594
Finance charges	10 863 990	15 604 589	26 468 579	28 166 446	1 697 867	17 838 550
Bulk purchases	124 835 000	(2 800 000)	122 035 000	121 620 623	(414 377)	131 624 205
Inventory Consumed	17 685 062	4 119 432	21 804 494	17 216 541	(4 587 953)	14 037 499
Contracted Services	11 527 886	(326 282)	11 201 604	8 504 252	(2 697 352)	8 680 571
Transfers and grants	1 998 733	957 009	2 955 742	1 746 581	(1 209 161)	1 887 571
Other expenditure	30 107 325	5 834 072	35 941 397	32 394 239	(3 547 158)	31 522 680
Losses	-	3 527 250	3 527 250	704 885	(2 822 365)	6 070 490
Total Expenditure	425 725 662	52 067 817	477 793 479	459 951 188	(17 842 291)	452 438 045
Surplus/(Deficit)	4 212 266	(50 106 692)	(45 894 426)	(58 984 811)	(13 090 385)	(79 716 886)
Transfers and subsidies - capital (monetary) - Government	36 436 418	6 894 645	43 331 063	39 332 475	(3 998 588)	67 761 127
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	981 652
Transfers and subsidies - Capital (in-kind)	-	2 174 344	2 174 344	2 169 344	(5 000)	1 954 313
Surplus/(Deficit) for the year	40 648 684	(41 037 703)	(389 019)	(17 482 992)	(17 093 973)	(9 019 795)

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Financial Services	-	-	-	-	-	-
Vote 3 - Corporate Management	-	-	-	-	-	-
Vote 4 - Development Planning	-	-	-	-	-	-
Vote 5 - Technical Services	31 812 639	(3 066 310)	28 746 329	28 741 820	(4 509)	-
Vote 1 - Council & Executive	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-
Vote 4 - Community Development Services	-	-	-	-	-	-
Vote 5 - Infrastructure Services	-	-	-	-	-	26 804 894
Total Multi-year expenditure	31 812 639	(3 066 310)	28 746 329	28 741 820	(4 509)	26 804 894
Single-year expenditure						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Financial Services	299 000	1 246 091	1 545 091	1 542 103	(2 988)	191 603
Vote 3 - Corporate Management	280 000	527 960	807 960	201 313	(606 647)	-
Vote 4 - Development Planning	361 000	346 141	707 141	11 488	(695 653)	-
Vote 5 - Technical Services	9 680 260	12 085 259	21 765 519	18 052 072	(3 713 447)	-
Vote 1 - Council & Executive	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	62 274
Vote 4 - Community Development Services	-	-	-	-	-	92 225
Vote 5 - Infrastructure Services	-	-	-	-	-	45 696 814
Total Single-year expenditure	10 620 260	14 205 451	24 825 711	19 806 977	(5 018 734)	46 042 916
Total Capital Expenditure by Vote	42 432 899	11 139 141	53 572 040	48 548 797	(5 023 243)	72 847 809

MATZIKAMA LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (CONTINUED)						
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	-
Finance and administration	363 000	1 206 764	1 569 764	1 566 775	(2 989)	240 703
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	381 000	367 938	748 938	138 402	(610 537)	41 238
Sport and recreation	5 459 665	930 436	6 390 101	5 706 608	(683 493)	9 309 331
Public safety	216 000	(88 713)	127 287	126 178	(1 109)	42 716
Housing	-	-	-	-	-	-
Economic and environmental services						
Planning and development	52 000	(52 000)	-	-	-	13 855
Road transport	18 472 648	1 999 029	20 471 677	19 393 602	(1 078 075)	24 901 609
Trading services						
Energy sources	350 000	3 482 914	3 832 914	3 589 253	(243 661)	1 007 600
Water management	17 042 063	2 681 321	19 723 384	17 310 626	(2 412 758)	6 806 843
Waste water management	96 523	611 452	707 975	717 353	9 378	28 582 915
Waste management	-	-	-	-	-	1 901 000
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	42 432 899	11 139 141	53 572 040	48 548 797	(5 023 243)	72 847 809
FUNDING SOURCES						
National Government	36 436 418	(434)	36 435 984	35 463 017	(972 967)	53 022 580
Provincial Government	-	6 895 079	6 895 079	3 869 458	(3 025 621)	14 738 547
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	2 174 344	2 174 344	2 169 344	(5 000)	2 935 965
Transfers recognised - capital	36 436 418	9 068 989	45 505 407	41 501 819	(4 003 588)	70 697 092
Borrowing	-	1 200 983	1 200 983	1 200 983	(0)	-
Internally generated funds	5 996 481	869 169	6 865 650	5 845 996	(1 019 654)	2 150 717
Total Capital Funding	42 432 899	11 139 141	53 572 040	48 548 797	(5 023 243)	72 847 809

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APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	44 846 858	(113 445)	44 733 412	45 682 779	949 367	48 400 604
Service charges	224 247 017	(16 444 052)	207 802 964	187 083 457	(20 719 507)	185 686 577
Other revenue	24 212 906	2 859 065	27 071 971	16 990 302	(10 081 669)	16 702 461
Government - operating	89 085 582	1 776 986	90 862 568	99 116 657	8 254 089	79 171 009
Government - capital	36 436 418	25 095 242	61 531 660	39 332 475	(22 199 185)	67 761 127
Interest	4 260 746	3 826 000	8 086 746	1 398 999	(6 687 747)	780 068
Payments						
Suppliers and employees	(394 818 198)	19 248 291	(375 569 907)	(333 598 754)	41 971 153	(313 177 211)
Finance charges	(3 822 941)	(13 503 589)	(17 326 530)	(10 926 598)	6 399 931	(4 069 959)
Transfers and grants	(1 998 733)	(957 009)	(2 955 742)	(1 746 581)	1 209 161	(1 887 571)
NET CASH FROM OPERATING ACTIVITIES	22 449 653	21 787 490	44 237 143	43 332 736	(904 407)	79 367 105
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	15 850 000	(5 100 000)	10 750 000	3 837 093	(6 912 907)	545 739
Payments						
Capital assets	(42 432 899)	(7 763 814)	(50 196 713)	(45 178 470)	5 018 243	(70 893 496)
NET CASH USED IN INVESTING ACTIVITIES	(26 582 899)	(12 863 814)	(39 446 713)	(41 341 377)	(1 894 664)	(70 347 757)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits		-	-	-	-	-
Payments						
Repayment of borrowing	(3 641 706)	(1 363 679)	(5 005 385)	(3 820 704)	1 184 681	(3 937 137)
NET CASH FROM FINANCING ACTIVITIES	(3 641 706)	(1 363 679)	(5 005 385)	(3 820 704)	1 184 681	(3 937 137)
NET INCREASE/ (DECREASE) IN CASH HELD	(7 774 952)	7 559 997	(214 955)	(1 829 345)	(1 614 390)	5 082 211
Cash/cash equivalents at the year begin:	18 136 329	2 202 140	20 338 468	20 338 468	(0)	15 256 258
Cash/cash equivalents at the year end:	10 361 377	9 762 136	20 123 513	18 509 123	(1 614 390)	20 338 468