

CEDERBERG LOCAL MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

CEDERBERG LOCAL MUNICIPALITY

INDEX

Content	Page
General Information	1 - 2
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 10
Accounting Policies	11 - 33
Notes to the Financial Statements	34 - 92
APPENDICES - Unaudited	
A Schedule of External Loans	93
B Disclosure of Grants and Subsidies	94
C National Treasury's Appropriation Statement	95 - 101

CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg 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 Cederberg Local Municipality includes the following areas:

Algeria	Graafwater
Clanwilliam	Leipoltville
Lamberts Bay	Elands Bay
Citrusdal	

MEMBERS OF THE COUNCIL

Ward 1	Cllr AM Scheepers
Ward 2	Cllr F Kamfer
Ward 3	Cllr M Heins
Ward 4	Cllr PJ Strauss
Ward 5	Cllr JP Hayes
Ward 6	Cllr AG Mouton
Proportional	Cllr RR Richards
Proportional	Cllr WJ Farmer
Proportional	Cllr L Venter
Proportional	Cllr JH van Heerden
Proportional	Cllr MG Bergh

MEMBERS OF THE MAYORAL COMMITTEE

Cllr RR Richards (Executive Mayor)
Cllr AG Mouton (Deputy Executive Mayor)
Cllr JP Hayes (Speaker)
Cllr L Venter
Cllr JH van Heerden

MUNICIPAL MANAGER

Mr GF Matthyse

CHIEF FINANCIAL OFFICER

Mr MAN Smit (appointed 1 July 2023)
Ms EH Visser (acting until 30 June 2023)

AUDIT COMMITTEE

Omar Valley (Chairperson)
Charles Beukes
Omphile Sehunelo

REGISTERED OFFICE

2A Voortrekker Road
Clanwilliam
8135

POSTAL ADDRESS

Private Bag x2
Clanwilliam
8135

CEDERBERG LOCAL MUNICIPALITY

GENERAL INFORMATION

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Standard Bank of South Africa Ltd

ATTORNEYS

Burger & Marias Attorneys

Enderstein Van der Merwe

Erasmus & Associates

Grant Spammer Attorneys

KM Ramodike Attorneys

Lizel Venter Attorneys

Mervin Doralingo

Turner Legal Consulting

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Cost Containment Regulations 2019

Municipal Finance Management Act (Act no 56 of 2003)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Regulations on a Standard Chart of Accounts, 2014

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

National Environmental Management Act

Occupational Health and Safety Act

Preferential Procurement Policy Framework Act, 200

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

CEDERBERG 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 92 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

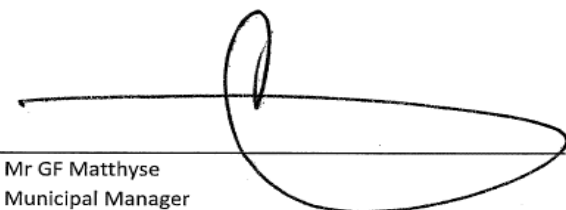
The annual financial statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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.


Mr GF Matthyse
Municipal Manager

31 AUGUST 2023
Date

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets			
		76 825 092	63 402 571
Cash and Cash Equivalents	2	28 777 549	11 815 140
Receivables from Exchange Transactions	3	26 166 677	26 729 374
Receivables from Non-Exchange Transactions	4	12 039 029	14 965 398
Taxes	5	8 431 665	8 438 034
Operating Lease Assets	6	112	222
Current Portion of Long-term Receivables	7	363 463	-
Inventory	8	1 046 596	1 454 402
Non-Current Assets			
		757 542 917	732 308 192
Long-term Receivables	7	71 945	-
Investment Property	10	74 313 391	74 399 016
Property, Plant and Equipment	11	682 313 875	656 865 185
Intangible Assets	12	843 706	1 043 991
Total Assets			
		834 368 009	795 710 762
Current Liabilities			
		114 812 384	140 797 488
Current Portion of Long-term Liabilities	13	27 328 579	3 725 600
Consumer Deposits	14	2 794 971	2 539 335
Payables from Exchange Transactions	15	60 630 956	113 852 683
Unspent Conditional Government Grants	16	10 823 121	6 385 961
Operating Lease Liabilities	6	774	4 758
Current Employee Benefits	17	13 233 983	14 289 151
Non-Current Liabilities			
		102 848 707	86 218 953
Long-term Liabilities	13	16 528 526	4 385 173
Employee Benefits	18	33 639 000	36 020 000
Non-Current Provisions	19	52 681 181	45 813 780
Total Liabilities			
		217 661 091	227 016 441
NET ASSETS			
		616 706 918	568 694 322
COMMUNITY WEALTH			
Accumulated Surplus		616 706 918	568 694 322
		616 706 918	568 694 322

CEDERBERG 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		211 226 704	187 641 711
Taxation Revenue		70 382 140	52 403 952
Property Rates	20	70 382 140	52 403 952
Transfer Revenue		119 651 219	123 260 559
Government Grants and Subsidies - Operating	21	76 512 670	74 305 017
Government Grants and Subsidies - Capital	21	43 138 549	45 631 826
Contributed Assets	22	-	3 323 716
Other Revenue		21 193 345	11 977 200
Availability Charges	23	3 256 432	2 729 152
Insurance Refund		20 948	33 754
Fines, Penalties and Forfeits	24	10 569 862	9 181 345
Actuarial Gains	25	7 346 104	32 949
REVENUE FROM EXCHANGE TRANSACTIONS		189 377 982	185 203 056
Operating Activities		189 377 982	185 203 056
Service Charges	26	166 865 433	169 584 139
Rental of Facilities and Equipment	27	3 639 691	3 353 370
Interest Earned - external investments	28	2 020 003	749 712
Interest Earned - outstanding debtors		9 836 840	4 288 314
Agency Services	29	3 782 284	3 671 714
Other Income	30	3 233 731	2 909 674
Gain on disposal of Non-Monetary Assets	43	-	646 134
CONSTRUCTION CONTRACTS	31	14 076 138	21 728 358
TOTAL REVENUE		414 680 824	394 573 125
EXPENDITURE			
Employee Related Costs	32	125 463 823	133 027 571
Remuneration of Councillors	33	5 697 499	5 000 104
Debt Impairment	34	34 448 789	26 777 123
Depreciation and Amortisation	35	25 436 917	25 603 364
Impairment	36	-	1 503 145
Finance Charges	37	13 041 609	13 016 749
Bulk Purchases	38	93 261 997	94 693 660
Contracted Services	39	35 523 546	57 006 237
Transfers and Grants	40	358 199	243 742
Other Expenditure	41	33 300 492	30 502 519
Actuarial Losses	42	-	865 012
Loss on disposal of Non-Monetary Assets	43	135 355	-
TOTAL EXPENDITURE		366 668 227	388 239 226
NET SURPLUS FOR THE YEAR		48 012 597	6 333 900



CEDERBERG 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	566 018 141	566 018 141
Correction of error restatement - note 45.3	(3 657 719)	(3 657 719)
Balance on 30 June 2021 - Restated	562 360 422	562 360 422
Net Surplus for the year	6 333 900	6 333 900
Balance on 30 June 2022 - Restated	568 694 322	568 694 322
Net Surplus for the year	48 012 596	48 012 596
Balance on 30 June 2023	616 706 918	616 706 918



CEDERBERG 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		63 297 610	47 817 985
Service Charges		161 370 132	154 276 392
Other Revenue and Receipts		26 668 046	31 664 964
Government Grants		124 088 379	125 240 843
Interest		5 291 169	3 629 365
Payments			
Suppliers and employees		(307 207 564)	(309 825 431)
Finance charges		(3 906 932)	(4 758 298)
Transfers and Grants		(358 199)	(243 742)
NET CASH FROM OPERATING ACTIVITIES	46	69 242 641	47 802 079
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		69 989	4 487 200
Payments			
Purchase of Property, Plant and Equipment		(48 624 622)	(44 909 904)
NET CASH USED INVESTING ACTIVITIES		(48 554 633)	(40 422 704)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments			
Loans repaid		(3 725 599)	(5 314 122)
NET CASH USED FINANCING ACTIVITIES		(3 725 599)	(5 314 122)
NET INCREASE IN CASH HELD		16 962 409	2 065 253
Cash and Cash Equivalents at the beginning of the year		11 815 140	9 749 887
Cash and Cash Equivalents at the end of the year		28 777 549	11 815 140

CEDERBERG 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	3 746 225	(3 718 037)	28 188	6 322 844	6 294 656
Call investment deposits	-	-	-	22 454 705	22 454 705
Consumer debtors	27 093 247	2 374 852	29 468 099	35 235 125	5 767 026
Other Receivables	8 199 549	2 958 051	11 157 601	11 402 359	244 758
Current portion of long-term receivables	-	-	-	363 463	363 463
Inventory	1 406 014	48 388	1 454 402	1 046 596	(407 806)
Total current assets	40 445 035	1 663 255	42 108 290	76 825 092	34 716 802
Non current assets					
Long-term receivables	-	-	-	71 945	71 945
Investment property	76 952 848	(2 608 277)	74 344 571	74 313 391	(31 180)
Property, plant and equipment	740 666 083	(45 816 691)	694 849 392	682 313 875	(12 535 517)
Intangible Assets	838 359	53 633	891 991	843 706	(48 285)
Total non current assets	818 457 290	(48 371 336)	770 085 954	757 542 917	(12 543 037)
TOTAL ASSETS	858 902 325	(46 708 081)	812 194 244	834 368 009	22 173 765
LIABILITIES					
Current liabilities					
Borrowing	4 647 630	(2 691 151)	1 956 479	27 328 579	25 372 100
Consumer deposits	2 737 512	11 597	2 749 110	2 794 971	45 861
Trade and other payables	96 704 854	7 007 998	103 712 852	71 454 851	(32 258 001)
Provisions and Employee Benefits	14 303 499	442 995	14 746 494	13 233 983	(1 512 511)
Total current liabilities	118 393 495	4 771 439	123 164 934	114 812 384	(8 352 550)
Non current liabilities					
Borrowing	17 406 720	(14 978 026)	2 428 694	16 528 526	14 099 832
Provisions and Employee Benefits	94 243 512	(2 718 732)	91 524 780	86 320 181	(5 204 599)
Total non current liabilities	111 650 232	(17 696 758)	93 953 474	102 848 707	8 895 233
TOTAL LIABILITIES	230 043 727	(12 925 319)	217 118 409	217 661 091	542 682
NET ASSETS	628 858 598	(33 782 763)	595 075 835	616 706 918	21 631 083
COMMUNITY WEALTH					
Accumulated Surplus	628 858 598	(33 782 763)	595 075 835	616 706 918	21 631 083
TOTAL COMMUNITY WEALTH/EQUITY	628 858 598	(33 782 763)	595 075 835	616 706 918	21 631 083

Refer to note 48.2 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG 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	67 172 781	2 929 787	70 102 568	-	70 102 568	70 382 140	279 572
Service Charges - Electricity Revenue	126 308 417	(15 028 417)	111 280 000	-	111 280 000	110 680 430	(599 570)
Service Charges - Water Revenue	29 455 510	(232 221)	29 223 289	-	29 223 289	30 632 980	1 409 691
Service Charges - Sanitation Revenue	14 315 710	(1 464 710)	12 851 000	-	12 851 000	14 417 295	1 566 295
Service Charges - Refuse Revenue	13 817 930	345 070	14 163 000	-	14 163 000	14 391 160	228 160
Rental of Facilities and Equipment	436 889	287 402	724 291	-	724 291	747 106	22 815
Interest Earned - External Investments	634 212	1 042 891	1 677 103	-	1 677 103	2 020 003	342 900
Interest Earned - Outstanding Debtors	4 006 026	6 146 974	10 153 000	-	10 153 000	9 836 840	(316 160)
Fines	20 800 290	(9 944 772)	10 855 518	-	10 855 518	10 569 862	(285 656)
Licences and Permits	2 796	(324)	2 472	-	2 472	2 472	(0)
Agency Services	4 041 536	(388 996)	3 652 540	-	3 652 540	3 782 284	129 744
Transfers Recognised - Operational	94 192 865	8 223 528	102 416 393	-	102 416 393	90 588 808	(11 827 585)
Other Revenue	7 811 606	(3 005 012)	4 806 594	-	4 806 594	6 144 791	1 338 197
Gains	2 000 000	(1 031 893)	968 107	-	968 107	7 346 104	6 377 997
Total Revenue (excluding capital transfers)	384 996 568	(12 120 693)	372 875 875	-	372 875 875	371 542 275	(1 333 600)
EXPENDITURE							
Employee Related Costs	120 561 530	9 933 309	130 494 839	(2 620)	130 492 219	124 857 232	(5 634 987)
Remuneration of Councillors	5 173 210	883 721	6 056 931	-	6 056 931	5 697 499	(359 432)
Debt Impairment	38 846 000	180 000	39 026 000	-	39 026 000	34 448 789	(4 577 211)
Depreciation and Asset Impairment	28 151 000	(915 000)	27 236 000	-	27 236 000	25 436 917	(1 799 083)
Finance Charges	11 778 000	3 635 842	15 413 842	827 737	16 241 579	13 041 609	(3 199 970)
Bulk purchases - electricity	103 638 000	(8 801 000)	94 837 000	-	94 837 000	92 503 879	(2 333 121)
Inventory consumed	8 115 358	3 494 338	11 609 696	335 350	11 945 046	10 541 717	(1 403 329)
Contracted Services	50 253 510	1 794 063	52 047 573	(499 550)	51 548 023	35 523 546	(16 024 477)
Transfers and Grants	1 030 000	(650 000)	380 000	-	380 000	358 199	(21 801)
Other Expenditure	25 881 241	1 042 775	26 924 016	(660 917)	26 263 099	24 123 484	(2 139 615)
Losses	2 000 000	(1 090 000)	910 000	-	910 000	135 355	(774 645)
Total Expenditure	395 427 849	9 508 048	404 935 897	-	404 935 897	366 668 227	(38 267 670)
Surplus/(Deficit)	(10 431 281)	(21 628 741)	(32 060 022)	-	(32 060 022)	4 874 048	36 934 070
Transfers and subsidies - capital (monetary) - Government	58 400 477	(6 987 460)	51 413 017	-	51 413 017	43 138 549	(8 274 468)
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	47 969 196	(28 616 201)	19 352 995	-	19 352 995	48 012 597	28 659 602

Refer to note 48.1 for the reconciliation performed of actuals to be on a comparable basis to the budget.

Refer to note 48.3 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG 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	62 134 822	5 747 766	67 882 589	63 297 610	(4 584 979)
Service charges	170 975 302	(10 935 817)	160 039 485	161 933 321	1 893 836
Other revenue	15 555 117	(5 329 702)	10 225 415	12 386 272	2 160 857
Government Grants	152 593 342	(4 640 253)	147 953 089	138 114 517	(9 838 572)
Interest	634 212	1 042 891	1 677 103	5 291 169	3 614 066
Payments					
Suppliers and Employees	(327 608 249)	1 054 194	(326 554 055)	(307 207 564)	19 346 491
Finance Charges	(3 425 000)	(2 795 842)	(6 220 842)	(3 906 932)	2 313 910
Transfers and Grants	(1 030 000)	650 000	(380 000)	(358 199)	21 801
Net Cash from/(used) Operating Activities	69 829 547	(15 206 763)	54 622 783	69 550 194	14 927 411
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	58 107	58 107	69 989	11 882
Decrease (increase) in non-current receivables	-	-	-	(563 189)	(563 189)
Payments					
Capital Assets	(70 530 477)	7 578 460	(62 952 017)	(48 624 622)	14 327 395
Net Cash from/(used) Investing Activities	(70 530 477)	7 636 567	(62 893 910)	(49 117 822)	13 776 088
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	8 600 000	(8 600 000)	-	-	-
Increase/(Decrease) in Consumer Deposits	209 775	-	209 775	255 636	45 861
Payments					
Repayment of Borrowing	(4 647 630)	922 030	(3 725 600)	(3 725 599)	1
Net Cash from/(used) Financing Activities	4 162 144	(7 677 970)	(3 515 826)	(3 469 963)	45 862
NET INCREASE/(DECREASE) IN CASH HELD	3 461 214	(15 248 166)	(11 786 952)	16 962 409	28 749 361
Cash and Cash Equivalents at the year begin	285 011	11 530 129	11 815 140	11 815 140	-
Cash and Cash Equivalents at the year end	3 746 225	(3 718 037)	28 188	28 777 549	28 749 361

Refer to note 48.4 for explanations of material variances.

Material variances are considered to be any variances greater than R3.5 million.

CEDERBERG 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 63 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.

CEDERBERG 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.

CEDERBERG LOCAL MUNICIPALITY

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.

CEDERBERG LOCAL MUNICIPALITY

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 – Cost Model

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

1.09.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Buildings	100

1.09.4 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.

CEDERBERG LOCAL MUNICIPALITY

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

1.09.5 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

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

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

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

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

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

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.

CEDERBERG LOCAL MUNICIPALITY

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

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

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

	YEARS		YEARS
Land and Buildings		Community	
Land	N/A	Community Facilities	16 - 101
Buildings	9 - 101	Sport and Recreational Facilities	20 - 101
		Work in progress	N/A
Infrastructure		Other	
Electrical	9 - 115	Computer Equipment	5 - 17
Roads	4 - 50	Furniture and Office Equipment	5 - 31
Sanitation	5 - 60	Machinery and Equipment	5 - 36
Storm Water	4 - 50	Transport Assets	8 - 26
Water Supply	8 - 60		
Work in progress	N/A		
Finance lease assets			
Office equipment	3 - 11		
Transport Assets	10		

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.

CEDERBERG LOCAL MUNICIPALITY

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

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

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

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

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	6-16

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.

CEDERBERG LOCAL MUNICIPALITY

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.

CEDERBERG LOCAL MUNICIPALITY

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 weighted average 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.

CEDERBERG LOCAL MUNICIPALITY

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.

CEDERBERG LOCAL MUNICIPALITY

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

1.14.3.2 Bonuses

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

1.14.3.3 Provision for Performance Bonuses

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

1.15 PROVISIONS

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

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

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

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

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.

CEDERBERG LOCAL MUNICIPALITY

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

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.

CEDERBERG LOCAL MUNICIPALITY

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

(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.

CEDERBERG LOCAL MUNICIPALITY

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.

CEDERBERG LOCAL MUNICIPALITY

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

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 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 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.

1.25 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.

CEDERBERG LOCAL MUNICIPALITY

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

1.25.1 Revenue from Non-Exchange Transactions

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

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

1.25.1.1 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.

1.25.1.2 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.

1.25.1.3 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 and sewerage) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

1.25.1.4 Fines

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

1.25.1.5 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.

1.25.1.6 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.

1.25.1.7 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.

1.25.1.8 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.

CEDERBERG LOCAL MUNICIPALITY

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

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.

1.25.1.9 Contributed Assets

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

1.25.2 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.

1.25.2.1 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. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at 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.

1.25.2.2 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.

1.25.2.3 Rental income

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

1.25.2.4 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.

1.25.2.5 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.

CEDERBERG LOCAL MUNICIPALITY

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

1.25.2.6 Sale of goods

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

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

1.25.2.7 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.

1.25.3 Construction Contracts

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the Department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

CEDERBERG LOCAL MUNICIPALITY

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

1.26 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.

1.27 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.

1.28 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.

1.29 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.

1.30 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.

1.31 CAPITAL COMMITMENTS

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

1.32 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.

CEDERBERG LOCAL MUNICIPALITY

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

1.33 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.

1.34 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

CEDERBERG LOCAL MUNICIPALITY

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

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.

1.35 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.

1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

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

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

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

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

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

CEDERBERG LOCAL MUNICIPALITY

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

1.37 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:

1.37.1 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.

1.37.2 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.

1.37.3 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.

1.37.4 Impairment of non-monetary assets

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

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

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

1.37.5 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.

CEDERBERG LOCAL MUNICIPALITY

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

1.37.6 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.

1.37.7 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.

1.37.8 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.

1.37.9 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.

1.37.10 Recognition and Derecognition of Land

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

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

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

1.37.11 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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

2 CASH AND CASH EQUIVALENTS

Bank Accounts	6 316 618	3 252 125
Call Investment Deposits	22 454 705	8 556 790
Cash Floats	6 226	6 226
Total	28 777 549	11 815 140

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:

Department of Human Settlements - note 15	1 026 322	836 322
Unspent Conditional Government Grants - note 16	10 823 121	6 385 961
VAT Payable - note 51.3	-	646 605
Cash available for working capital requirements	16 928 106	3 946 252
Total	28 777 549	11 815 140

Overdraft facilities available during the financial year with Standard Bank

9 000 000

9 000 000

Guarantee in favour of Eskom registered with Standard Bank

2 900 000

2 900 000

2.1 Bank Accounts

Standard Bank - Account number 082163324 (Main Current Account)	6 263 437	2 860 039
Standard Bank - Account number 072194480 (Traffic Account)	-	-
Standard Bank - Account number 072194774 (Service Account)	-	-
Standard Bank - Account number 032630263 (Current Account for debit orders)	53 173	392 016
Standard Bank - Account number 032630263 (Credit Card for Petty Cash)	9	70
Total	6 316 618	3 252 125

Bank accounts consists out of the following accounts:

Standard Bank - Account number 082163324 (Main Current Account)

Cash book balance at beginning of year	2 860 039	4 992 037
Cash book balance at end of year	6 263 437	2 860 039
Bank statement balance at beginning of year	2 423 268	4 779 214
Bank statement balance at end of year	5 742 493	2 423 268

Standard Bank - Account number 072194480 (Traffic Account)

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

Standard Bank - Account number 072194774 (Service Account)

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

Standard Bank - Account number 032630263 (Current Account for debit orders)

Cash book balance at beginning of year	392 016	319 377
Cash book balance at end of year	53 173	392 016
Bank statement balance at beginning of year	392 016	319 377
Bank statement balance at end of year	53 173	392 016

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

2 CASH AND CASH EQUIVALENTS (CONTINUED)

Standard Bank - Account number 032630263 (Credit Card for Petty Cash)

Cash book balance at beginning of year	70	80
Cash book balance at end of year	9	70
Bank statement balance at beginning of year	70	80
Bank statement balance at end of year	9	70

2.2 Call Investment Deposits

Call investment deposits consist out of the following accounts:

Standard Bank - Acc no 088893065-001	22 454 705	8 556 790
Total	22 454 705	8 556 790

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity	19 962 997	23 069 730
Water	31 902 113	28 074 195
Refuse	11 482 006	9 143 362
Sewerage	16 881 608	13 905 193
Interest	15 425 579	9 421 812
Other	885 561	780 782

Total Gross Balance **96 539 864** **84 395 073**

Less: Allowance for Debt Impairment (70 373 186) (57 665 699)

Total Net Receivable **26 166 677** **26 729 374**

Other Service Receivables consist out of sundry services and rentals.

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. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year 57 665 699 69 261 971
 Movement in the contribution to the provision 14 597 822 15 986 207

Electricity	(195 001)	3 125 921
Water	3 902 541	6 634 926
Refuse	1 828 245	2 024 706
Sewerage	2 784 853	2 509 767
Interest	6 147 635	1 775 977
Other	129 550	(85 091)

Bad Debts Written off (1 890 334) (27 582 479)

Electricity	(599 735)	(3 255 192)
Water	(524 201)	(13 340 091)
Refuse	(107 694)	(4 672 236)
Sewerage	(224 024)	(4 718 965)
Interest	(434 681)	(1 548 202)
Other	-	(47 793)

Balance at the end of the year **70 373 186** **57 665 699**

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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Electricity	19 962 997	(7 285 428)	12 677 569
Water	31 902 113	(24 497 302)	7 404 811
Refuse	11 482 006	(9 010 949)	2 471 056
Sewerage	16 881 608	(14 150 619)	2 730 989
Interest	15 425 579	(14 729 074)	696 505
Other	885 561	(699 814)	185 748
Total	96 539 864	(70 373 186)	26 166 677
30 June 2022			
Service Receivables			
Electricity	23 069 730	(8 080 163)	14 989 567
Water	28 074 195	(21 118 962)	6 955 233
Refuse	9 143 362	(7 290 398)	1 852 964
Sewerage	13 905 193	(11 589 791)	2 315 402
Interest	9 421 812	(9 016 120)	405 691
Other	780 782	(570 264)	210 517
Total	84 395 073	(57 665 699)	26 729 374
Ageing of Receivables from Exchange Transactions			
Electricity			
0 - 30 Days (Current)		11 264 622	11 109 490
1 to 3 months		1 985 051	4 527 296
4 months to 1 year		1 932 600	2 768 154
Over 1 year		4 780 724	4 664 792
Total		19 962 997	23 069 731
Water			
0 - 30 Days (Current)		4 548 702	3 865 181
1 to 3 months		3 616 389	2 984 799
4 months to 1 year		5 501 499	5 320 892
Over 1 year		18 235 523	15 903 323
Total		31 902 113	28 074 194
Refuse			
0 - 30 Days (Current)		1 570 907	1 204 309
1 to 3 months		2 050 789	1 344 026
4 months to 1 year		3 336 091	2 443 767
Over 1 year		4 524 219	4 151 260
Total		11 482 006	9 143 362
Sewerage			
0 - 30 Days (Current)		2 683 502	1 104 930
1 to 3 months		1 933 284	1 719 179
4 months to 1 year		3 279 704	3 205 055
Over 1 year		8 985 118	7 876 028
Total		16 881 608	13 905 193

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Interest

0 - 30 Days (Current)	958 065	385 612
1 to 3 months	3 895 151	1 045 656
4 months to 1 year	4 447 556	2 158 616
Over 1 year	6 124 807	5 831 928
Total	15 425 579	9 421 812

Other

0 - 30 Days (Current)	85 467	100 392
1 to 3 months	123 580	84 393
4 months to 1 year	152 864	77 435
Over 1 year	523 650	518 561
Total	885 561	780 781

Summary Ageing of all Receivables from Exchange Transactions

0 - 30 Days (Current)	21 111 265	17 769 913
1 to 3 months	13 604 242	11 705 350
4 months to 1 year	18 650 314	15 973 918
Over 1 year	43 174 042	38 945 892
Total	96 539 864	84 395 072

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates	46 563 252	42 504 325
Availability Charges	38 752 907	35 659 886
	7 810 344	6 844 439

Other Receivables

Unpaid Traffic Fines	20 043 538	13 382 186
Other Receivables	16 599 148	10 061 922
Deposits	873 113	876 213
	2 571 277	2 444 051

Total Gross Balance

66 606 789 55 886 511

Less: Allowance for Debt Impairment

(54 567 760) (40 921 114)

Total Net Receivable

12 039 029 14 965 398

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. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	40 921 114	50 661 817
Movement in the contribution to the provision	20 362 649	9 381 242
Property Rates	10 093 545	101 423
Availability Charges	1 124 631	389 457
Traffic Fines	9 104 472	7 976 024
Other Receivables	40 000	914 338
Bad Debts Written off	(6 716 003)	(19 121 945)
Property Rates	(3 991 508)	(3 334 865)
Availability Charges	(138 248)	(203 657)
Traffic Fines	(2 586 247)	(15 355 194)
Other Receivables	-	(228 230)
Balance at the end of the year	54 567 760	40 921 114

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

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. All unpaid traffic fines older than 1 year are impaired in full.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Property Rates	38 752 907	(30 189 288)	8 563 619
Availability Charges	7 810 344	(7 305 516)	504 828
Other Receivables			
Unpaid Traffic Fines	16 599 148	(16 346 848)	252 300
Other Receivables	873 113	(726 108)	147 005
Deposits	2 571 277	-	2 571 277
Total	66 606 789	(54 567 760)	12 039 029
30 June 2022			
Service Receivables			
Property Rates	35 659 886	(24 087 250)	11 572 635
Availability Charges	6 844 439	(6 319 133)	525 306
Other Receivables			
Unpaid Traffic Fines	10 061 922	(9 828 622)	233 300
Other Receivables	876 213	(686 108)	190 105
Deposits	2 444 051	-	2 444 051
Total	55 886 511	(40 921 114)	14 965 398

Ageing of Receivables from Non-Exchange Transactions

Property Rates

0 - 30 Days (Current)	4 947 500	6 614 825
1 to 3 months	5 335 391	4 365 770
4 months to 1 year	9 694 154	5 880 628
Over 1 year	18 775 863	18 798 662
Total	38 752 907	35 659 886

Availability Charges

0 - 30 Days (Current)	297 065	240 858
1 to 3 months	601 024	464 101
4 months to 1 year	1 177 120	917 104
Over 1 year	5 735 135	5 222 377
Total	7 810 344	6 844 439

CEDERBERG LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2023	2022
5 TAXES		
VAT Claimable/(Payable)	727 662	(935 829)
VAT Input in Suspense	10 182 861	11 970 495
VAT Output in Suspense - net	(2 478 859)	(2 596 632)
VAT Output in Suspense	(10 069 170)	(9 547 481)
Less: VAT on Allowance for Debt Impairment	7 590 312	6 950 849
Total	8 431 665	8 438 034
As previously reported		8 289 923
Correction of error restatement - note 45.2		148 112
Restated balance		8 438 034
Reconciliation of VAT on Allowance for Debt Impairment		
Balance at beginning of year	6 950 849	8 360 523
Debt Impairment for current year	639 463	(1 409 674)
Balance at the end of the year	7 590 312	6 950 849
6 OPERATING LEASES		
6.1 OPERATING LEASE ASSETS		
Operating Lease Asset	112	222
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	222	4 956
Movement during the year	(110)	(4 733)
Balance at the end of the year	112	222
The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	2 022	3 930
Between 1 and 5 Years	-	2 022
After 5 Years	-	-
Total operating lease payments	2 022	5 953
This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
The leases are in respect of land and buildings being leased. Escalation of 6% are applicable on the leases. The renewal option after lapsing of the contracts are available.		
The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.		
6.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	774	4 758
The operating lease liability is derived from contracts where the Municipality acts as the lessee in the agreement.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

6 OPERATING LEASES (CONTINUED)

Reconciliation of Operating Lease Liability

Balance at the beginning of the year	4 758	7 570
Movement during the year	(3 984)	(2 812)
Balance at the end of the year	774	4 758

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	428 785	33 606
Between 1 and 5 Years	420 000	8 785
After 5 Years	-	-
Total operating lease payments	848 785	42 390

The leases are in respect of land and buildings being leased. Escalations between 4% and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	563 189	-
Less: Allowance for Debt Impairment	(127 781)	-
Total Net Receivable	435 408	-
Less: Current portion of Long-term Receivables	363 463	-
Receivables with repayment arrangements	363 463	-
Total	71 945	-

Debtors amounting to R563 189 (2022 - Rnil) have arranged to settle their account over a re-negotiated period. Total payments to the value of R118 094 (2022 - Rnil) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	-	-
Movement in the contribution to the provision	127 781	-
Balance at the end of the year	127 781	-

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

Maintenance Materials - at cost	955 553	1 380 943
Water – at cost	91 043	73 459
Total	1 046 596	1 454 402

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

No inventory were pledged as security for liabilities.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

9 INVENTORY (CONTINUED)

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

Inventory recognised as an expense during the year

Maintenance Materials

Water - by nature of expense

Bulk Purchases

Contracted Services

Depreciation and Amortisation

Employee Related Costs

Internal Charges

Other Expenditure

Total

	2023	2022
-	-	-
1 597 361	2 278 827	2 278 827
11 117 071	10 442 450	10 442 450
758 118	802 586	802 586
324 613	175 691	175 691
1 495 573	1 563 732	1 563 732
3 799 581	3 570 568	3 570 568
4 246 752	4 080 043	4 080 043
492 434	249 830	249 830
12 714 432	12 721 276	12 721 276

10 INVESTMENT PROPERTY

Investment Property - Carrying Value

As previously reported

Correction of error restatement - note 45.1

Restated balance

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value

Cost

Accumulated Depreciation

Accumulated Impairment

Depreciation for the year

Disposals

Closing Carrying Value

Cost

Accumulated Depreciation

Accumulated Impairment

	2023	2022
74 313 391	74 399 016	74 399 016
-	74 397 571	74 397 571
-	1 445	1 445
-	74 399 016	74 399 016
74 399 016	77 314 544	77 314 544
75 130 252	77 993 530	77 993 530
(731 236)	(678 986)	(678 986)
-	-	-
(52 250)	(52 250)	(52 250)
(33 375)	(2 863 278)	(2 863 278)
74 313 391	74 399 016	74 399 016
75 096 877	75 130 252	75 130 252
(783 486)	(731 236)	(731 236)
-	-	-

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.

No significant operating expenditure was incurred on investment property during the 2022/23 and 2021/22 financial year.

Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)

2 023 600

2 023 600

The Municipality has assessed that it controls the above-mentioned land of which it is not the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly included in the jurisdictional area of the Municipality. The title deeds of the said erven have not been transferred to the Municipality.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

11 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2023				
Land and Buildings	22 446 748	(1 620 614)	-	20 826 135
Infrastructure	910 151 285	(336 164 336)	(10 924 655)	563 062 293
Leased Assets	943 824	(234 878)	-	708 945
Community Assets	79 519 938	(7 564 553)	-	71 955 385
Other Assets	41 127 939	(23 158 651)	-	17 969 288
Capitalised Restoration Cost	22 153 402	(13 635 510)	(726 064)	7 791 829
Total	1 076 343 136	(382 378 542)	(11 650 719)	682 313 875

30 June 2022

Land and Buildings	22 446 748	(1 487 436)	-	20 959 312
Infrastructure	864 519 137	(315 797 367)	(10 924 655)	537 797 115
Leased Assets	7 702 495	(1 912 371)	-	5 790 124
Community Assets	78 320 837	(6 667 173)	-	71 653 664
Other Assets	33 569 115	(19 204 648)	-	14 364 467
Capitalised Restoration Cost	19 396 951	(12 370 384)	(726 064)	6 300 503
Total	1 025 955 283	(357 439 379)	(11 650 719)	656 865 185

As previously reported

Correction of error restatement - note 45.1

Restated balance

658 928 369

(2 063 184)

656 865 185

11.1 Repairs and maintenance incurred on Property, Plant and Equipment

7 785 006

8 844 262

11.2 Cost of land included in asset register of which the Municipality is not the legal owner (iGRAP 18)

658 700

658 700

The Municipality has assessed that it controls the above-mentioned land of which it is not the legal owner. The said land pertains to the town of Elands Bay of which the demarcation borders were revised and accordingly included in the jurisdictional area of the Municipality. The title deeds of the said erven have not been transferred to the Municipality.

11.3 Capital Restorations Costs

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

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

708 945

5 790 124

The leased assets are financed through a finance lease agreement and are secured as set out in note 13.

11.5 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	(1 339 542)	964 822	493 732
Increase / (Decrease) in Accumulated Surplus	1 339 542	(964 822)	(493 732)
Increase / (Decrease) in Property, Plant and Equipment	1 339 542	(964 822)	(493 732)

CEDERBERG LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2023	2022
11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
11.6 Work in Progress projects taking a significant longer period to complete		
(a) <i>Lamberts Bay Desalination Plant</i>	77 787 911	76 588 236
Due to geo-technical complications the project has been delayed. The Geo-technical complication resulted in the difference of opinion between the Municipality and the contractor which ultimately led to a process of adjudication. A final decision by the adjudicator was only reached towards the end of the 2022/23 financial year. The Municipality is now in the process of determining the most feasible manner to proceed with the project.		
(b) <i>Clanwilliam Water Treatment Works</i>	4 021 319	4 021 319
The project is registered with the Regional Bulk Infrastructure Grant (RBIG) of the Department of Water and Sanitation. The Implementation Readiness Study (IRS) which is a requirement for RBIG projects was approved by the RBIG committee and is awaiting Cederberg Council approval. However, counter-funding in the region of R 32 million is required from the Municipality as its non-social component contribution towards the project. The waiver of counter funding applications to National Treasury have been unsuccessful in previous financial years. The Municipality intends to submit a revised application for the waiver of co-funding again on 31 July 2023.		
(c) <i>Upgrade sidewalks and build new sidewalks in Denne Street</i>	119 281	119 281
This project is about 70% completed and will be completed once internal funding becomes available.		
(d) <i>Construction of sewerage pump stations</i>		
The project has been completed in the current financial year.	-	7 245 604
(e) <i>Upgrading of sport fields - Lamberts Bay</i>	95 641	95 641
Project will be completed once internal funds become available.		
(f) <i>Upgrading of sport fields - Clanwilliam</i>	-	9 693 439
The project has been completed in the current financial year.		
(g) <i>Upgrade roads and stormwater infrastructure - Citrusdal</i>	3 515 305	-
The contractor's contract was terminated due to non-performance. This project is currently in the tender phase to appoint a new contractor, which should be by September 2023		
Total	85 539 456	97 763 519
The accumulated impairment recognised on the above-mentioned Work in Progress are as follow:		
(a) <i>Lamberts Bay Desalination Plant</i>	10 924 655	10 924 655
Total	10 924 655	10 924 655

CEDERBERG LOCAL MUNICIPALITY

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

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.7 Reconciliation of Carrying Value

	Cost						Accumulated Depreciation and Impairment						Carrying Value
	Opening Balance	Additions	Disposals and Write-offs	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Transfers	Disposals and Write-offs	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
30 June 2023													
Land and Buildings	22 446 748	-	-	-	-	22 446 748	1 487 436	133 177	-	-	-	1 620 614	20 826 135
Land	9 398 084	-	-	-	-	9 398 084	-	-	-	-	-	-	9 398 084
Buildings	13 048 664	-	-	-	-	13 048 664	1 487 436	133 177	-	-	-	1 620 614	11 428 050
Infrastructure	864 519 137	45 632 147	-	-	-	910 151 285	326 722 022	20 366 969	-	-	-	347 088 991	563 062 293
Electrical	166 216 433	188 681	-	-	2 802 320	169 207 434	94 822 246	3 972 663	-	-	-	98 794 909	70 412 525
Roads	172 068 627	-	-	-	-	172 068 627	81 730 908	5 122 832	-	-	-	86 853 740	85 214 886
Sanitation	198 415 284	220 616	-	-	17 151 279	215 787 179	50 960 334	6 100 150	-	-	-	57 060 484	158 726 696
Storm Water	27 747 507	-	-	-	-	27 747 507	7 253 280	549 585	-	-	-	7 802 866	19 944 641
Water Supply	174 322 414	33 715	-	-	1 403 656	175 759 785	81 030 599	4 621 738	-	-	-	85 652 338	90 107 447
Work in progress	125 748 872	45 189 135	-	-	(21 357 255)	149 580 753	10 924 655	-	-	-	-	10 924 655	138 656 098
Leased Assets	7 702 495	-	(179 491)	-	(6 579 181)	943 824	1 912 371	187 866	-	(1 796 852)	(68 507)	234 878	708 945
Furniture and Office Equipment	3 527 655	-	-	-	(2 583 831)	943 824	805 920	157 304	-	(728 346)	-	234 878	708 945
Transport Assets	4 174 840	-	(179 491)	-	(3 995 350)	-	1 106 451	30 562	-	(1 068 506)	(68 507)	-	-
Community Assets	78 320 837	1 199 101	-	-	-	79 519 938	6 667 173	897 380	-	-	-	7 564 553	71 955 385
Community Facilities	15 886 163	-	-	-	-	15 886 163	1 258 134	133 909	-	-	-	1 392 042	14 494 121
Sport and Recreational Facilities	62 188 651	-	-	-	-	62 188 651	5 409 039	763 472	-	-	-	6 172 511	56 016 141
Work in progress	246 023	1 199 101	-	-	-	1 445 124	-	-	-	-	-	-	1 445 124
Other Assets	33 569 115	1 217 342	(237 699)	-	6 579 181	41 127 939	19 204 648	2 333 866	-	1 796 852	(176 715)	23 158 651	17 969 288
Computer Equipment	3 115 914	221 329	(77 190)	-	-	3 260 053	2 040 435	172 012	-	-	(54 028)	2 158 419	1 101 634
Furniture and Office Equipment	7 057 852	101 477	(56 952)	-	2 583 831	9 686 208	4 762 515	698 181	-	728 346	(52 574)	6 136 469	3 549 740
Machinery and Equipment	10 548 472	859 535	(103 557)	-	-	11 304 450	6 884 957	481 180	-	-	(70 113)	7 296 024	4 008 426
Transport Assets	12 846 877	35 000	-	-	3 995 350	16 877 227	5 516 741	982 492	-	1 068 506	-	7 567 739	9 309 488
Capitalised Restoration Cost	19 396 951	2 862 895	(106 444)	-	-	22 153 402	13 096 448	1 265 126	-	-	-	14 361 574	7 791 829
Landfill Site Rehabilitation	19 396 951	2 862 895	(106 444)	-	-	22 153 402	13 096 448	1 265 126	-	-	-	14 361 574	7 791 829
	1 025 955 283	50 911 486	(523 633)	-	-	1 076 343 136	369 090 098	25 184 384	-	-	(245 222)	394 029 261	682 313 875

CEDERBERG LOCAL MUNICIPALITY

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

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

11.7 Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment						Carrying Value (Restated)	
	Opening Balance	Additions	Disposals and Write-offs	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Transfers	Disposals and Write-offs		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R
30 June 2022													
Land and Buildings	22 514 858	-	(68 110)	-	-	22 446 748	1 362 209	134 077	-	-	(8 849)	1 487 436	20 959 312
Land	9 398 084	-	-	-	-	9 398 084	-	-	-	-	-	-	9 398 084
Buildings	13 116 774	-	(68 110)	-	-	13 048 664	1 362 209	134 077	-	-	(8 849)	1 487 436	11 561 228
Infrastructure	819 180 410	46 432 689	(1 093 962)	-	-	864 519 137	305 716 411	20 155 918	1 384 931	-	(535 238)	326 722 022	537 797 115
Electrical	166 006 739	209 694	-	-	-	166 216 433	90 822 366	3 999 880	-	-	-	94 822 246	71 394 187
Roads	172 068 627	-	-	-	-	172 068 627	76 537 592	5 193 316	-	-	-	81 730 908	90 337 719
Sanitation	198 252 747	50 664	(430 260)	-	542 134	198 415 284	45 572 130	5 784 553	-	-	(396 349)	50 960 334	147 454 950
Storm Water	27 747 507	-	-	-	-	27 747 507	6 703 695	549 585	-	-	-	7 253 280	20 494 227
Water Supply	172 309 244	1 335 617	(215 551)	-	893 104	174 322 414	76 540 904	4 628 584	-	-	(138 888)	81 030 599	93 291 814
Work in progress	82 795 547	44 836 713	(448 150)	-	(1 435 238)	125 748 872	9 539 724	-	1 384 931	-	-	10 924 655	114 824 217
Leased Assets	7 966 690	943 824	(1 208 018)	-	-	7 702 495	2 074 688	736 342	-	-	(898 658)	1 912 371	5 790 124
Furniture and Office Equipment	3 791 849	943 824	(1 208 018)	-	-	3 527 655	1 201 139	503 439	-	-	(898 658)	805 920	2 721 734
Transport Assets	4 174 840	-	-	-	-	4 174 840	873 549	232 902	-	-	-	1 106 451	3 068 389
Community Assets	76 435 740	1 885 097	-	-	-	78 320 837	5 837 463	829 710	-	-	-	6 667 173	71 653 664
Community Facilities	15 886 163	-	-	-	-	15 886 163	1 124 225	133 909	-	-	-	1 258 134	14 628 029
Sport and Recreational Facilities	51 359 848	-	-	-	10 828 803	62 188 651	4 713 237	695 801	-	-	-	5 409 039	56 779 612
Work in progress	9 189 729	1 885 097	-	-	(10 828 803)	246 023	-	-	-	-	-	-	246 023
Other Assets	29 881 957	661 279	(297 837)	3 323 716	-	33 569 115	17 521 172	1 931 007	-	-	(247 532)	19 204 648	14 364 467
Computer Equipment	3 005 707	201 282	(91 075)	-	-	3 115 914	1 869 540	240 457	-	-	(69 562)	2 040 435	1 075 480
Furniture and Office Equipment	7 034 065	142 398	(118 612)	-	-	7 057 852	4 402 185	467 245	-	-	(106 915)	4 762 515	2 295 337
Machinery and Equipment	10 314 899	317 598	(84 025)	-	-	10 548 472	6 199 832	752 055	-	-	(66 930)	6 884 957	3 663 515
Transport Assets	9 527 286	-	(4 125)	3 323 716	-	12 846 877	5 049 615	471 250	-	-	(4 124)	5 516 741	7 330 136
Capitalised Restoration Cost	23 069 258	101 050	(3 773 357)	-	-	19 396 951	11 424 404	1 553 830	118 214	-	-	13 096 448	6 300 503
Landfill Site Rehabilitation	23 069 258	101 050	(3 773 357)	-	-	19 396 951	11 424 404	1 553 830	118 214	-	-	13 096 448	6 300 503
	979 048 914	50 023 938	(6 441 284)	3 323 716	-	1 025 955 283	343 936 346	25 340 884	1 503 145	-	(1 690 277)	369 090 098	656 865 185

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
12 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>843 706</u>	<u>1 043 991</u>
The carrying value of intangible Assets is reconciled as follows:		
Opening Carrying Value	1 043 991	1 254 359
Cost	2 354 497	2 356 547
Accumulated Amortisation	(1 310 505)	(1 102 188)
Accumulated Impairment	-	-
Additions	-	-
Amortisation	(200 283)	(210 230)
Disposal	(2)	(138)
Cost	(3 728)	(2 050)
Accumulated Amortisation	3 726	1 913
Closing Carrying Value	843 706	1 043 991
Cost	2 350 769	2 354 497
Accumulated Amortisation	(1 507 063)	(1 310 505)
Accumulated Impairment	-	-

Intangible Assets consist only out of software.

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.

During the current year the remaining useful lives of Intangible Assets 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	(9 821)	5 101	4 720
Increase / (Decrease) in Accumulated Surplus	9 821	(5 101)	(4 720)
Increase / (Decrease) in Intangible Assets	9 821	(5 101)	(4 720)

13 LONG-TERM LIABILITIES

Annuity Loans	3 871 874	7 138 925
Finance Lease Liabilities	513 300	971 848
Payables with Repayment Arrangements	39 471 931	-
Sub-Total	43 857 105	8 110 773
Less: Current portion of Long-term Liabilities	27 328 579	3 725 600
Annuity Loans	1 609 946	3 267 052
Finance Lease Liabilities	332 078	458 548
Payables with Repayment Arrangements	25 386 555	-
Total	16 528 526	4 385 173

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up	4 385 174	8 110 773
Used to finance Property, Plant and Equipment at cost	(4 385 174)	(8 110 773)
Unspent Borrowings	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act No. 56 of 2003.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

13 LONG-TERM LIABILITIES (CONTINUED)

13.1 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	
ABSA (038-723-0992)	9.84%	1 April 2025	853 792	1 221 812
ABSA (038-723-0993)	10.43%	17 June 2025	1 451 695	2 072 429
ABSA (038-723-0994)	10.45%	17 Nov 2025	714 845	952 355
ABSA (038-723-0995)	11.33%	30 Jun 2026	851 543	1 077 177
Standard Bank (03-263-793-4)	10.36%	31 Mar 2023	-	1 815 152
Total			3 871 874	7 138 925

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	1 985 577	3 943 090
Payable within two to five years	2 496 397	4 481 974
Total amount payable	4 481 974	8 425 064
Less: Outstanding Future Finance Charges	(610 100)	(1 286 139)
Present value of annuity loans	3 871 874	7 138 925

13.2 Finance Lease Liabilities

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

Description	Maturity Date	Carrying Value of Liability	
Printers and Copiers	31 Dec 2024	513 300	808 641
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	-	4 874
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	-	4 874
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	-	4 874
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	-	3 649
Chevrolet Utility 1.4 + A/C (M18)	1 Jul 2022	-	3 649
Isuzu Kb 250C Fleetside Regular Cab	1 Jul 2022	-	4 938
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	-	9 755
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	-	17 215
Isuzu N Series NLR 150	1 Aug 2022	-	18 620
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	-	9 755
Isuzu N Series NLR 150	1 Aug 2022	-	18 620
Isuzu N Series NLR 150	1 Aug 2022	-	18 620
Isuzu N Series NLR 150	1 Aug 2022	-	18 620
Isuzu Kb 250C Fleetside Regular Cab	1 Aug 2022	-	9 755
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	-	7 694
Toyota Etios Sedan 1.5SD Sprint	1 Aug 2022	-	7 694
Total		513 300	971 848

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 11.

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	375 000	540 287
Payable within two to five years	187 500	562 500
Total amount payable	562 500	1 102 787
Less: Outstanding Future Finance Charges	(49 200)	(130 939)
Present value of finance lease liabilities	513 300	971 848

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

13 LONG-TERM LIABILITIES (CONTINUED)

13.3 Payables with Repayment Arrangements

The Municipality entered into the following repayment arrangements:

Supplier	Rate	Maturity Date	Carrying Value of Liability	
Eskom Holdings SOC Ltd (Clanwilliam Account)	Prime + 2.5%	31 Dec 2024	19 722 325	-
Eskom Holdings SOC Ltd (Citrusdal Account)	Prime + 2.5%	31 Dec 2024	19 273 627	-
Eskom Holdings SOC Ltd (Lamberts Bay Account)	Prime + 2.5%	31 Jul 2023	475 979	-
Total			39 471 931	-

All payables with repayment arrangements are unsecured.

Payables with Repayment Arrangements are payable as follows:

Payable within one year	25 386 555	-
Payable within two to five years	14 085 376	-
Total amount payable	39 471 931	-
Less: Outstanding Future Finance Charges	-	-
Present value of finance lease liabilities	39 471 931	-

14 CONSUMER DEPOSITS

Water and Electricity Deposits

2 794 971

2 539 335

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

15 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	52 346 453	104 232 216
Retentions	1 033 225	2 827 032
Payments received in advance	3 055 582	2 546 069
Pre-paid Electricity	729 183	738 586
Sundry Creditors	698 101	1 105 600
Sundry Deposits	125 334	97 254
Accrued Interest	35 461	93 110
Unknown Receipts	70 320	85 041
Land Sales Deposits	1 510 975	1 291 452
Department of Human Settlements	1 026 322	836 322
Total	60 630 956	113 852 683

As previously reported

109 198 456

Correction of error restatement - note 45.2

5 114 883

Reclassification - note 44.1

(460 657)

Restated balance

113 852 683

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, housing deposits and a performance guarantees paid by contractors.

Department of Human Settlements balance consist of the following:

- Advances received for the construction of housing top structures	469 322	469 322
- Advances received in terms of principle-agent arrangements	557 000	367 000
Total	1 026 322	836 322

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
15 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
The following serves as security for payables:		
- Bank guarantee as per note 2	2 900 000	2 900 000
- Cash deposits as per note 4	2 571 277	2 444 051
Total	5 471 277	5 344 051
16 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	5 319 820	5 702 805
Provincial Government	5 503 301	683 156
Total	10 823 121	6 385 961
Detail reconciliations of all grants received and grant conditions met are included in note 21. 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.		
17 CURRENT EMPLOYEE BENEFITS		
Bonuses	3 307 247	3 461 973
Staff Leave	6 991 780	7 650 260
Performance Bonuses	202 645	528 261
Standby and Overtime	619 311	460 657
Current portion of Non-Current Employee Benefits - note 18	2 113 000	2 188 000
Post Retirement Medical Benefits	1 455 000	1 284 000
Long Service Awards	658 000	904 000
Total	13 233 983	14 289 151
As previously reported		13 828 494
Reclassification - note 44.1		460 657
Restated balance		14 289 151
The movement in current employee benefits are reconciled as follows:		
17.1 Bonuses		
Opening Balance	3 461 973	3 259 292
Contribution during the year	6 240 554	6 386 947
Payments made	(6 395 280)	(6 184 265)
Balance at the end of the year	3 307 247	3 461 973
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.		
17.2 Staff Leave		
Opening Balance	7 650 260	7 809 929
Contribution during the year	571 246	1 080 455
Payments made	(1 229 725)	(1 240 125)
Balance at the end of the year	6 991 780	7 650 260
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.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

		2023	2022
17	CURRENT EMPLOYEE BENEFITS (CONTINUED)		
17.3	Performance Bonuses		
	Opening Balance	528 261	194 728
	Contribution during the year	(131 558)	333 533
	Payments made	(194 058)	-
	Balance at the end of the year	202 645	528 261
	Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.		
17.4	Standby and Overtime		
	Opening Balance	460 657	546 488
	Contribution during the year	619 311	460 657
	Payments made	(460 657)	(546 488)
	Balance at the end of the year	619 311	460 657
	Standby and overtime worked by staff in current financial year, but paid in following financial year.		
18	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	30 069 000	32 232 000
	Long Service Awards	5 683 000	5 976 000
	Sub-Total	35 752 000	38 208 000
	Less: Current portion of Employee Benefits	2 113 000	2 188 000
	Post Retirement Medical Benefits	1 455 000	1 284 000
	Long Service Awards	658 000	904 000
	Total	33 639 000	36 020 000
18.1	Post Retirement Medical Benefits		
	The movement in Post Retirement Medical Benefits are reconciled as follows:		
	Opening Balance	32 232 000	28 110 000
	Contribution during the year	5 890 000	4 380 000
	Current Service Cost	2 154 000	1 549 000
	Interest Cost	3 736 000	2 831 000
	Payments made	(1 332 780)	(1 123 012)
	Actuarial Loss/(Gain)	(6 720 220)	865 012
	Total balance at year-end	30 069 000	32 232 000
	Less: Current portion	(1 455 000)	(1 284 000)
	Total	28 614 000	30 948 000
	The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service members	125	142
	In-service non-members	184	201
	Continuation members	29	27
	Total	338	370

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

18 EMPLOYEE BENEFITS (CONTINUED)

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	9 999 000	2 286 000	17 784 000	30 069 000
30 June 2022	13 029 000	2 344 000	16 859 000	32 232 000
30 June 2021	12 661 000	2 186 000	13 263 000	28 110 000
30 June 2020	11 693 000	1 710 000	10 215 000	23 618 000
30 June 2019	12 962 106	1 661 921	11 498 117	26 122 144

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	(2 794 000)	-
30 June 2022	562 000	-
30 June 2021	(257 000)	-
30 June 2020	(668 000)	-
30 June 2019	1 369 000	-

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

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	12.57%	11.82%
Health Care Cost Inflation Rate	8.25%	8.44%
Net Effective Discount Rate	3.99%	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 26 June 2023.

v) Actuarial Valuation Method

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

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	12 285 000	17 784 000	30 069 000	
Health care inflation rate (+ 1%)	14 826 000	19 559 000	34 385 000	14%
Health care inflation rate (- 1%)	10 267 000	16 251 000	26 518 000	-12%
Discount rate (+ 1%)	10 351 000	16 318 000	26 669 000	-11%
Discount rate (- 1%)	14 742 000	19 502 000	34 244 000	14%
Post-employment mortality (+ 1 year)	11 981 000	17 280 000	29 261 000	-3%
Post-employment mortality (- 1 year)	12 585 000	18 286 000	30 871 000	3%
Average retirement age (- 1 year)	13 675 000	17 784 000	31 459 000	5%
Membership Continuation (- 10%)	10 741 000	17 784 000	28 525 000	-5%

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	1 300 000	3 691 000	4 991 000	
Health care inflation rate (+ 1%)	1 580 000	4 233 000	5 813 000	16%
Health care inflation rate (- 1%)	1 082 000	3 245 000	4 327 000	-13%
Discount rate (+ 1%)	1 099 000	3 523 000	4 622 000	-7%
Discount rate (- 1%)	1 557 000	3 880 000	5 437 000	9%
Post-employment mortality (+ 1 year)	1 268 000	3 589 000	4 857 000	-3%
Post-employment mortality (- 1 year)	1 332 000	3 792 000	5 124 000	3%
Average retirement age (- 1 year)	1 406 000	3 866 000	5 272 000	6%
Membership Continuation (- 10%)	1 137 000	3 497 000	4 634 000	-7%

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	5 976 000	5 613 000
Contribution during the year	1 155 000	1 029 000
Current Service Cost	532 000	525 000
Interest Cost	623 000	504 000
Payments made	(822 116)	(633 051)
Actuarial Loss/(Gain)	(625 884)	(32 949)
Total balance at year-end	5 683 000	5 976 000
Less: Current portion	(658 000)	(904 000)
Total	5 025 000	5 072 000

The Long Service Awards plans are defined benefit plans.

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

309	343
-----	-----

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

	Unfunded Liability R
30 June 2023	5 683 000
30 June 2022	5 976 000
30 June 2021	5 613 000
30 June 2020	5 188 000
30 June 2019	4 662 853

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

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

18 EMPLOYEE BENEFITS (CONTINUED)

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2023	(278 884)	-
30 June 2022	52 051	-
30 June 2021	202 915	-
30 June 2020	362 667	-
30 June 2019	267 536	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	11.74%	11.25%
General Salary Inflation (long-term)	7.01%	7.42%
Net Effective Discount Rate applied to salary-related Long Service Awards	4.42%	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 26 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%)	5 683 000	6 060 000	7%
General earnings inflation rate (- 1%)	5 683 000	5 341 000	-6%
Discount rate (+ 1%)	5 683 000	5 335 000	-6%
Discount rate (- 1%)	5 683 000	6 072 000	7%
Average retirement age (+ 2 years)	5 683 000	6 448 000	13%
Average retirement age (- 2 years)	5 683 000	5 020 000	-12%
Withdrawal rates (x 2)	5 683 000	4 548 000	-20%
Withdrawal rates (x 0.5)	5 683 000	6 452 000	14%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2023/24	493 000	630 000	1 123 000	
General earnings inflation rate (+ 1%)	534 000	674 000	1 208 000	8%
General earnings inflation rate (- 1%)	456 000	590 000	1 046 000	-7%
Discount rate (+ 1%)	460 000	639 000	1 099 000	-2%
Discount rate (- 1%)	530 000	618 000	1 148 000	2%
Average retirement age (+ 2 years)	549 000	719 000	1 268 000	13%
Average retirement age (- 2 years)	435 000	553 000	988 000	-12%
Withdrawal rates (x 2)	362 000	497 000	859 000	-24%
Withdrawal rates (x 0.5)	589 000	720 000	1 309 000	17%

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

18 EMPLOYEE BENEFITS (CONTINUED)

18.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	107 820	121 001
---	---------	---------

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)	11 008 553	12 375 473
--	------------	------------

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	11 116 373	12 496 473
--------------	-------------------	-------------------

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:

National Funds for Municipal Workers	803 880	741 542
--------------------------------------	---------	---------

SAMWU National Provident Fund	1 253 566	1 272 902
-------------------------------	-----------	-----------

Total	2 057 446	2 014 444
--------------	------------------	------------------

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.

19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	52 681 181	45 813 780
--	-------------------	-------------------

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

Opening Balance	45 813 780	45 320 512
-----------------	------------	------------

Contribution during the year	6 867 401	493 268
------------------------------	-----------	---------

Increase/(decrease) in estimate added to /(deducted from) cost of related asset	2 756 451	(3 672 307)
---	-----------	-------------

Decrease in estimate recognised in surplus	(722 376)	-
--	-----------	---

Interest Cost	4 833 326	4 165 575
---------------	-----------	-----------

Total	52 681 181	45 813 780
--------------	-------------------	-------------------

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

19 NON-CURRENT PROVISIONS (CONTINUED)

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 Government Bond yield) of between 9.18% and 11.90% depending on the estimated decommission date.

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

Location	Discount Rate	Site Dimensions	Estimated Decommission Date	Cost of Rehabilitation	Cost of Rehabilitation
Clanwilliam	11.90%	23 616 m ²	2028	16 258 029	14 517 494
Lambert's Bay	11.90%	17 580 m ²	2029	13 194 367	11 982 713
Citrusdal	11.90%	26 505 m ²	2035	13 486 495	9 863 982
Graafwater	11.90%	3 000 m ²	2029	3 427 344	3 813 450
Elands Bay	9.18%	5 060 m ²	2024	6 314 947	5 636 141
Total				52 681 181	45 813 780

20 PROPERTY RATES

Rateable Land and Buildings	78 506 157	56 206 568
Less: Rebates	(8 124 017)	(3 802 616)
Total	70 382 140	52 403 952

Property rate levied are based on the following rateable valuations:

Residential	3 338 255 000	2 316 636 400
Business and Industrial	964 879 000	490 911 200
State-owned	242 000 000	182 742 000
Agricultural, Public Service Infrastructure and Public Benefit Organisations	4 368 854 000	2 972 426 620
Impermissible	552 874 000	377 578 700
Total Valuation	9 466 862 000	6 340 294 920

Rate that is applicable to the valuations above:

Residential	1.339c/R	1.456c/R
Business and Industrial	1.732c/R	1.882c/R
State-owned	1.732c/R	1.882c/R
Agricultural, Public Service Infrastructure and Public Benefit Organisations	0.334c/R	0.363c/R
Impermissible	0.000c/R	0.000c/R

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2022. 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.

Properties used only for residential purposes are exempted from property rates in terms of the Municipality's policy as follow:

- Properties with a value of less than R100 000	85 000	85 000
- Properties with a value of more than R100 000	85 000	35 000

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
21 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	60 377 000	55 044 000
Equitable Share	60 377 000	55 044 000
Conditional Grants - National Government	38 823 298	56 974 478
Municipal Infrastructure Grant (MIG)	13 055 540	12 634 176
Financial Management Grant (FMG)	2 082 589	2 023 000
Integrated National Electrification Programme (INEP)	20 665 406	17 000 000
Expanded Public Works Program (EPWP)	1 359 000	1 755 000
Water Service Infrastructure Grant (WSIG)	820 450	3 092 656
Municipal Disaster Relief Grant (COVID-19)	-	-
Regional Bulk Infrastructure Grant (RBIG)	840 313	20 469 645
Conditional Grants - Provincial Government	20 450 921	7 918 365
Library Services MRF	5 408 000	5 302 000
CDW Support	115 205	71 883
Municipal Drought Support Grant	-	-
Local Government Graduate Internship Grant	-	39 170
Financial Management Support Grant	-	1 259 377
Municipal Capacity Building Grant	250 000	95 797
Thusong Service Centre Grant	148 932	138 144
Public Employment Support Grant	89 939	1 010 061
Municipal Library Support Grant	13 782	1 934
Financial Management Capability Grant	1 053 257	-
Municipal Interventions Grant	158 033	-
Municipal Water Resilience Grant	-	-
Loadshedding Relief Grant	-	-
Informal Settlements Upgrading Partnership Grant	13 213 773	-
Total	119 651 219	119 936 843
Disclosed as:		
Government Grants and Subsidies - Operating	76 512 670	74 305 017
Government Grants and Subsidies - Capital	43 138 549	45 631 826
Total	119 651 219	119 936 843
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	60 377 000	55 044 000
Vote 1 - Executive and Council	-	-
Vote 2 - Office of Municipal Manager	-	39 170
Vote 3 - Financial Administrative Services	3 036 147	3 282 377
Vote 4 - Community Development Services	8 308 680	7 197 078
Vote 5 - Corporate and Strategic Services	464 904	167 680
Vote 6 - Planning and Development Services	1 023 482	816 000
Vote 7 - Public Safety	-	-
Vote 8 - Electricity	20 665 406	17 000 000
Vote 9 - Waste Management	89 939	1 010 061
Vote 10 - Waste Water Management	-	5 695 633
Vote 11 - Water	1 660 763	24 137 748
Vote 12 - Housing	13 350 336	1 471 277
Vote 13 - Road Transport	10 674 560	3 075 820
Vote 14 - Sports and Recreation	-	1 000 000
Total	119 651 219	119 936 843

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The movements per grant can be summarised as follows:

21.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received / (Repaid)	60 377 000	55 044 000
Transferred to Revenue - Operating	(60 377 000)	(55 044 000)
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.

21.02 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	3 685 824	-
Grants Received / (Repaid)	12 109 000	16 320 000
Transferred to Revenue - Operating	(2 367 147)	(2 481 051)
Transferred to Revenue - Capital	(10 688 393)	(10 153 125)
Closing Unspent Balance	2 739 284	3 685 824

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

21.03 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	2 132 000	2 023 000
Transferred to Revenue - Operating	(2 082 589)	(2 023 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	49 411	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management

21.04 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	22 000 000	17 000 000
Transferred to Revenue - Operating	(2 869 565)	(2 036 960)
Transferred to Revenue - Capital	(17 795 840)	(14 963 040)
Closing Unspent Balance	1 334 594	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

21.05 Expanded Public Works Program (EPWP)

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 359 000	1 755 000
Transferred to Revenue - Operating	(1 359 000)	(1 755 000)
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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.06 Water Service Infrastructure Grant (WSIG)		
Opening Unspent Balance	1 507 344	149 281
Grants Received / (Repaid)	-	4 450 719
Transferred to Revenue - Operating	(116 003)	(376 688)
Transferred to Revenue - Capital	(704 447)	(2 715 968)
Closing Unspent Balance	686 894	1 507 344
This grant is utilised for an array of water infrastructure which includes but is not limited to reservoirs, boreholes and oxidation ponds.		
21.07 Municipal Disaster Relief Grant (COVID-19)		
Opening Unspent Balance	-	76 531
Grants Received / (Repaid)	-	(76 531)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
This grant was utilised for the purchase of personal protective equipment in the fight against the COVID-19 pandemic.		
21.08 Regional Bulk Infrastructure Grant (RBIG)		
Opening Unspent Balance	509 637	-
Grants Received / (Repaid)	840 313	20 979 282
Transferred to Revenue - Operating	(109 606)	(2 669 954)
Transferred to Revenue - Capital	(730 707)	(17 799 692)
Closing Unspent Balance	509 637	509 637
This grant is used to develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries.		
21.09 Library Services MRF		
Opening Unspent Balance	-	4 568
Grants Received / (Repaid)	5 408 000	5 297 432
Transferred to Revenue - Operating	(5 408 000)	(5 302 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
21.10 CDW Support		
Opening Unspent Balance	79 117	169 000
Grants Received / (Repaid)	152 000	(18 000)
Transferred to Revenue - Operating	(115 205)	(71 883)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	115 912	79 117
This grant is used to provide financial assistance to municipalities to cover the operational and capital costs pertaining to the line functions of the community development workers including the supervisors and regional coordinators.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

21.11 Municipal Drought Support Grant

Opening Unspent Balance	-	105 486
Grants Received / (Repaid)	-	(105 486)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

This grant is utilised for the completion of the desalination plant in Lambert's Bay.

21.12 Local Government Graduate Internship Grant

Opening Unspent Balance	-	39 170
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	(39 170)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

This grant is used to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.

21.13 Financial Management Support Grant

Opening Unspent Balance	-	301 050
Grants Received / (Repaid)	-	958 327
Transferred to Revenue - Operating	-	(1 259 377)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.

21.14 Municipal Capacity Building Grant

Opening Unspent Balance	299 178	214 617
Grants Received / (Repaid)	(49 177)	180 358
Transferred to Revenue - Operating	(250 000)	(95 797)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	299 178

This grant is utilised as a capacity initiative for graduates to enter the workforce in local government.

21.15 Thusong Service Centre Grant

Opening Unspent Balance	11 856	22 258
Grants Received / (Repaid)	138 144	127 742
Transferred to Revenue - Operating	(148 932)	(138 144)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1 068	11 856

This grant is used to provide financial assistance to municipalities, ensuring the financial sustainability of the Thusong Service Centres.

21.16 Public Employment Support Grant

Opening Unspent Balance	89 939	-
Grants Received / (Repaid)	-	1 100 000
Transferred to Revenue - Operating	(89 939)	(1 010 061)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	89 939

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

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

21.17 Municipal Library Support Grant

Opening Unspent Balance	203 066	-
Grants Received / (Repaid)	-	205 000
Transferred to Revenue - Operating	(8 394)	(1 934)
Transferred to Revenue - Capital	(5 388)	-
Closing Unspent Balance	189 284	203 066

This grant funding is utilized for personnel, operational and/or capital costs of libraries in the municipal area.

21.18 Financial Management Capability Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 058 327	-
Transferred to Revenue - Operating	(1 053 257)	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	5 070	-

This grant is utilized for revenue enhancement and bursary programmes for external students.

21.19 Municipal Interventions Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	750 000	-
Transferred to Revenue - Operating	(158 033)	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	591 967	-

This grant is utilized to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.

21.20 Municipal Water Resilience Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	3 000 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	3 000 000	-

This grant is used to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management.

21.21 Loadshedding Relief Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 600 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1 600 000	-

This grant is used for the installation of back-up energy supply for water and wastewater infrastructure.

21.22 Informal Settlements Upgrading Partnership Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	13 213 773	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(13 213 773)	-
Closing Unspent Balance	-	-

This grant is used for the installation of water and sanitation infrastructure at the Khayelitsha informal settlement in Clanwilliam.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
21.23 Total Grants		
Opening Unspent Balance	6 385 962	1 081 961
Grants Received / (Repaid)	124 088 380	125 240 844
Transferred to Revenue - Operating	(76 512 670)	(74 305 017)
Transferred to Revenue - Capital	(43 138 549)	(45 631 826)
Closing Unspent Balance	<u><u>10 823 123</u></u>	<u><u>6 385 962</u></u>
22 CONTRIBUTED ASSETS		
Property, Plant and Equipment	-	3 323 716
Total	<u><u>-</u></u>	<u><u>3 323 716</u></u>
Contributed Assets consists out of the following:		
- Skip Loader Truck	-	2 849 049
- Traffic Law Enforcement Vehicles	-	474 667
Total	<u><u>-</u></u>	<u><u>3 323 716</u></u>
The contributed assets were donated from the following parties:		
- Department of Forestry, Fisheries and the Environment	-	2 849 049
- TMT Services and Supplies (Pty) Ltd	-	474 667
Total	<u><u>-</u></u>	<u><u>3 323 716</u></u>
23 AVAILABILITY CHARGES		
Electricity	1 976 530	1 935 632
Water	813 017	506 682
Sewerage and Sanitation	466 885	286 837
Total	<u><u>3 256 432</u></u>	<u><u>2 729 152</u></u>
Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity and sewerage) 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	10 006 065	8 315 900
Overdue Book Fines	2 435	4 693
Illegal Connections	123 020	31 750
Retentions	425 465	216 867
Unclaimed Money	12 876	612 135
Total	<u><u>10 569 862</u></u>	<u><u>9 181 345</u></u>
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	6 720 220	-
Long Service Awards	625 884	32 949
Total	<u><u>7 346 104</u></u>	<u><u>32 949</u></u>
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.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
26 SERVICE CHARGES		
Electricity	108 765 322	114 430 288
Water	32 208 520	31 799 104
Sewerage and Sanitation	17 597 384	15 120 903
Refuse	14 969 138	13 319 031
Total Revenue	173 540 364	174 669 326
Less: Rebates	(6 674 931)	(5 085 187)
Electricity	(61 421)	(64 315)
Water	(2 388 558)	(1 077 502)
Sewerage and Sanitation	(3 646 974)	(3 403 708)
Refuse	(577 977)	(539 663)
Total	166 865 433	169 584 139
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.		
27 RENTAL OF FACILITIES AND EQUIPMENT		
Halls and Sportfields	180 153	200 922
Camping and Entrance Fees	2 892 584	2 524 056
Commonage	465 479	545 242
Hawker Stands	101 474	83 150
Total	3 639 691	3 353 370
28 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank Accounts	366 792	148 773
Call Investment Deposits	1 525 985	561 058
Other Deposits	127 226	39 881
Total	2 020 003	749 712
29 AGENCY SERVICES		
Drivers Licence Applications	155 941	206 591
Drivers Licences Issued	347 636	357 572
Duplicate Registration Certificates	43 256	50 914
Keeping of Registration Number	9 643	11 200
Learner Licence Applications	86 839	93 571
Learner Licences Issued	28 216	28 775
Professional Drivers Permit Applications	79 880	80 541
Professional Drivers Permits Issued	56 050	46 959
Roadworthy Certificate Applications	226 306	210 243
Roadworthy Certificates Issued	57 733	42 045
Temporary and special permits	34 391	24 399
Vehicle Registration	2 656 392	2 518 905
Total	3 782 284	3 671 714

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 56.1 for additional disclosure in this regard.

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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
30 OTHER INCOME		
Application Fees for Land Usage	188 463	47 650
Building Plan Approval	889 585	1 562 425
Cemetery and Burial	124 715	147 356
Clearance and Valuation Certificates	149 151	140 511
Commission	265 400	132 344
Development Charges	393 700	113 033
Landfill Sites - iGRAP 2 adjustments	722 376	-
Photocopies and Faxes	10 039	11 861
Skills Development Levy Refund	216 211	244 514
Sub-division and Consolidation Fees	33 426	47 847
Tender Documents	122 344	226 838
Sundry Income	118 321	235 294
Total	3 233 731	2 909 674
<p>Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges</p> <p>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.</p>		
31 CONSTRUCTION CONTRACTS		
Department of Human Settlements	14 076 138	21 728 358
Total	14 076 138	21 728 358
As previously reported		-
Correction of error restatement - note 45.4		21 728 358
Restated balance		21 728 358
<p>The Municipality has assessed that it acts as the Developer for the Department of Human Settlements for the construction of top structures.</p> <p>As the contracts with the Department of Human Settlements are non-commercial contracts with no profit margins, the revenue recognised is based on the amount of expenditure incurred by the Municipality for the construction of the top structures, which is in terms of the stage of completion determined by the progress payments claimed by the respective sub-contractors.</p>		
32 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	81 078 619	86 349 554
Pension and UIF Contributions	13 491 302	14 084 676
Medical Aid Contributions	4 453 687	4 504 348
Overtime	4 024 171	4 213 922
Motor Vehicle Allowances	6 525 528	7 319 749
Cell Phone Allowances	513 444	543 626
Housing Allowances	358 896	354 827
Other benefits and allowances	5 045 344	5 134 513
Bargaining Council	42 346	44 948
Group Life Insurance	1 734 806	1 782 998
Scarcity Allowances	388 788	365 441
Standby Allowances	2 879 403	2 941 126
Contributions to Employee Benefits	9 366 242	9 874 935
Bonuses	6 240 554	6 386 947
Staff Leave	571 246	1 080 455
Performance Bonus	(131 558)	333 533
Long Service Awards	532 000	525 000
Post Retirement Medical Benefits	2 154 000	1 549 000
Workmens Compensation Fund	606 591	647 420
Total	125 463 823	133 027 571

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

32 EMPLOYEE RELATED COSTS (CONTINUED)

32.01 Remuneration of Management Personnel

Municipal Manager - GF Matthyse (appointed June 2023)

Annual Remuneration	91 552	-
Car Allowance	5 000	-
Cellphone Allowance	4 500	-
Rural Allowance	6 759	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	188	-
Total	107 998	-

Municipal Manager - DJ Adonis (March 2022 - August 2022)

Annual Remuneration	155 999	316 043
Car Allowance	26 000	52 000
Cellphone Allowance	9 000	18 000
Rural Allowance	15 374	30 747
Contributions to UIF, Medical, Pension Funds and Bargaining Council	38 002	71 957
Leave Payout	47 315	-
Settlement Agreement	369 512	-
Total	661 201	488 747

Director: Community Services - HG Slimmert (April 2021 - February 2023)

Annual Remuneration	537 531	895 163
Performance Bonus / 13th Cheque	122 783	-
Car Allowance	37 321	60 000
Cellphone Allowance	37 321	60 000
Rural Allowance	50 487	82 304
Contributions to UIF, Medical, Pension Funds and Bargaining Council	149 490	228 113
Leave Payout	159 421	-
Total	1 094 354	1 325 580

Director: Finance - M Memani (May 2021 - March 2022)

Annual Remuneration	-	663 705
Performance Bonus / 13th Cheque	71 275	-
Car Allowance	-	90 000
Cellphone Allowance	-	45 000
Rural Allowance	-	72 469
Leave Payout	-	58 639
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	120 612
Total	71 275	1 050 426

Director: Technical Services - R Kearns (May 2021 - July 2021)

Annual Remuneration	-	66 694
Car Allowance	-	20 000
Cellphone Allowance	-	3 000
Rural Allowance	-	6 069
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	187
Total	-	95 950

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

32 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Technical Services - AB Allison (September 2021 - July 2022)

Annual Remuneration	78 694	786 939
Car Allowance	8 000	80 000
Cellphone Allowance	10 000	50 000
Rural Allowance	6 069	60 686
Contributions to UIF, Medical, Pension Funds and Bargaining Council	365	1 812
Leave Payout	55 723	-
Total	158 850	979 437

32.02 Employees 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 remuneration received for the period in which they acted in the respective positions.

Acting Municipal Manager - Mr M Memani (2022 - 28 days)

Acting Allowance	-	18 895
Total	-	18 895

Mr M Memani's full remuneration, excluding Acting Allowance, is already disclosed as part of this note.

Acting Municipal Manager - Mr CP Sheldon for 72 days

Annual Remuneration	178 072	-
Cellphone Allowance	2 601	-
Car Allowance	39 551	-
Acting Allowance	15 735	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	46 351	-
Total	282 310	-

Acting Municipal Manager - BW Kannemeyer for 93 days

Annual Remuneration	258 053	-
Car Allowance	60 000	-
Cellphone Allowance	13 500	-
Rural Allowance	22 174	-
Leave Payout	9 322	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	657	-
Total	363 706	-

Acting Municipal Manager - Mr A Titus for 78 days (2022 - 215 days)

Annual Remuneration	158 573	414 645
Performance Bonus / 13th Cheque	-	58 810
Housing Allowance	2 529	6 689
Car Allowance	33 681	89 379
Cellphone Allowance	10 300	6 242
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44 724	85 126
Acting Allowance	4 370	296 739
Total	254 178	957 629

Acting Municipal Manager - GF Matthyse for 43 days

Annual Remuneration	136 042	-
Car Allowance	14 000	-
Cellphone Allowance	4 900	-
Rural Allowance	10 503	-
Contributions to UIF, Medical, Pension Funds and Bargaining Council	376	-
Total	165 821	-

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

		2023	2022
32	EMPLOYEE RELATED COSTS (CONTINUED)		
	Acting Director: Community Services - Mr D Frantz (2022 - 45 days)		
	Annual Remuneration	-	52 365
	Car Allowance	-	13 285
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	10 969
	Acting Allowance	-	29 259
	Total	-	105 877
	Acting Director: Community Services - Mr A Titus for 287 days (2022 - 11 days)		
	Annual Remuneration	529 260	21 062
	Acting Allowance	26 768	1 131
	Annual Bonus	62 266	-
	Cellphone Allowance	16 600	319
	Housing Allowance	8 647	342
	Car Allowance	114 992	4 612
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	166 884	4 369
	Total	925 418	31 835
	Acting Director: Finance - CA Appel for 299 days		
	Annual Remuneration	901 121	-
	Cellphone Allowance	43 714	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	2 156	-
	Leave Payout	29 596	-
	Total	976 588	-
	Acting Director: Finance - Mev EH Visser for 30 days		
	Annual Remuneration	62 266	-
	Car Allowance	13 915	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	14 890	-
	Total	91 070	-
	Acting Director: Technical Services - Mr R Kearns (2022 - 21 days)		
	Annual Remuneration	-	57 350
	Car Allowance	-	12 903
	Cellphone Allowance	-	1 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	187
	Acting Allowance	-	24 509
	Total	-	95 950
	Acting Director: Technical Services - MB Machaba for 58 days		
	Annual Remuneration	165 507	-
	Cellphone Allowance	8 591	-
	Rural Allowance	11 585	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	511	-
	Leave Payout	15 658	-
	Total	201 851	-

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
33 REMUNERATION OF COUNCILLORS		
Executive Mayor	882 792	861 529
Deputy Executive Mayor	728 313	686 401
Speaker	761 470	692 302
Mayoral Committee Members	1 365 212	973 250
All Other Councillors	1 959 713	1 786 623
Total	5 697 499	5 000 104

	Basic Salary	Cell Phone Allowances	Total
2023			
Executive Mayor	843 526	39 266	882 792
Deputy Executive Mayor	689 048	39 265	728 313
Speaker	720 670	40 800	761 470
Mayoral Committee Members	1 287 231	77 981	1 365 212
All Other Councillors	1 736 384	223 329	1 959 713
Total	5 276 859	420 640	5 697 499
2022			
Executive Mayor	824 990	36 539	861 529
Deputy Executive Mayor	659 993	26 408	686 401
Speaker	659 993	32 309	692 302
Mayoral Committee Members	880 672	92 578	973 250
All Other Councillors	1 561 252	225 370	1 786 623
Total	4 586 900	413 204	5 000 104

The positions of Executive Mayor, Deputy Mayor and Speaker were filled as follow:

- Executive Mayor - RR Richards (1 March 2023 to date)
WJ Farmer (15 August 2022 - 28 February 2023)
F Kamfer (27 July 2022 - 14 August 2022)
WJ Farmer (13 July 2022 - 26 July 2022)
RR Richards (16 November 2021 to 12 July 2022)
NS Qunta (16 October 2019 to 15 November 2021)
- Deputy Mayor - AG Mouton (1 March 2023 to date)
F Kamfer (1 August 2022 - 28 February 2023)
WC Van Neel (14 July 2022 - 31 July 2022)
JH Van Heerden (16 November 2021 - 12 July 2022)
L Scheepers (16 October 2019 to 15 November 2021)
- Speaker - J Jayes (1 March 2023 to date)
M Heins (13 Jul 2022 - 28 February 2023)
WJ Farmer (16 November 2021 to 12 Jul 2022)
P Straus (16 October 2019 to 15 November 2021)

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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

		2023	2022
34	DEBT IMPAIRMENT		
	Receivables from Exchange Transactions	14 597 822	15 986 207
	Receivables from Non-Exchange Transactions	20 362 649	9 381 242
	Current Portion of Long-term Liabilities	127 781	-
	Total Debt Impairment	35 088 252	25 367 449
	Movement in VAT included in debt impairment	(639 463)	1 409 674
	Total	34 448 789	26 777 123
35	DEPRECIATION AND AMORTISATION		
	Investment Property	52 250	52 250
	Property, Plant and Equipment	25 184 384	25 340 884
	Intangible Assets	200 283	210 230
	Total	25 436 917	25 603 364
	As previously reported		25 347 264
	Correction of error restatement - note 45.1		256 100
	Restated balance		25 603 364
36	IMPAIRMENT		
	Water Infrastructure	-	1 384 931
	Capitalised Restoration Cost	-	118 214
	Total	-	1 503 145
	Impairment on Water Infrastructure relates to the Lamberts Bay desalination plant which is not yet in operation. The impairment is based on the estimated refurbishment cost to reinstate the plant to its original condition in order to commence with operations.		
	Impairment on Capitalised Restoration Cost relates to an increase in the landfill site rehabilitation provision of which the corresponding asset is no longer in use. In terms of iGRAP 2, the increase in the provision will result in an increase in the corresponding asset, but as the asset is no longer in use, the said increase in the asset is impaired in full.		
37	FINANCE CHARGES		
	Cash	3 849 283	5 516 174
	Long-term Liabilities	701 328	1 251 624
	Bank Overdraft	46 795	47 788
	Overdue Accounts	3 101 160	4 216 763
	Non-cash	9 192 326	7 500 575
	Post Retirement Medical Benefits	3 736 000	2 831 000
	Long Service Awards	623 000	504 000
	Rehabilitation of Landfill Sites	4 833 326	4 165 575
	Total	13 041 609	13 016 749
	As previously reported		12 206 355
	Correction of error restatement - note 45.2		810 394
	Restated balance		13 016 749
	Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

37 FINANCE CHARGES (CONTINUED)

The Municipality entered into a repayment agreement with Eskom. In terms of the agreement, the outstanding amount shall bear interest, compounded monthly from the due date to date of payment, at a rate per annum equal to the prevailing prime rate plus 2.50%. Interest will be reversed after 6 months on the conditions that the Municipality adhere to the payment of the current account and arrangement amount on the due date. Interest amounting to R3 161 491 was reversed during the year and accordingly set-off against interest expenditure.

38 BULK PURCHASES

Electricity	92 503 879	93 891 074
Water	758 118	802 586
Total	93 261 997	94 693 660

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 a variety of suppliers including the Department of Water and Sanitation and a number of private suppliers.

39 CONTRACTED SERVICES

Accounting and Auditing	1 663 698	4 824 683
Construction of Housing Top Structures	14 026 138	21 728 358
Engineering Services	30 417	1 079 283
Fire Services - West Coast District Municipality	438 895	2 639 027
Human Resources	410 013	123 928
Laboratory Services	324 613	258 770
Legal Cost	3 157 970	4 548 412
Maintenance Services	5 073 188	5 913 688
Research and Advisory	1 629 836	3 767 459
Safeguard and Security	7 389 235	8 174 792
Traffic Fines Management	-	481 730
Valuers and Assessors	396 631	1 173 345
Other Contracted Services	982 913	2 292 761
Total	35 523 546	57 006 237

As previously reported		32 970 953
Correction of error restatement - note 45.2		2 306 925
Correction of error restatement - note 45.4		21 728 358
Restated balance		57 006 237

40 TRANSFERS AND GRANTS

Bursaries	349 699	95 270
Sport Councils	8 500	-
Social Relief	-	98 471
Tourism	-	50 000
Total	358 199	243 742

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
41 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	160 428	236 308
Bank Charges	883 247	797 007
Chemicals	429 420	278 199
Cleaning Materials	206 013	260 222
Commission - Prepaid Electricity	854 326	1 996 051
Computer Services	1 830 653	1 639 161
Drivers Licences and Permits	241 176	231 353
External Audit Fees	4 809 649	4 302 952
Fuel and Oil	6 338 206	3 926 579
Hire Charges	2 264 014	1 804 693
Insurance	1 590 395	1 291 963
Maintenance Materials and Tools	2 711 817	2 930 574
Motor Vehicle Licence and Registrations	232 038	204 502
Electricity - Internal usage	4 287 124	4 405 533
Printing and Stationery	914 530	912 199
Professional Bodies, Membership and Subscription	1 472 219	1 404 070
Remuneration of Ward Committees	11 500	-
Skills Development Fund Levy	1 053 599	1 111 925
Telephone	755 222	659 782
Training	988 437	527 003
Travel and Subsistence	318 838	287 282
Uniform and Protective Clothing	477 205	681 103
Other Expenditure	470 434	614 059
Total	33 300 492	30 502 519
42 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	-	865 012
Total	-	865 012
<p>The actuarial loss mainly originated as a result of a decrease in the net discount rate being used by the actuaries to calculate the employee benefits.</p>		
43 GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	69 989	4 487 200
Less: Carrying value of Investment Property disposed	(33 375)	(2 863 278)
Less: Carrying value of Property, Plant and Equipment disposed	(171 968)	(977 650)
Less: Carrying value of Intangible Assets disposed	(2)	(138)
Total	(135 355)	646 134
As previously reported		643 507
Correction of error restatement - note 45.1		2 627
Restated balance		646 134
44 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION		
44.1 Overtime and Standby		
<p>Overtime and standby worked in June, but only paid in July was classified as Payables from Exchange Transactions. It was assessed that given the nature of the items, it would be more appropriate to disclose it as part of Current Employee Benefits.</p>		
<p>The net effect of the above-mentioned reclassification was as follow:</p>		
- Payables from Exchange Transactions - note 15	Overstated	(460 657)
- Current Employee Benefits - note 17	Understated	460 657

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

45.1 Property, Plant and Equipment

Corrections made to Property, Plant and Equipment include the following:

- Properties with a carrying value of R869 080 of which the Municipality never exercised control, was removed from the asset register.
- Properties with a carrying value of R10 000 of which the Municipality exercise control, was not included in the asset register.
- Movable assets with a carrying value of R2 628 were incorrectly disposed in prior periods.
- Movable assets previously not included in the asset register were identified during the current year's asset verification with a carrying value of R32 179.
- Completed projects amounting to R17 873 892 were incorrectly included as work in progress which resulted that depreciation amounting to R1 237 467 was not recognised on the said completed projects.

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

- Investment Property - note 10	Understated	1 445
- Property, Plant and Equipment - note 11	Overstated	(2 063 184)
- Depreciation and Amortisation - note 35	Understated	256 100
- Gain on disposal of Non-Monetary Assets - note 43	Understated	2 627
- Accumulated Surplus - note 45.3	Overstated	(1 808 267)

45.2 Payables from Exchange Transactions

Corrections made to Payables from Exchange Transactions include the following:

- Interest on outstanding Eskom accounts amounting to R810 394 was not raised as on 30 June 2022.
- An outstanding amount of R3 168 965 was not raised on 30 Junie 2022. The said amount relates to an agreement (MOU) with West Coast District Municipality for the provision of fire services.
- Trade Payables amounting to R1 135 523 (VAT Inclusive) was not raised as on 30 June 2022.

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

- Taxes - note 5	Understated	148 112
- Payables from Exchange Transactions - note 15	Understated	5 114 883
- Finance Charges - note 37	Understated	810 394
- Contracted Services - note 39	Understated	2 306 925
- Accumulated Surplus - note 45.3	Overstated	(1 849 452)

45.3 Accumulated Surplus

Property, Plant and Equipment - note 45.1	Overstated	(1 808 267)
Payables from Exchange Transactions - note 45.2	Overstated	(1 849 452)
Total		(3 657 719)

45.4 Accounting treatment of funds received from the Department of Human Settlements

In the prior year all funds received from the Department of Human Settlements and expenditure incurred were treated as a principle-agent arrangement, resulting that no revenue or expenditure were recognised in the Statement of Financial Performance.

The Auditor-General issued a finding during the 2021/22 statutory audit and assessed that the Municipality acts as the developer. Accordingly, GRAP 11 (Construction Contracts) should be applied to account for the construction of housing top structure, whereby the revenue and expenditure should be recognised in the Statement of Financial Performance.

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

- Construction Contracts - note 31	Understated	21 728 358
- Contracted Services - note 39	Understated	21 728 358

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
45 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
46 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	48 012 597	6 333 900
Adjusted for:		
Non-cash revenue included in Net Surplus	(8 068 370)	(3 998 066)
Contributed Assets	-	(3 323 716)
Actuarial Gains	(7 346 104)	(32 949)
Rental of Facilities and Equipment - decrease in operating lease asset	110	4 733
Other Income - Decrease in landfill site rehabilitation provision	(722 376)	-
Gain on disposal of Non-Monetary Assets	-	(646 134)
Non-cash expenditure included in Net Surplus	79 194 956	72 581 999
Employee Related Costs - Contributions towards	9 985 553	10 335 592
Post Retirement Medical Benefits	2 154 000	1 549 000
Long Service Awards	532 000	525 000
Bonuses	6 240 554	6 386 947
Staff Leave	571 246	1 080 455
Performance Bonuses	(131 558)	333 533
Standby and Overtime	619 311	460 657
Debt Impairment	34 448 789	26 777 123
Depreciation and Amortisation	25 436 917	25 603 364
Impairment	-	1 503 145
Finance Charges	9 192 326	7 500 575
Post Retirement Medical Benefits	3 736 000	2 831 000
Long Service Awards	623 000	504 000
Provision for Rehabilitation of Landfill-sites	4 833 326	4 165 575
Other Expenditure - decrease in operating lease liability	(3 984)	(2 812)
Actuarial Losses	-	865 012
Loss on disposal of Non-Monetary Assets	135 355	-
Cash expenditure not included in Net Surplus	(10 434 617)	(9 726 941)
Post Retirement Medical Benefits	(1 332 780)	(1 123 012)
Long Service Awards	(822 116)	(633 051)
Bonuses	(6 395 280)	(6 184 265)
Staff Leave	(1 229 725)	(1 240 125)
Performance Bonus	(194 058)	-
Standby and Overtime	(460 657)	(546 488)
Operating Surplus before changes in working capital	108 704 567	65 190 892
Movement in working capital	(39 461 926)	(17 388 813)
Receivables from Exchange Transactions	(14 035 125)	(17 861 942)
Receivables from Non-Exchange Transactions	(17 436 281)	(12 962 277)
Inventory	407 806	(177 041)
Long-term Receivables	(563 189)	31 969
Consumer Deposits	255 636	221 372
Long-term Liabilities (Repayment Arrangements)	39 471 931	-
Payables from exchange transactions - Operating	(52 645 696)	13 441 192
Total	(53 221 727)	17 510 352
Add back: Capital included in Trade Payables	(1 217 776)	(5 996 726)
Add back: Retentions	1 793 807	1 927 566
Unspent Conditional Government Grants	4 437 160	5 304 000
Taxes	645 832	(5 386 086)
Cash Flow from Operating Activities	69 242 641	47 802 079

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

47 CASH AND CASH EQUIVALENTS (FOR CASH FLOW STATEMENT PURPOSES)

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	6 316 618	3 252 125
Call and Notice Deposits	22 454 705	8 556 790
Cash Floats	6 226	6 226
Total	28 777 549	11 815 140

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

48 BUDGET COMPARISONS

48.1 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:

Item	GRAP Classification	Budget Classification	Amount
Revenue			
Camping and Entrance Fees	Rentals of Facilities and Equipment	Other Revenue	2 892 584
Sundry Income	Other Revenue	Licences and Permits	2 472
Department of Human Settlements	Construction Contracts	Transfers and subsidies - Operating	14 076 138
Expenditure			
Workmens Compensation Fund	Employee Related Cost	Other Expenditure	606 591
Water	Bulk Purchases	Inventory Consumed	758 118
Chemicals	Other Expenditure	Inventory Consumed	429 420
Cleaning Materials	Other Expenditure	Inventory Consumed	206 013
Fuel and Oil	Other Expenditure	Inventory Consumed	6 338 206
Maintenance Materials and Tools	Other Expenditure	Inventory Consumed	2 260 343
Other Expenditure	Other Expenditure	Inventory Consumed	227 969
Printing and Stationery	Other Expenditure	Inventory Consumed	321 649

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

		2023	2022
48	BUDGET COMPARISONS (CONTINUED)		
		Actuals per Statement of Financial Performance R	Reclassification due to mSCOA versus GRAP classification R
	Summary of Reclassification to Actuals		Actuals per Budget Comparison R
	REVENUE		
	Property Rates	70 382 140	70 382 140
	Service Charges - Electricity Revenue	110 680 430	110 680 430
	Service Charges	108 703 901	
	Availability Charges	1 976 530	
	Service Charges - Water Revenue	30 632 980	30 632 980
	Service Charges	29 819 962	
	Availability Charges	813 017	
	Service Charges - Sanitation Revenue	14 417 295	14 417 295
	Service Charges	13 950 410	
	Availability Charges	466 885	
	Service Charges - Refuse Revenue	14 391 160	14 391 160
	Rental of Facilities and Equipment	3 639 691	747 106
	Interest Earned - External Investments	2 020 003	2 020 003
	Interest Earned - Outstanding Debtors	9 836 840	9 836 840
	Fines	10 569 862	10 569 862
	Licences and Permits	-	2 472
	Agency Services	3 782 284	3 782 284
	Transfers Recognised - Operational	76 512 670	90 588 808
	Other Revenue	3 254 678	6 144 791
	Insurance Refund	20 948	
	Other Income	3 233 731	
	Gains	7 346 104	7 346 104
	Actuarial Gains	7 346 104	
	Gain on disposal of Non-Monetary Assets	-	
	Construction Contracts	14 076 138	-
	Total Revenue (excluding capital transfers)	371 542 275	371 542 275
	EXPENDITURE		
	Employee Related Costs	125 463 823	124 857 232
	Remuneration of Councillors	5 697 499	5 697 499
	Debt Impairment	34 448 789	34 448 789
	Depreciation and Asset Impairment	25 436 917	25 436 917
	Depreciation and Amortisation	25 436 917	
	Impairment	-	
	Finance Charges	13 041 609	13 041 609
	Bulk purchases	93 261 997	92 503 879
	Inventory consumed	-	10 541 717
	Contracted Services	35 523 546	35 523 546
	Transfers and Grants	358 199	358 199
	Other Expenditure	33 300 492	24 123 484
	Losses	135 355	135 355
	Total Expenditure	366 668 227	366 668 227
	Surplus/(Deficit)	4 874 048	4 874 048
	Transfers and subsidies - capital (monetary) - Government	43 138 549	43 138 549
	Transfers and subsidies - capital (monetary) - Other	-	-
	Transfers and subsidies - capital (in-kind)	-	-
	Surplus/(Deficit) for the year	48 012 597	48 012 597

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

48 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects, except for following:

- Consumer Deposits are budgeted under "Increase/(Decrease) in Consumer Deposits", but for GRAP purposes are disclosed as "Other Revenue".
- Debtors with arrangements are budgeted as "Decrease (increase) in non-current receivables", but for GRAP purposes are disclosed as "Service Charges".
- Funding received from the Department of Human is budgeted as part of "Government Grants", but for GRAP purposes are disclosed as "Other Revenue".

The actuals of the cash flow statement were adjusted as follow in order to be on a comparable basis:

Item as per Cash Flow Statement	As per GRAP Cash Flow Statement	Adjustment	As per Budget Cash Flow Statement
Service Charges	161 370 132	563 189	161 933 321
Other Revenue and Receipts	26 668 046	(14 281 774)	12 386 272
Government Grants	124 088 379	14 026 138	138 114 517
Decrease (increase) in non-current receivables	-	(563 189)	(563 189)
Increase (decrease) in consumer deposits	-	255 636	255 636

48.2 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.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	More cash was available at year-end due to general savings on operating expenditure and an underspending on capital expenditure. Also less creditors were paid at year-end than anticipated.
Consumer debtors	Actuals are more than budget due to a lower allowance for debt impairment, as a direct result of stricter credit controls implemented. Collection rate on debtors increased from 90% to 92%.
Property, plant and equipment	Actuals are less than budget due to 76% of capital budget spent during the year.
Borrowing (current) Trade and other payables Borrowing (non-current)	The variances noted on the three budget line-items is a direct result of the repayment arrangement entered into with Eskom. The unpaid arrangement amount of R39 471 931 as at year-end, is disclosed as part of Borrowing (current portion R25 386 554 and non-current portion of R14 085 376). The mSCOA version 6.6.1 chart did not make provision for repayment arrangements to be budgeted as part of Borrowings, and accordingly the Municipality budgeted for it as per of Trade and other payables.
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.
Accumulated Surplus	Actuals are more than budget as a result of the items listed under the "Statement of Financial Performance" section.

48.3 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.
---------------------------------------	---

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

48 BUDGET COMPARISONS (CONTINUED)

Interest Earned - Outstanding Debtors	Increased due to an increase in the prime rate from 8.25% to 11.25%. Interest on outstanding debtors are being charged at prime +1%.
Fines	Decreased as no service provider was appointed during the course of the year, and therefore no speeding fines were issued.
Transfers Recognised - Operational	Increased due to an additional grant allocation from the Department of Human Settlements (as per the DoRA).
Employee Related Costs	Increased as the original budget did not make provision for an annual salary increase as part of the Budget Funding Plan. The application for no salary increase was rejected by SALGA and accordingly the salary increase was applied retrospectively from 1 July 2022.
Finance Charges	Increased to make provision for an increase in interest charged by Eskom as a result of the increase in the prime rate.
Bulk purchases - electricity	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Inventory consumed	Increased to make provision for fuel cost to run generators during load-shedding stages.
Transfers and subsidies - capital (monetary) - Government	Decreased mainly due to the Regional Bulk Infrastructure Grant (RBIG) not realising.

Virements

All virements were done in line with the approved virement policy of the Municipality where funds are transferred from one line item. No material virements were done since the final approved budget.

Actual Amounts vs Final Budget

Transfers Recognised - Operational	Actuals are less than budget mainly due to the Lamberts Bay housing top structure project that was postponed as a result of a water shortage in the town.
Gains	Gains were more than budget due to the actuarial gains which originated as a result of an increase in the net discount rate being used by the actuaries to calculate the employee benefits.
Employee Related Costs	Actuals less than budget as budgeted positions were still vacant at year-end.
Debt Impairment	Actuals less than budget due to an increase in the collection rate from 90% to 92%, as a direct result of stricter credit controls implemented.
Contracted Services	Actuals are less than budget mainly due to the Lamberts Bay housing top structure project that was postponed as a result of a water shortage in the town.
Transfers and subsidies - capital (monetary) - Government	Actuals are less than budget as not all grant funded capital projects were concluded prior to year-end. 84% of the grant funded capital budget was spent during the year.

48.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash from/(used) Operating Activities	Decreased due to the Regional Bulk Infrastructure Grant (RBIG) not realising and the loss of income as a result of load-shedding.
Net Cash from/(used) Investing Activities	Increased due to the Regional Bulk Infrastructure Grant (RBIG) not realising which were to be utilised for capital expenditure.
Net Cash from/(used) Financing Activities	Decreased due to a decrease in capital expenditure funded from borrowings.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

48 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Net Cash from/(used) Operating Activities	<p>The actual collections for property rates were less than budget, as the actual collection rate was 90%, whereas a collection rate of 97% was budgeted for based on the 2021/22 actual outcomes.</p> <p>Government Grants was less than budget mainly due to the Lamberts Bay housing top structure project that was postponed as a result of a water shortage in the town.</p> <p>Suppliers and Employees were less than budget mainly due on to the underspending of the operating expenditure budget as a result of the items listed under the "Statement of Financial Performance" section.</p>
Net Cash from/(used) Investing Activities	Actuals are less than budget due to 76% of capital budget spent during the year.

49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

49.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	-	1 749 171
Unauthorised expenditure current year - operating	48 658	-
Unauthorised expenditure current year - capital	2 320 548	-
Approved by Council	-	(1 749 171)
Unauthorised expenditure awaiting further action	2 369 206	-

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 - Executive and Council	8 170 919	8 697 549	-	-
Vote 2 - Office of Municipal Manager	13 730 062	14 144 993	-	-
Vote 3 - Financial Administrative Services	66 992 945	72 278 248	-	-
Vote 4 - Community Development Services	10 431 276	13 271 161	-	-
Vote 5 - Corporate and Strategic Services	23 332 291	24 642 702	-	-
Vote 6 - Planning and Development Services	8 571 898	8 763 273	-	-
Vote 7 - Public Safety	22 604 262	26 076 356	-	-
Vote 8 - Electricity	108 316 019	115 779 390	-	-
Vote 9 - Waste Management	16 003 091	17 102 042	-	-
Vote 10 - Waste Water Management	18 655 874	18 607 216	48 658	-
Vote 11 - Water	27 653 183	32 523 991	-	-
Vote 12 - Housing	16 617 092	25 941 155	-	-
Vote 13 - Road Transport	13 555 615	14 341 768	-	-
Vote 14 - Sports and Recreation	12 033 702	12 766 053	-	-
Total	366 668 227	404 935 897	48 658	-

The overspending incurred is attributable to the following:

- Depreciation and Amortisation (non-cash)	48 658	-
--	--------	---

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

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

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Capital				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-
Vote 3 - Financial Administrative Services	225 466	360 000	-	-
Vote 4 - Community Development Services	1 204 489	4 680 317	-	-
Vote 5 - Corporate and Strategic Services	239 285	520 000	-	-
Vote 6 - Planning and Development Services	9 371 892	7 051 344	2 320 548	-
Vote 7 - Public Safety	-	700 000	-	-
Vote 8 - Electricity	21 396 019	24 441 738	-	-
Vote 9 - Waste Management	3 198	2 604 000	-	-
Vote 10 - Waste Water Management	261 830	615 000	-	-
Vote 11 - Water	1 972 108	6 897 787	-	-
Vote 12 - Housing	13 331 173	14 590 163	-	-
Vote 13 - Road Transport	43 130	451 304	-	-
Vote 14 - Sports and Recreation	-	40 364	-	-
Total	48 048 591	62 952 017	2 320 548	-

The overspending incurred is attributable to the following:

- The unauthorised expenditure relate to MIG funded projects. A Detail Project Implementation Plan (DPIP) was approved by Council on 31 May 2023, which was after the final adjustment budget was approved. Accordingly, the adjustment budget was not aligned to the expenditure requirements of the DPIP. The approval of the DPIP itself does not meet the conditions to table an adjustment budget as set out in the MFMA and Budget Regulations.

Total	2 320 548	-
--------------	------------------	----------

49.2 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	35 203 795	14 398 811
Irregular expenditure identified in current year, which was incurred as follow:	36 233 137	33 598 600
Current year	33 958 467	33 598 600
Prior years	2 274 669	-
Approved by Council	-	(12 753 616)
Amounts to be recovered	-	(40 000)
Irregular expenditure awaiting further action	71 436 932	35 203 795

Details of irregular expenditure identified in the current year

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	29 267 845	26 566 920
(b) Non-compliance with SCM Regulation	2 585 137	6 703 224
(c) Goods delivered and services rendered without an order	-	328 456
(d) Services rendered after contract expired	163 214	-
(e) Goods and services above R200 000 not procured through a competitive bidding process	459 531	-
(f) SCM Policy exclusions not in accordance with MFMA Section 112	1 272 080	-
(g) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	1 093 294	-
(h) Written price quotations were not obtained from at least three different prospective suppliers	239 762	-
(i) Supplier declaration of interest not provided	303 600	-
(j) Variation order was not dealt in accordance with the SCM Policy and MFMA Section 116(3)	848 674	-
Total	36 233 137	33 598 600

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

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

Details of irregular expenditure awaiting further action:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	55 834 765	26 566 920
(b) Non-compliance with SCM Regulation	10 893 556	8 308 419
(c) Goods delivered and services rendered without an order	328 456	328 456
(d) Services rendered after contract expired	163 214	-
(e) Goods and services above R200 000 not procured through a competitive bidding process	459 531	-
(f) SCM Policy exclusions not in accordance with MFMA Section 112	1 272 080	-
(g) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	1 093 294	-
(h) Written price quotations were not obtained from at least three different prospective suppliers	239 762	-
(i) Supplier declaration of interest not provided	303 600	-
(j) Variation order was not dealt in accordance with the SCM Policy and MFMA Section 116(3)	848 674	-
Total	71 436 932	35 203 795

Incidents/cases identified in the current year include:

(a) Procurement process not followed with regards to a supplier appointed by Council in 2011	-	-
(b) Non-compliance with SCM Regulation	-	5
(c) Goods delivered and services rendered without an order	-	3
(d) Services rendered after contract expired	1	-
(e) Goods and services above R200 000 not procured through a competitive bidding process	-	1
(f) SCM Policy exclusions not in accordance with MFMA Section 112	4	-
(g) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	75	-
(h) Written price quotations were not obtained from at least three different prospective suppliers	3	-
(i) Supplier declaration of interest not provided	1	-
(j) Variation order was not dealt in accordance with the SCM Policy and MFMA Section 116(3)	1	-

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

49.3 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	8 199 226	4 792 858
Fruitless and wasteful expenditure incurred - current year	3 101 160	3 406 368
Fruitless and wasteful expenditure incurred - prior year	810 394	-
Fruitless and wasteful expenditure recovered	-	-
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting further action	12 110 781	8 199 226

Details of fruitless and wasteful expenditure incurred

(a) Interest levied on overdue accounts	70	260
(b) Interest levied by Eskom on overdue accounts	3 911 485	3 406 109
Total	3 911 555	3 406 368

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

- The matter will be tabled to MPAC for resolution.
- The matter will be tabled to MPAC for resolution.

Details of fruitless and wasteful expenditure awaiting further action:

(a) Interest levied on overdue accounts	2 324	2 254
(b) Interest levied by Eskom on overdue accounts	11 936 345	8 024 860
(c) Payment to supplier for goods and services not yet rendered	172 112	172 112
Total	12 110 781	8 199 226

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

	2023	2022
50 MATERIAL LOSSES		
50.1 Water distribution losses		
Kilo litres disinfected/purified/purchased	2 407 326	2 728 321
Kilo litres sold and free basic services	(1 744 751)	(2 078 118)
Kilo litres lost during distribution	662 575	650 203
Percentage lost during distribution	27.52%	23.83%
Normal pipe bursts and field leakages are responsible for water losses.		
The prior year water losses was restated, due to kilo litres of free basic services relating to the Citrusdal informal settlement which was duplicated.		
50.2 Electricity distribution losses		
Units purchased (Kwh)	51 403 622	61 734 166
Units sold, free basic services and standard friction losses	(48 244 167)	(57 210 549)
Units lost during distribution (Kwh)	3 159 455	4 523 617
Percentage lost during distribution	6.15%	7.33%
Electricity losses are due to electricity theft on pre-paid meters. Fines were issued for first time offenders.		
51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
51.1 SALGA Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	1 378 291	1 302 991
Payments	(1 378 291)	(1 302 991)
Outstanding balance	-	-
51.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	686 012	-
Expenditure incurred	5 531 096	4 948 395
Audit Fees	4 809 649	4 302 952
VAT	721 447	645 443
Payments	(6 217 108)	(4 262 383)
Outstanding Balance	-	686 012
51.3 VAT [MFMA 125 (1)(c)]		
Opening balance	(646 605)	(2 323 611)
Net amount claimed/(declared) during the year	1 443 186	2 429 098
Net amount paid/(received) during the year	(53 787)	(752 092)
Outstanding Balance Receivable/(Payable)	742 795	(646 605)
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.		
51.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening balance	1 532 341	1 506 068
Payroll deductions and Council Contributions during the year	19 585 024	20 714 230
Payments	(19 571 272)	(20 687 957)
Outstanding Balance	1 546 093	1 532 341

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

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

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

Opening balance	-	-
Payroll deductions and Council Contributions during the year	29 469 257	30 065 689
Payments made to pension and medical fund	(27 144 781)	(30 065 689)
Outstanding Balance	2 324 476	-

51.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding of more than 90 days as on 30 June.

51.7 Deviations from Supply Chain Management Regulations

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

Section 36(1)(a)(i) - Emergencies	1 601 883	1 503 135
Section 36(1)(a)(ii) - Single provider	278 767	121 180
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	339 653	146 304
Total	2 220 303	1 770 619

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

Office of the Municipal Manager	5 233	-
Support Services (Finance and Corporate)	-	227 434
Support Services (Corporate and Community)	349 445	-
Finance Services	-	-
Community Services	-	19 780
Technical Services	1 865 626	1 523 405
Total	2 220 303	1 770 619

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

51.8 Other Non-Compliance [MFMA 125(2)(e)]

(a) Payments not made within 30 days

Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.

52 CAPITAL COMMITMENTS

Approved and contracted for

Infrastructure	45 226 046	17 374 422
Community Assets	10 328 734	347 543
Total	55 554 780	17 721 965

This expenditure will be financed from:

Government Grants	53 547 033	17 721 965
Own funding	2 007 748	-
Total	55 554 780	17 721 965

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

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

53 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

53.1 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	28 771 324	11 808 914
Receivables from exchange transactions	26 166 677	26 729 374
Receivables from non-exchange transactions	504 828	525 306
Long-term Receivables	435 408	-
Total	55 878 237	39 063 595

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 from Exchange Transactions

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 past 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	2 535 811	4 350 429
Water	4 414 259	4 018 292
Refuse	1 578 513	1 148 770
Sewerage	1 919 828	1 675 299
Interest	998 934	788 075
Other	125 005	152 931
Availability Charges	376 276	407 866
Total	11 948 626	12 541 663

Past due receivables are aged as follow:

1 to 3 months overdue	4 538 903	5 547 486
4 months to 1 year overdue	3 651 790	3 387 810
1 year overdue	3 757 932	3 606 366
Total	11 948 626	12 541 663

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

53.2 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 financial instruments of the Municipality is not directly exposed to any currency risk.

53.3 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)	28 771 324	11 808 914
Long-term Liabilities (including current portion)	-	-
Net balance exposed	28 771 324	11 808 914

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

0.5% (2022 - 0.5%) increase in interest rates	143 857	59 045
0.5% (2022 - 0.5%) decrease in interest rates	(143 857)	(59 045)

53.4 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 can be mitigated by approving cash funded budgets to ensure commitments can be settled once due over the long term. The Municipality has been experiencing cash flow constraints as disclosed in note 63, and therefore has not been in a position to submit a cash funded budget for the current or previous financial year.

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	1 985 577	2 496 397	-	4 481 974
Finance Lease Liabilities	375 000	187 500	-	562 500
Payables with Repayment Arrangements	25 386 555	14 085 376	-	39 471 931
Payables from Exchange Transactions	55 335 216	-	-	55 335 216
Total	83 082 348	16 769 273	-	99 851 621
30 JUNE 2022				
Annuity Loans	3 943 090	4 481 974	-	8 425 064
Finance Lease Liabilities	540 287	562 500	-	1 102 787
Payables from Exchange Transactions	109 276 575	-	-	109 276 575
Total	113 759 952	5 044 474	-	118 804 426

53.5 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.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

54 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	28 771 324	11 808 914
Bank Accounts	6 316 618	3 252 125
Call Investment Deposits	22 454 705	8 556 790
Receivables from Exchange Transactions	26 166 677	26 729 374
Electricity	12 677 569	14 989 567
Water	7 404 811	6 955 233
Refuse	2 471 056	1 852 964
Sewerage	2 730 989	2 315 402
Interest	696 505	405 691
Other	185 748	210 517
Receivables from Non-Exchange Transactions	504 828	525 306
Availability Charges	504 828	525 306
Long-term Receivables	435 408	-
Receivables with repayment arrangements	435 408	-
Total	55 878 237	39 063 595

Financial Liabilities

Payables from Exchange Transactions	55 335 216	109 276 575
Trade Payables	52 346 453	104 232 216
Retentions	1 033 225	2 827 032
Sundry Creditors	698 101	1 105 600
Sundry Deposits	125 334	97 254
Accrued Interest	35 461	93 110
Unknown Receipts	70 320	85 041
Department of Human Settlements	1 026 322	836 322
Long-term Liabilities	43 857 105	8 110 773
Annuity Loans	3 871 874	7 138 925
Finance Lease Liabilities	513 300	971 848
Payables with Repayment Arrangements	39 471 931	-
Total	99 192 321	117 387 348

55 STATUTORY RECEIVABLES

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

Receivables from Non-Exchange Transactions	8 815 919	11 805 935
Rates	8 563 619	11 572 635
Fines	252 300	233 300
Taxes - VAT Claimable from SARS	727 662	-
Total	8 815 919	11 805 935

The amounts above are disclosed after any provision for impairment has been taken into account. Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 20 for property rates levied for the year and basis for interest and rate used on outstanding balances.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

55 STATUTORY RECEIVABLES (CONTINUED)

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.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Property Rates

- Past due at the reporting date, and which have been impaired	29 165 106	23 403 293
- Past due that have not been impaired	4 640 302	5 641 768

56 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

56.1 Department of Transport and Public Works

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 following transactions were undertaken as part of principal-agent arrangement:

Collections payable to the Department at beginning of year	591 875	97 721
Revenue collected from third parties	19 342 159	18 120 454
Commission earned on collections included in note 29	(2 744 482)	(2 605 045)
VAT on commission earned payable to the South African Revenue Services	(411 672)	(390 757)
Collections paid over to the Department	(15 869 430)	(14 630 499)
Collections payable to the Department at year-end	908 449	591 875

56.2 Department of Human Settlements

The Municipality acts as an agent for the Department of Human Settlements to facilitate the deed transfers to qualifying beneficiaries.

The following transactions were undertaken as part of principal-agent arrangement:

Balance at beginning of year	367 000	607 311
Payments received from / (payments made to) the Department	240 000	(240 311)
Expenditure incurred on behalf of the Department	(50 000)	-
Balance at year-end	557 000	367 000

56.3 Prepaid Electricity Vendor

The Municipality is the principal in an arrangement with a service providers who sells prepaid electricity on its behalf. The prepaid electricity vendor (the agent) earns commission on the value of each transaction.

Reconciliation of transactions undertaken as part of principal-agent arrangement:

Collections receivable from prepaid electricity vendor at the beginning of the year	467 070	795 344
Transactions undertaken by the prepaid electricity vendor for the year	49 238 409	53 074 338
Prepaid electricity sales	40 110 470	42 049 223
VAT on prepaid electricity sales	6 016 541	5 921 590
Collections of arrear accounts	3 111 398	5 103 525
Collections received from prepaid electricity vendor	(49 479 761)	(53 402 612)
Collections receivable from prepaid electricity vendor at year-end	225 718	467 070

Compensation paid for agency activities

Commission - Prepaid Electricity - note 41	854 326	1 996 051
--	---------	-----------

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

57 EVENTS AFTER REPORTING DATE

The following events after reporting date are noted:

- The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils was issued on 18 August 2023, which stipulate that the notice takes effect from 1 July 2022. As on reporting date, this notice has not yet been adopted by the Council nor approved by the MEC. The financial impact is estimated at R205 095.

58 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 22 were donated to the Municipality.

59 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

60 CONTINGENT LIABILITIES

The Municipality were exposed to the following contingent liabilities at year end:

60.01 Matter against the Municipality by Jimmy Barnard	50 000	50 000
---	--------	--------

This matter has been finalised but legal costs still have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.

60.02 Matter against the Municipality by Mathilda Smith	-	15 000
--	---	--------

This applicant is claiming for damages amounting to R15 000. Since 2010, the applicant's attorneys has not taken any action on this matter. In 2015 she instructed her attorneys to continue with the matter. During the current year Management has assessed that the outflow of resources embodying economic benefits is considered remote, and therefore the contingent liability does not warrant any further or future disclosure.

60.03 Matter against the Municipality by MJ Coetzee	250 000	250 000
--	---------	---------

This matter involves an application by the owners of Erf 234 Graafwater against the Municipality for declaratory relief, alternatively a review regarding the decision taken in respect of an application for consent use. The matter in ongoing , pleadings have closed and the Applicants have to set it down for hearing. The legal costs and disbursements that the Municipality may be liable for in the event that the application is successful, is estimated at R 250 000.

60.04 Matter against the Municipality – ISW van Zyl Cancellation of Water Agreement	901 855	337 094
--	---------	---------

The Municipality has received a court ruling by settlement to have its infrastructure removed from ISW van Zyl Trust by 31 May 2022. This was extended to until 30 June 2022. The property owner may enforce the court ruling at any time at which point the Municipality will have no legitimate water source for Lamberts Bay. Legal costs still to be taxed are estimated at approximately R 341 886. In addition a contempt of Court Order ruling has been received in relation to this matter of which the claim is R 500 000 and the legal cost is estimated at R 59 969.

60.05 Matter against the Municipality by Alister Ruiters (on behalf of his minor son, Alito Ruiters)	2 412 089	1 000 000
---	-----------	-----------

The applicant is claiming for damages related to an injury his son obtained on the property of the Municipality when an entrance gate became dislodged and fell on his son. This matter has been referred to the Municipality's insurer, of which it is expected that a settlement will be reached between the plaintiff and the Municipality's insurer. Merits of the matter have been conceded. The plaintiff is claiming R 3 126 000, however the claim is quantified in the region of R 2 412 089.

CEDERBERG LOCAL MUNICIPALITY

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

<i>Figures in Rand</i>	2023	2022
60 CONTINGENT LIABILITIES (CONTINUED)		
60.06 Matter against the Municipality by Michael Damon (on behalf of his minor son, Marshall Damon)	1 557 590	1 200 000
The applicant is claiming for damages related to an injury his son obtained on the property of the Municipality when an entrance gate became dislodged and fell on his son. This matter has been referred to the Municipality's insurer, of which it is expected that a settlement will be reached between the plaintiff and the Municipality's insurer. Merits of the matter have been conceded. The plaintiff is claiming R 3 126 000, however the claim is quantified in the region of R 1 557 590.		
60.07 Matter against the Municipality by Clackson Power Company (Pty) Ltd	3 793 785	3 779 268
The applicant is claiming for outstanding payments amounting to R 3 508 017 in total. The claim relates to electricity supplied to the Municipality. The Municipality is opposing the matter. Legal cost are estimated at approximately R 285 768.		
60.08 Matter against the Municipality by Francina Johanna de Klerk	1 000 000	1 000 000
The applicant is claiming for damages amounting to R 1 000 000. The damages relates to injuries obtained by the plaintiff where there was a hole underneath the protective cushions surrounding the trampoline. The incident took place at Lamberts Bay caravan park. The matter has been referred to the Municipality's insurer.		
60.09 Remuneration payable to Council	-	154 924
The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils was issued on 2 June 2022, which stipulate that the notice takes effect from 1 July 2021. As on 30 June 2022, this notice has not yet been adopted by the Council nor approved by the MEC.		
60.10 Matter against the Municipality by Nicolaas Jacobus Klaassen	620 000	-
This matter involves a labour court review application against the Municipality. The legal costs are estimated at R 120 000 and the cost of reinstatement of the applicant (with backpay) is estimated at R 500 000.		
60.11 Matter against the Municipality by CH Bester	120 000	-
This matter involves an application by CH Bester against the Municipality for declaratory relief. The legal costs are estimated at R 120 000.		
60.12 Total	<u>10 705 319</u>	<u>7 786 286</u>
61 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.		
61.1 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.		
61.2 Compensation of management personnel		
Remuneration of management personnel are disclosed in notes 32 and 33.		

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

61 RELATED PARTIES (CONTINUED)

61.3 Current Employee Benefits

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

GF Matthyse	- Municipal Manager	10 511	-
DJ Adonis	- Municipal Manager	-	35 737
HG Slimmert	- Director: Community Services	-	97 247
AB Allison	- Director: Technical Services	-	60 233
Total		10 511	193 217

61.4 Other related party transactions

The Municipality did not enter into any transactions where Councillors or Management had an interest.

62 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	Service of the state related party relationship	Amount	Amount
P J Sobekwa	Brother of J Sobekwa (Cederberg Municipality)	36 245	8 300
HM Henderson	Sister of C Ockhuis (Cederberg Municipality)	1 800	8 500
Nelodia Transport	Spouse of WK Nel (SAPS)	2 800	2 000
NSRI		469 047	663 504
- C Robertson	Spouse of S Robertson (Department of Health)		
Akhile Management & Consulting		762 785	987 977
- B Hadebe	Spouse of M Hadebe (Ekurhuleni Municipality)		
Ekuseni Enterprises		617 680	1 180 105
- S Jacobs	Son of W Jacobs (Department of Health)		
- A Daniels	Daughter of M Human (Department of Water & Sanitation)		
- A van Wyk	Spouse of L van Wyk (Department of Health)		
- A van Wyk	Son of R van Wyk (Department of Health)		
JPCE		-	153 870
- J Minnie	Spouse of J Minnie (City of Cape Town)		
Total		1 890 356	3 004 256

63 FINANCIAL SUSTAINABILITY

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

Financial Indicators

The following financial indicators were assessed:

Cash available for working capital requirements (positive balance)	16 928 106	3 946 252
Current Ratio (norm - at least 2:1)	0.67 : 1	0.45 : 1
Cash coverage ratio (norm - 3 months or more)	1 months	0.14 months
Creditors days (norm - 30 days or less)	150 days	153 days
Debtors collection rate (95% or more)	90.9%	90.0%
Operating surplus / (deficit)	4 874 048	(42 621 642)

When analysing the results of the ratio's it can be concluded that the Municipality managed to improve its financial position from the prior year on all ratio aspects. The Municipality still finds itself in a strained cash flow position. Council has approved a Financial and Revenue Improvement Plan to specific focus on the revenue collection and curbing expenditure. This may affect service delivery in the short term, but will be mitigated through these interventions.

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

63 FINANCIAL SUSTAINABILITY (CONTINUED)

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.

Other Indicators

Contingent Liabilities are disclosed in note 60. The total exposure amounts to R10 705 319, and therefore contingent liabilities in its totality does not 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.

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)	1 232 820	14 751 570	28 680 481
Current Ratio (norm - at least 2:1)	0.35:1	0.47:1	0.58:1
Cash coverage ratio (norm - 3 months or more)	0.04 months	0.49 months	0.88 months
Creditors days (norm - 30 days or less)	140 days	149 days	123 days
Debtors collection rate (95% or more)	92.0%	92.0%	92.0%
Operating surplus / (deficit)	(23 098 150)	(30 169 749)	(34 254 387)

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

Going concern assessment

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.

Except for the current financial indicator which could potentially be seen as a threat to the going concern assumption, the other assessments does not pose any threat to the going concern assumption. Given the afore-mentioned, Management is of the opinion that the Municipality can continue in operational existence for the foreseeable future.

64 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.

65 COVID-19

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

Personal Protective Equipment and Sanitizers	-	130 772
Total	-	130 772

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

Own Revenue	-	130 772
Total	-	130 772

CEDERBERG LOCAL MUNICIPALITY

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

Figures in Rand

2023

2022

66 NON-LIVING RESOURCES

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

- Algeria
- Clanwilliam
- Graafwater
- Leipoldtville
- Wuppertal

67 SEGMENT REPORTING

67.1 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 40 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, informal settlements and library services
3	Holiday Resorts	Holiday Resorts
4	Public Safety	Traffic control and fire fighting
5	Planning and development	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 Services	Supply of sewerage services
10	Refuse Services	Refuse removal

67.2 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.

67.3 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.

67.4 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.

CEDERBERG LOCAL MUNICIPALITY

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

67 SEGMENT REPORTING (CONTINUED)

67.5 Specific Segment Reporting	Governance and administration R	Community Services R	Holiday Resorts R	Public Safety R	Planning and development R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Services R	Total R
2023											
REVENUE											
External Revenue from Non-Exchange Transactions	133 739 661	20 302 451	-	10 006 065	865 450	10 674 560	22 846 709	5 863 451	6 019 904	908 451	211 226 704
Property Rates	70 382 140	-	-	-	-	-	-	-	-	-	70 382 140
Government Grants and Subsidies - Operating	55 977 593	5 764 354	-	-	849 237	1 318 881	2 960 976	3 605 623	5 127 554	908 451	76 512 670
Government Grants and Subsidies - Capital	-	14 535 663	-	-	16 213	9 355 679	17 795 840	1 435 155	-	-	43 138 549
Availability Charges	-	-	-	-	-	-	1 976 530	813 017	466 885	-	3 256 432
Insurance Refund	20 948	-	-	-	-	-	-	-	-	-	20 948
Fines, penalties and forfeits	12 876	2 435	-	10 006 065	-	-	113 363	9 657	425 465	-	10 569 862
Actuarial Gains	7 346 104	-	-	-	-	-	-	-	-	-	7 346 104
External Revenue from Exchange Transactions	13 297 173	170 471	2 892 663	3 798 361	1 608 295	-	108 703 901	29 819 962	13 950 410	15 136 747	189 377 982
Service Charges	-	-	-	-	-	-	108 703 901	29 819 962	13 950 410	14 391 160	166 865 433
Rental of Facilities and Equipment	578 524	168 582	2 892 584	-	-	-	-	-	-	-	3 639 691
Interest Earned - external investments	2 020 003	-	-	-	-	-	-	-	-	-	2 020 003
Interest Earned - outstanding debtors	9 836 840	-	-	-	-	-	-	-	-	-	9 836 840
Agency Services	-	-	-	3 782 284	-	-	-	-	-	-	3 782 284
Other Income	861 806	1 888	78	16 077	1 608 295	-	-	-	-	745 586	3 233 731
Construction Contracts	-	14 076 138	-	-	-	-	-	-	-	-	14 076 138
TOTAL REVENUE	147 036 834	34 549 061	2 892 663	13 804 426	2 473 745	10 674 560	131 550 610	35 683 414	19 970 314	16 045 198	414 680 824
EXPENDITURE											
Employee Related Costs	46 836 793	15 090 937	4 001 794	11 516 659	8 291 764	6 239 511	7 458 668	11 682 672	4 981 603	9 363 422	125 463 823
Remuneration of Councillors	5 697 499	-	-	-	-	-	-	-	-	-	5 697 499
Debt Impairment	16 429 611	-	-	9 104 472	-	-	379 169	3 912 758	2 985 880	1 636 900	34 448 789
Depreciation and Amortisation	1 829 956	800 657	161 902	141 012	28 500	5 711 701	4 066 539	5 026 114	6 154 168	1 516 369	25 436 917
Finance Charges	13 041 609	-	-	-	-	-	-	-	-	-	13 041 609
Bulk Purchases	-	-	-	-	-	-	92 503 879	758 118	-	-	93 261 997
Contracted Services	14 622 039	14 433 277	10 801	823 063	182 452	606 608	1 319 461	1 040 086	1 338 918	1 146 842	35 523 546
Transfers and Grants	358 199	-	-	-	-	-	-	-	-	-	358 199
Other Expenditure	16 612 403	843 233	285 550	1 019 056	185 854	997 795	2 588 303	5 233 435	3 195 305	2 339 558	33 300 492
Loss on disposal of Non-Monetary Assets	135 355	-	-	-	-	-	-	-	-	-	135 355
Total Expenditure	115 563 463	31 168 104	4 460 047	22 604 262	8 688 570	13 555 615	108 316 019	27 653 183	18 655 874	16 003 091	366 668 227
NET SURPLUS/(DEFICIT) FOR THE YEAR	31 473 371	3 380 957	(1 567 384)	(8 799 836)	(6 214 825)	(2 881 055)	23 234 591	8 030 231	1 314 441	42 107	48 012 597
Less: Government Grants and Subsidies - Capital	-	(14 535 663)	-	-	(16 213)	(9 355 679)	(17 795 840)	(1 435 155)	-	-	(43 138 549)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	31 473 371	(11 154 706)	(1 567 384)	(8 799 836)	(6 231 038)	(12 236 734)	5 438 751	6 595 076	1 314 441	42 107	4 874 048
CAPITAL EXPENDITURE FOR THE YEAR	464 751	14 535 663	-	-	9 371 892	43 130	21 396 019	1 972 108	261 830	3 198	48 048 591

CEDERBERG LOCAL MUNICIPALITY

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

67 SEGMENT REPORTING (CONTINUED)

67.5 Specific Segment Reporting	Governance and administration R	Community Services R	Holiday Resorts R	Public Safety R	Planning and development R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Services R	Total R
2022											
REVENUE											
External Revenue from Non-Exchange Transactions	108 285 831	8 134 914	-	8 790 567	816 000	3 075 820	19 024 969	25 728 660	9 386 178	4 398 773	187 641 711
Property Rates	52 403 952	-	-	-	-	-	-	-	-	-	52 403 952
Government Grants and Subsidies - Operating	55 203 040	5 754 875	-	-	816 000	376 807	2 101 275	4 199 202	4 304 096	1 549 723	74 305 017
Government Grants and Subsidies - Capital	-	2 158 479	-	-	-	2 699 013	14 963 040	21 016 048	4 795 245	-	45 631 826
Contributed Assets	-	-	-	474 667	-	-	-	-	-	2 849 049	3 323 716
Availability Charges	-	-	-	-	-	-	1 935 632	506 682	286 837	-	2 729 152
Insurance Refund	33 754	-	-	-	-	-	-	-	-	-	33 754
Fines, penalties and forfeits	612 135	221 560	-	8 315 900	-	-	25 022	6 727	-	-	9 181 345
Actuarial Gains	32 949	-	-	-	-	-	-	-	-	-	32 949
External Revenue from Exchange Transactions	7 345 378	202 067	2 525 749	3 676 474	1 868 435	-	114 365 973	30 721 602	11 717 195	12 780 183	185 203 056
Service Charges	-	-	-	-	-	-	114 365 973	30 721 602	11 717 195	12 779 368	169 584 139
Rental of Facilities and Equipment	628 392	200 922	2 524 056	-	-	-	-	-	-	-	3 353 370
Interest Earned - external investments	749 712	-	-	-	-	-	-	-	-	-	749 712
Interest Earned - outstanding debtors	4 288 314	-	-	-	-	-	-	-	-	-	4 288 314
Agency Services	-	-	-	3 671 714	-	-	-	-	-	-	3 671 714
Other Income	1 032 827	1 144	1 693	4 760	1 868 435	-	-	-	-	815	2 909 674
Gain on disposal of Non-Monetary Assets	646 134	-	-	-	-	-	-	-	-	-	646 134
Construction Contracts	-	21 728 358	-	-	-	-	-	-	-	-	21 728 358
TOTAL REVENUE	115 631 208	30 065 339	2 525 749	12 467 041	2 684 435	3 075 820	133 390 942	56 450 262	21 103 373	17 178 955	394 573 125
EXPENDITURE											
Employee Related Costs	51 784 985	15 549 882	4 517 921	11 971 162	6 575 722	6 397 478	7 293 748	12 821 161	4 824 558	11 290 954	133 027 571
Remuneration of Councillors	5 000 104	-	-	-	-	-	-	-	-	-	5 000 104
Debt Impairment	2 719 634	-	-	7 976 024	-	-	3 359 444	7 580 862	2 785 113	2 356 045	26 777 123
Depreciation and Amortisation	1 824 932	812 723	159 324	113 871	36 946	5 804 239	4 108 451	5 074 932	5 826 276	1 841 669	25 603 363
Impairment	-	-	-	-	-	-	-	1 384 931	-	118 214	1 503 145
Finance Charges	13 016 749	-	-	-	-	-	-	-	-	-	13 016 749
Bulk Purchases	-	-	-	-	-	-	93 891 074	802 586	-	-	94 693 660
Contracted Services	22 914 529	22 155 695	25 875	3 720 331	116 294	325 026	2 880 171	1 065 408	1 813 225	1 989 683	57 006 237
Transfers and Grants	193 742	-	-	-	50 000	-	-	-	-	-	243 742
Other Expenditure	16 536 395	1 000 226	282 170	879 812	152 033	1 325 542	1 688 853	3 865 687	3 124 105	1 647 697	30 502 519
Actuarial Losses	865 012	-	-	-	-	-	-	-	-	-	865 012
Total Expenditure	114 856 082	39 518 527	4 985 290	24 661 200	6 930 995	13 852 283	113 221 740	32 595 567	18 373 277	19 244 263	388 239 225
NET SURPLUS/(DEFICIT) FOR THE YEAR	775 126	(9 453 188)	(2 459 541)	(12 194 159)	(4 246 560)	(10 776 463)	20 169 203	23 854 695	2 730 096	(2 065 308)	6 333 900
Less: Government Grants and Subsidies - Capital	-	(2 158 479)	-	-	-	(2 699 013)	(14 963 040)	(21 016 048)	(4 795 245)	-	(45 631 826)
Less: Contributed Assets	-	-	-	(474 667)	-	-	-	-	-	(2 849 049)	(3 323 716)
NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	775 126	(11 611 667)	(2 459 541)	(12 668 826)	(4 246 560)	(13 475 477)	5 206 163	2 838 646	(2 065 149)	(4 914 357)	(42 621 641)
CAPITAL EXPENDITURE FOR THE YEAR	396 861	3 690 583	354 496	475 206	2 699 013	-	15 402 040	22 410 866	4 968 491	2 849 049	53 246 604

CEDERBERG 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>							
ABSA	038-723-0992	9.84%	1 April 2025	1 221 812	-	(368 020)	853 792
ABSA	038-723-0993	10.43%	17 June 2025	2 072 429	-	(620 735)	1 451 695
ABSA	038-723-0994	10.45%	17 Nov 2025	952 355	-	(237 511)	714 845
ABSA	038-723-0995	11.33%	30 Jun 2026	1 077 177	-	(225 634)	851 543
Standard Bank	03-263-793-4	10.36%	31 Mar 2023	1 815 152	-	(1 815 152)	-
Total Annuity Loans				7 138 925	-	(3 267 051)	3 871 874
<u>FINANCE LEASE LIABILITIES - PRINTERS</u>							
Printers and Copiers			31 Dec 2024	808 641	-	(295 341)	513 300
Total Finance Lease Liabilities - Printers				808 641	-	(295 341)	513 300
<u>FINANCE LEASE LIABILITIES - VEHICLES</u>							
Isuzu Kb 250C Fleetside Regular Cab	00089668811		1 Jul 2022	4 874	-	(4 874)	-
Isuzu Kb 250C Fleetside Regular Cab	00089668986		1 Jul 2022	4 874	-	(4 874)	-
Isuzu Kb 250C Fleetside Regular Cab	00089669184		1 Jul 2022	4 874	-	(4 874)	-
Chevrolet Utility 1.4 + A/C (M18)	00089669583		1 Jul 2022	3 649	-	(3 649)	-
Chevrolet Utility 1.4 + A/C (M18)	00089670107		1 Jul 2022	3 649	-	(3 649)	-
Isuzu Kb 250C Fleetside Regular Cab	00089670301		1 Jul 2022	4 938	-	(4 938)	-
Isuzu Kb 250C Fleetside Regular Cab	00089733109		1 Aug 2022	9 755	-	(9 755)	-
Isuzu Kb 250C Fleetside Regular Cab	00089733338		1 Aug 2022	17 215	-	(17 215)	-
Isuzu N Series NLR 150	00089733443		1 Aug 2022	18 620	-	(18 620)	-
Isuzu Kb 250C Fleetside Regular Cab	00089733478		1 Aug 2022	9 755	-	(9 755)	-
Isuzu N Series NLR 150	00089733656		1 Aug 2022	18 620	-	(18 620)	-
Isuzu N Series NLR 150	00089733664		1 Aug 2022	18 620	-	(18 620)	-
Isuzu N Series NLR 150	00089733915		1 Aug 2022	18 620	-	(18 620)	-
Isuzu Kb 250C Fleetside Regular Cab	00089734008		1 Aug 2022	9 755	-	(9 755)	-
Toyota Etios Sedan 1.5SD Sprint	00089760637		1 Aug 2022	7 694	-	(7 694)	-
Toyota Etios Sedan 1.5SD Sprint	00089760769		1 Aug 2022	7 694	-	(7 694)	-
Total Finance Lease Liabilities - Vehicles				163 207	-	(163 207)	-
Total Long-Term Liabilities				8 110 773	-	(3 725 599)	4 385 174

CEDERBERG 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)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	60 377 000	-	(60 377 000)	-	-
Municipal Infrastructure Grant (MIG)	3 685 824	12 109 000	-	(2 367 147)	(10 688 393)	2 739 284
Financial Management Grant (FMG)	-	2 132 000	-	(2 082 589)	-	49 411
Integrated National Electrification Programme (INEP)	-	22 000 000	-	(2 869 565)	(17 795 840)	1 334 594
Expanded Public Works Program (EPWP)	-	1 359 000	-	(1 359 000)	-	-
Water Service Infrastructure Grant (WSIG)	1 507 344	-	-	(116 003)	(704 447)	686 894
Regional Bulk Infrastructure Grant (RBIG)	509 637	840 313	-	(109 606)	(730 707)	509 637
Total	5 702 805	98 817 313	-	(69 280 910)	(29 919 388)	5 319 820
PROVINCIAL GOVERNMENT						
Library Services MRF	-	5 408 000	-	(5 408 000)	-	-
CDW Support	79 117	152 000	-	(115 205)	-	115 912
Municipal Capacity Building Grant	299 178	-	(49 177)	(250 000)	-	-
Thusong Service Centre Grant	11 856	150 000	(11 856)	(148 932)	-	1 068
Public Employment Support Grant	89 939	-	-	(89 939)	-	-
Municipal Library Support Grant	203 066	-	-	(8 394)	(5 388)	189 284
Financial Management Capability Grant	-	1 058 327	-	(1 053 257)	-	5 070
Municipal Interventions Grant	-	750 000	-	(158 033)	-	591 967
Municipal Water Resilience Grant	-	3 000 000	-	-	-	3 000 000
Loadshedding Relief Grant	-	1 600 000	-	-	-	1 600 000
Informal Settlements Upgrading Partnership Grant	-	13 213 773	-	-	(13 213 773)	-
Total	683 156	25 332 100	(61 034)	(7 231 760)	(13 219 161)	5 503 301
ALL SPHERES OF GOVERNMENT	6 385 961	124 149 413	(61 034)	(76 512 670)	(43 138 549)	10 823 121

CEDERBERG 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	67 172 781	2 929 787	70 102 568	70 382 140	279 572	52 403 952
Service charges	183 897 567	(16 380 278)	167 517 289	170 121 865	2 604 576	172 313 291
Investment revenue	634 212	1 042 891	1 677 103	2 020 003	342 900	749 712
Transfers and subsidies - operational	94 192 865	8 223 528	102 416 393	90 588 808	(11 827 585)	96 033 376
Other own revenue	39 099 143	(7 936 621)	31 162 522	38 429 459	7 266 937	24 117 253
Total Operating Revenue (excluding capital transfers)	384 996 568	(12 120 693)	372 875 875	371 542 275	(1 333 600)	345 617 584
Employee costs	120 561 530	9 930 689	130 492 219	124 857 232	(5 634 987)	132 380 151
Remuneration of councillors	5 173 210	883 721	6 056 931	5 697 499	(359 432)	5 000 104
Debt impairment	38 846 000	180 000	39 026 000	34 448 789	(4 577 211)	26 777 123
Depreciation and asset impairment	28 151 000	(915 000)	27 236 000	25 436 917	(1 799 083)	27 106 508
Finance charges	11 778 000	4 463 579	16 241 579	13 041 609	(3 199 970)	13 016 749
Bulk purchases	103 638 000	(8 801 000)	94 837 000	92 503 879	(2 333 121)	93 891 074
Inventory Consumed	8 115 358	3 829 688	11 945 046	10 541 717	(1 403 329)	8 332 131
Contracted Services	50 253 510	1 294 513	51 548 023	35 523 546	(16 024 477)	57 006 237
Transfers and grants	1 030 000	(650 000)	380 000	358 199	(21 801)	243 742
Other expenditure	25 881 241	381 858	26 263 099	24 123 484	(2 139 615)	23 620 394
Losses	2 000 000	(1 090 000)	910 000	135 355	(774 645)	865 012
Total Expenditure	395 427 849	9 508 048	404 935 897	366 668 227	(38 267 670)	388 239 225
Surplus/(Deficit)	(10 431 281)	(21 628 741)	(32 060 022)	4 874 048	36 934 070	(42 621 641)
Transfers and subsidies - capital (monetary) - Government	58 400 477	(6 987 460)	51 413 017	43 138 549	(8 274 468)	45 631 826
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	3 323 716
Surplus/(Deficit) for the year	47 969 196	(28 616 201)	19 352 995	48 012 597	28 659 602	6 333 900
CAPITAL EXPENDITURE & FUNDS SOURCES						
Capital expenditure	70 530 477	(7 578 460)	62 952 017	48 048 591	(14 903 426)	53 246 604
Transfers recognised - capital	58 400 477	(6 987 460)	51 413 017	43 138 549	(8 274 468)	45 631 826
Borrowing	8 600 000	(8 600 000)	-	-	-	150 382
Internally generated funds	3 530 000	8 009 000	11 539 000	4 910 042	(6 628 958)	7 464 396
Total sources of capital funds	70 530 477	(7 578 460)	62 952 017	48 048 591	(14 903 426)	53 246 604
CASH FLOWS						
Net cash from (used) operating	69 829 547	(15 206 763)	54 622 783	69 550 194	14 927 411	47 548 738
Net cash from (used) investing	(70 530 477)	7 636 567	(62 893 910)	(49 117 822)	13 776 088	(40 390 736)
Net cash from (used) financing	4 162 144	(7 677 970)	(3 515 826)	(3 469 963)	45 863	(5 092 750)
Net Cash Movement for the year	3 461 214	(15 248 166)	(11 786 952)	16 962 409	28 749 362	2 065 253
Cash/cash equivalents at beginning of year	285 011	11 530 129	11 815 140	11 815 140	(0)	9 749 887
Cash/cash equivalents at the year end	3 746 225	(3 718 037)	28 188	28 777 549	28 749 362	11 815 140

CEDERBERG 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	10 129 235	-	10 129 235	50 959 509	40 830 274	49 958 813
Finance and administration	80 388 691	9 097 783	89 486 474	96 077 325	6 590 851	65 672 395
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	7 606 388	3 515 886	11 122 274	7 067 337	(4 054 937)	5 537 174
Sport and recreation	3 250 435	(420 299)	2 830 136	2 960 102	129 966	3 856 389
Public safety	20 792 829	(10 007 942)	10 784 887	10 009 952	(774 935)	8 793 217
Housing	25 340 000	12 717 437	38 057 437	27 426 475	(10 630 962)	23 199 635
Economic and environmental services						
Planning and development	2 979 454	(668 146)	2 311 308	2 473 745	162 437	2 684 435
Road transport	6 883 612	5 305 974	12 189 586	14 456 845	2 267 259	6 747 534
Trading services						
Energy sources	161 556 095	(15 364 215)	146 191 880	131 550 610	(14 641 270)	133 390 942
Water management	65 427 838	(13 762 691)	51 665 147	35 683 414	(15 981 733)	56 450 262
Waste water management	35 009 453	(9 974 259)	25 035 194	19 970 314	(5 064 880)	21 103 373
Waste management	24 033 015	452 319	24 485 334	16 045 198	(8 440 136)	17 178 955
Total Revenue - Standard	443 397 045	(19 108 153)	424 288 892	414 680 824	(9 608 068)	394 573 125
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	11 894 590	930 766	12 825 356	11 790 473	(1 034 883)	12 693 622
Finance and administration	92 911 331	17 825 126	110 736 457	101 258 269	(9 478 188)	99 506 964
Internal audit	1 081 820	(18 169)	1 063 651	1 043 531	(20 120)	1 025 193
Community and public safety						
Community and social services	9 070 690	2 308 977	11 379 667	8 850 086	(2 529 581)	10 802 375
Sport and recreation	12 497 058	268 995	12 766 053	12 033 702	(732 351)	13 282 703
Public safety	28 421 190	(8 460 470)	19 960 720	18 845 455	(1 115 265)	18 742 966
Housing	26 877 250	(936 095)	25 941 155	16 617 092	(9 324 063)	24 570 422
Economic and environmental services						
Planning and development	11 003 960	(956 866)	10 047 094	10 159 760	112 666	8 561 298
Road transport	15 049 060	(428 636)	14 620 424	13 997 444	(622 980)	14 341 510
Trading services						
Energy sources	122 669 930	(6 890 540)	115 779 390	108 316 019	(7 463 371)	113 221 740
Water management	29 885 800	2 638 191	32 523 991	27 653 183	(4 870 808)	32 595 567
Waste water management	18 650 970	1 538 927	20 189 897	20 100 122	(89 775)	19 650 602
Waste management	15 414 200	1 687 842	17 102 042	16 003 091	(1 098 951)	19 244 263
Total Expenditure - Standard	395 427 849	9 508 048	404 935 897	366 668 227	(38 267 670)	388 239 225
Surplus/(Deficit) for the year	47 969 196	(28 616 201)	19 352 995	48 012 597	28 659 602	6 333 900

CEDERBERG 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 - Executive and Council	10 129 235	-	10 129 235	50 959 509	40 830 274	49 958 813
Vote 2 - Office of Municipal Manager	-	-	-	-	-	39 170
Vote 3 - Financial Administrative Services	76 256 194	10 112 162	86 368 356	93 165 899	6 797 543	62 638 275
Vote 4 - Community Development Services	9 300 513	3 725 369	13 025 882	9 004 341	(4 021 541)	7 982 662
Vote 5 - Corporate and Strategic Services	2 436 709	(1 534 388)	902 321	804 199	(98 122)	547 351
Vote 6 - Planning and Development Services	2 979 454	(368 146)	2 611 308	2 631 778	20 470	2 684 435
Vote 7 - Public Safety	24 836 028	(10 386 412)	14 449 616	13 804 426	(645 190)	12 467 041
Vote 8 - Electricity	161 556 095	(15 364 215)	146 191 880	131 550 610	(14 641 270)	133 390 942
Vote 9 - Waste Management	24 033 015	452 319	24 485 334	16 045 198	(8 440 136)	17 178 955
Vote 10 - Waste Water Management	35 009 453	(9 974 259)	25 035 194	19 970 314	(5 064 880)	21 103 373
Vote 11 - Water	65 427 838	(13 762 691)	51 665 147	35 683 414	(15 981 733)	56 450 262
Vote 12 - Housing	25 340 000	12 717 437	38 057 437	27 426 475	(10 630 962)	23 199 635
Vote 13 - Road Transport	2 842 076	5 694 970	8 537 046	10 674 560	2 137 514	3 075 820
Vote 14 - Sports and Recreation	3 250 435	(420 299)	2 830 136	2 960 102	129 966	3 856 389
Total Revenue by Vote	443 397 045	(19 108 153)	424 288 892	414 680 824	(9 608 068)	394 573 125
EXPENDITURE						
Vote 1 - Executive and Council	7 619 620	1 077 929	8 697 549	8 170 919	(526 630)	7 667 082
Vote 2 - Office of Municipal Manager	15 304 460	(1 159 467)	14 144 993	13 730 062	(414 931)	13 736 681
Vote 3 - Financial Administrative Services	62 492 468	9 785 780	72 278 248	66 992 945	(5 285 303)	60 380 270
Vote 4 - Community Development Services	11 569 993	1 701 168	13 271 161	10 431 276	(2 839 885)	13 385 331
Vote 5 - Corporate and Strategic Services	19 072 515	5 570 187	24 642 702	23 332 291	(1 310 412)	23 647 316
Vote 6 - Planning and Development Services	6 958 698	1 804 575	8 763 273	8 571 898	(191 375)	9 621 089
Vote 7 - Public Safety	33 159 997	(7 083 641)	26 076 356	22 604 262	(3 472 094)	24 661 200
Vote 8 - Electricity	122 669 930	(6 890 540)	115 779 390	108 316 019	(7 463 371)	113 221 740
Vote 9 - Waste Management	15 414 200	1 687 842	17 102 042	16 003 091	(1 098 951)	19 244 263
Vote 10 - Waste Water Management	17 088 460	1 518 756	18 607 216	18 655 874	48 658	18 373 277
Vote 11 - Water	29 885 800	2 638 191	32 523 991	27 653 183	(4 870 808)	32 595 567
Vote 12 - Housing	26 877 250	(936 095)	25 941 155	16 617 092	(9 324 063)	24 570 422
Vote 13 - Road Transport	14 817 400	(475 632)	14 341 768	13 555 615	(786 153)	13 852 283
Vote 14 - Sports and Recreation	12 497 058	268 995	12 766 053	12 033 702	(732 351)	13 282 703
Total Expenditure by Vote	395 427 849	9 508 048	404 935 897	366 668 227	(38 267 670)	388 239 225
Surplus/(Deficit) for the year	47 969 196	(28 616 201)	19 352 995	48 012 597	28 659 602	6 333 900

CEDERBERG 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	67 172 781	2 929 787	70 102 568	70 382 140	279 572	52 403 952
Service charges - electricity revenue	126 308 417	(15 028 417)	111 280 000	110 680 430	(599 570)	116 301 605
Service charges - water revenue	29 455 510	(232 221)	29 223 289	30 632 980	1 409 691	31 228 285
Service charges - sanitation revenue	14 315 710	(1 464 710)	12 851 000	14 417 295	1 566 295	12 004 032
Service charges - refuse revenue	13 817 930	345 070	14 163 000	14 391 160	228 160	12 779 368
Rental of facilities and equipment	436 889	287 402	724 291	747 106	22 815	829 314
Interest earned - external investments	634 212	1 042 891	1 677 103	2 020 003	342 900	749 712
Interest earned - outstanding debtors	4 006 026	6 146 974	10 153 000	9 836 840	(316 160)	4 288 314
Fines, penalties and forfeits	20 800 290	(9 944 772)	10 855 518	10 569 862	(285 656)	9 181 345
Licences and permits	2 796	(324)	2 472	2 472	(0)	2 650
Agency services	4 041 536	(388 996)	3 652 540	3 782 284	129 744	3 671 714
Transfers and subsidies - Operating	94 192 865	8 223 528	102 416 393	90 588 808	(11 827 585)	96 033 376
Other revenue	7 811 606	(3 005 012)	4 806 594	6 144 791	1 338 197	5 464 834
Gains	2 000 000	(1 031 893)	968 107	7 346 104	6 377 997	679 083
Total Revenue (excl capital transfers)	384 996 568	(12 120 693)	372 875 875	371 542 275	(1 333 600)	345 617 584
EXPENDITURE BY TYPE						
Employee related costs	120 561 530	9 930 689	130 492 219	124 857 232	(5 634 987)	132 380 151
Remuneration of councillors	5 173 210	883 721	6 056 931	5 697 499	(359 432)	5 000 104
Debt impairment	38 846 000	180 000	39 026 000	34 448 789	(4 577 211)	26 777 123
Depreciation and asset impairment	28 151 000	(915 000)	27 236 000	25 436 917	(1 799 083)	27 106 508
Finance charges	11 778 000	4 463 579	16 241 579	13 041 609	(3 199 970)	13 016 749
Bulk purchases	103 638 000	(8 801 000)	94 837 000	92 503 879	(2 333 121)	93 891 074
Inventory Consumed	8 115 358	3 829 688	11 945 046	10 541 717	(1 403 329)	8 332 131
Contracted Services	50 253 510	1 294 513	51 548 023	35 523 546	(16 024 477)	57 006 237
Transfers and grants	1 030 000	(650 000)	380 000	358 199	(21 801)	243 742
Other expenditure	25 881 241	381 858	26 263 099	24 123 484	(2 139 615)	23 620 394
Losses	2 000 000	(1 090 000)	910 000	135 355	(774 645)	865 012
Total Expenditure	395 427 849	9 508 048	404 935 897	366 668 227	(38 267 670)	388 239 225
Surplus/(Deficit)	(10 431 281)	(21 628 741)	(32 060 022)	4 874 048	36 934 070	(42 621 641)
Transfers and subsidies - capital (monetary) - Government	58 400 477	(6 987 460)	51 413 017	43 138 549	(8 274 468)	45 631 826
Transfers and subsidies - capital (monetary) - Other	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	3 323 716
Surplus/(Deficit) for the year	47 969 196	(28 616 201)	19 352 995	48 012 597	28 659 602	6 333 900

CEDERBERG 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 - Executive and Council	-	-	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-	-	-
Vote 3 - Financial Administrative Services	-	-	-	-	-	-
Vote 4 - Community Development Services	-	-	-	-	-	-
Vote 5 - Corporate and Strategic Services	-	-	-	-	-	-
Vote 6 - Planning and Development Services	2 471 370	4 560 844	7 032 214	9 355 679	2 323 465	2 699 013
Vote 7 - Public Safety	-	-	-	-	-	-
Vote 8 - Electricity	-	-	-	-	-	47 311
Vote 9 - Waste Management	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	-	-	4 795 245
Vote 11 - Water	13 214 783	(13 083 479)	131 304	730 707	599 403	17 799 692
Vote 12 - Housing	10 000 000	4 255 000	14 255 000	13 213 773	(1 041 227)	-
Vote 13 - Road Transport	-	-	-	-	-	-
Vote 14 - Sports and Recreation	-	40 364	40 364	-	(40 364)	869 565
Total Multi-year expenditure	25 686 153	(4 227 271)	21 458 882	23 300 159	1 841 277	26 210 826
Single-year expenditure						
Vote 1 - Executive and Council	-	-	-	-	-	-
Vote 2 - Office of Municipal Manager	-	-	-	-	-	-
Vote 3 - Financial Administrative Services	350 000	10 000	360 000	225 466	(134 534)	1 301
Vote 4 - Community Development Services	2 139 130	2 541 187	4 680 317	1 204 489	(3 475 828)	150 382
Vote 5 - Corporate and Strategic Services	480 000	40 000	520 000	239 285	(280 715)	395 559
Vote 6 - Planning and Development Services	17 391	1 739	19 130	16 213	(2 917)	-
Vote 7 - Public Safety	-	700 000	700 000	-	(700 000)	475 206
Vote 8 - Electricity	26 879 565	(2 437 827)	24 441 738	21 396 019	(3 045 719)	15 354 729
Vote 9 - Waste Management	1 105 000	1 499 000	2 604 000	3 198	(2 600 802)	2 849 049
Vote 10 - Waste Water Management	10 224 608	(9 609 608)	615 000	261 830	(353 170)	173 246
Vote 11 - Water	2 688 630	4 077 853	6 766 483	1 241 401	(5 525 082)	4 611 174
Vote 12 - Housing	-	335 163	335 163	117 400	(217 763)	1 288 914
Vote 13 - Road Transport	960 000	(508 696)	451 304	43 130	(408 174)	-
Vote 14 - Sports and Recreation	-	-	-	-	-	1 736 217
Total Single-year expenditure	44 844 324	(3 351 189)	41 493 135	24 748 432	(16 744 703)	27 035 778
Total Capital Expenditure by Vote	70 530 477	(7 578 460)	62 952 017	48 048 591	(14 903 426)	53 246 604

CEDERBERG 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	830 000	50 000	880 000	464 751	(415 249)	396 861
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	2 139 130	2 541 187	4 680 317	1 204 489	(3 475 828)	150 382
Sport and recreation	-	40 364	40 364	-	(40 364)	2 605 782
Public safety	-	700 000	700 000	-	(700 000)	475 206
Housing	10 000 000	4 590 163	14 590 163	13 331 173	(1 258 990)	1 288 914
Economic and environmental services						
Planning and development	2 488 761	4 562 583	7 051 344	9 371 892	2 320 548	2 699 013
Road transport	960 000	(508 696)	451 304	43 130	(408 174)	-
Trading services						
Energy sources	26 879 565	(2 437 827)	24 441 738	21 396 019	(3 045 719)	15 402 040
Water management	15 903 413	(9 005 626)	6 897 787	1 972 108	(4 925 679)	22 410 866
Waste water management	10 224 608	(9 609 608)	615 000	261 830	(353 170)	4 968 491
Waste management	1 105 000	1 499 000	2 604 000	3 198	(2 600 802)	2 849 049
Total Capital Expenditure - Standard	70 530 477	(7 578 460)	62 952 017	48 048 591	(14 903 426)	53 246 604
FUNDING SOURCES						
National Government	48 400 477	(15 760 330)	32 640 147	29 919 388	(2 720 759)	45 631 826
Provincial Government	10 000 000	8 772 870	18 772 870	13 219 161	(5 553 709)	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	58 400 477	(6 987 460)	51 413 017	43 138 549	(8 274 468)	45 631 826
Borrowing	8 600 000	(8 600 000)	-	-	-	150 382
Internally generated funds	3 530 000	8 009 000	11 539 000	4 910 042	(6 628 958)	7 464 396
Total Capital Funding	70 530 477	(7 578 460)	62 952 017	48 048 591	(14 903 426)	53 246 604

CEDERBERG 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
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	62 134 822	5 747 766	67 882 589	63 297 610	(4 584 979)	47 817 985
Service charges	170 975 302	(10 935 817)	160 039 485	161 933 321	1 893 836	154 244 424
Other revenue	15 555 117	(5 329 702)	10 225 415	12 386 272	2 160 857	9 715 241
Government - operating	94 192 865	7 132 249	101 325 114	94 975 967	(6 349 147)	101 337 368
Government - capital	58 400 477	(11 772 502)	46 627 975	43 138 549	(3 489 425)	45 631 826
Interest	634 212	1 042 891	1 677 103	5 291 169	3 614 066	3 629 365
Payments						
Suppliers and employees	(327 608 249)	1 054 194	(326 554 055)	(307 207 564)	19 346 491	(309 825 431)
Finance charges	(3 425 000)	(2 795 842)	(6 220 842)	(3 906 932)	2 313 910	(4 758 298)
Transfers and grants	(1 030 000)	650 000	(380 000)	(358 199)	21 801	(243 742)
NET CASH FROM OPERATING ACTIVITIES	69 829 547	(15 206 763)	54 622 783	69 550 194	14 927 411	47 548 738
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	58 107	58 107	69 989	11 882	4 487 200
Decrease (increase) in non-current receivables	-	-	-	(563 189)	(563 189)	31 969
Payments						
Capital assets	(70 530 477)	7 578 460	(62 952 017)	(48 624 622)	14 327 395	(44 909 904)
NET CASH USED IN INVESTING ACTIVITIES	(70 530 477)	7 636 567	(62 893 910)	(49 117 822)	13 776 088	(40 390 736)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	8 600 000	(8 600 000)	-	-	-	-
Increase (decrease) in consumer deposits	209 775	-	209 775	255 636	45 861	221 372
Payments						
Repayment of borrowing	(4 647 630)	922 030	(3 725 600)	(3 725 599)	1	(5 314 122)
NET CASH FROM FINANCING ACTIVITIES	4 162 144	(7 677 970)	(3 515 826)	(3 469 963)	45 863	(5 092 750)
NET INCREASE/ (DECREASE) IN CASH HELD	3 461 214	(15 248 166)	(11 786 952)	16 962 409	28 749 362	2 065 253
Cash/cash equivalents at the year begin:	285 011	11 530 129	11 815 140	11 815 140	(0)	9 749 887
Cash/cash equivalents at the year end:	3 746 225	(3 718 037)	28 188	28 777 549	28 749 361	11 815 140