

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023



Swartland Municipality  
Audited  
Annual Financial Statements for  
the year ended 30 June 2023

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\* See Note

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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### Nature of business and principal activities

Swartland Municipality (the municipality) is a category B, medium capacity, local government institution in Malmesbury, Western Cape. The addresses of its registered office and principal place of business are disclosed hereunder and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Constitution.

Reporting entity's mandate:

The reporting entity (hereafter 'the Entity') is a medium-capacity, category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa (Act 108 of 1996).

The principal activities of the Entity are to:

- \* provide democratic and accountable government to the local communities;
- \* ensure sustainable service delivery to communities;
- \* promote social and economic development;
- \* promote a safe and healthy environment; and
- \* encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems Act (Act 32 of 2000) and various other acts and regulations.

**Executive Mayor**  
**Deputy Executive Mayor**  
**Speaker**

Alderman J H Cleophas  
Councillor J M De Beer  
Alderman M Rangasamy

### Members of Executive Mayorial Committee

Executive Mayor	Alderman J H Cleophas
Deputy Executive Mayor	Councillor J M De Beer
Member	Councillor N Smit
Member	Alderman T van Essen
Member	Councillor A K Warnick
Member	Councillor D G Bess

### Chairpersons of Portfolio Committees

Office of the Municipal Manager, Administration and Finances	Councillor I S le Minnie
Civil and Electrical Services	Councillor R J Jooste
Development Services	Councillor G Vermeulen
Protection Services	Alderlady M van Zyl

### Members of the Independent Performance and Risk Audit Committee

Chairperson	C B De Jager
Member	R Gani
Member	B Gouws

### Auditors

Auditor-General of South Africa

### Bankers

Standard Bank of South Africa

### Registered office

1 Church Street  
MALMESBURY  
7300

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Business address</b>	1 Church Street MALMESBURY 7300	
<b>Postal address</b>	Private Bag X 52 Malmesbury 7299	
<b>Accounting Officer</b>	J J Scholtz	
<b>Chief Financial Officer</b>	M A C Bolton	
<b>Council members of the Swartland Municipality</b>	Bess D G Booyesen A M Cleophas J H Daniels C De Beer J M Duda A A Fortuin C Jooste R J Le Minnie I S Ngozi M O'Kennedy E C Papier J R	Penxa B J Pieters C Pypers D C Rangasamy M A Smit N Soldaka P E Stanley B J Van Essen T Van Zyl M Vermeulen G Warnick A K

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Index

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 13
Accounting Policies	14 - 40
Notes to the Annual Financial Statements	41 - 116
Appendixes:	
Appendix A: Schedule of External loans	
Appendix B: Analysis of Property, Plant and Equipment	
Appendix C: Segmental analysis of Property, Plant and Equipment	
Appendix D: Segmental Statement of Financial Performance	
Appendix E: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Index

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IGRAP	Interpretation of Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NEMWA	National Environmental Management: Waste Act, 2008
PAWC	Provincial Administration of Western Cape
WC	Provincial Administration of Western Cape

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In terms of Section 13G of the Broad-Based Black Economic Empowerment Amendment Act (Act 46 of 2013), read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.

I certify that salaries, allowances and benefits of councillors as disclosed in note 34 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 7 to 116, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed:

  
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J J Scholtz  
Municipal Manager

Thursday, 31 August 2023

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	722 016 835	665 090 949
Receivables from exchange transactions	3 and 5	87 080 558	89 084 542
Receivables from non-exchange transactions	4 and 5	38 450 917	28 271 488
Finance lease receivables	7	-	1 003
Inventories	8	23 023 111	21 632 168
Operating lease asset	9	-	3 330
VAT receivable	10	9 030 732	14 623 107
		<b>879 602 153</b>	<b>818 706 587</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	2 211 648 413	2 144 429 281
Investment property	12	20 836 982	22 831 121
Intangible assets		606 400	503 678
Heritage assets		1 345 400	1 345 400
		<b>2 234 437 195</b>	<b>2 169 109 480</b>
<b>Total Assets</b>		<b>3 114 039 348</b>	<b>2 987 816 067</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	9	223 681	67 029
Payables from exchange transactions	14	103 492 343	118 145 940
Consumer deposits	15	17 845 831	16 449 628
Construction contracts payables	6	79 520	4 043 670
Unspent conditional grants and receipts	16	9 360 378	3 211 846
Other financial liabilities	17	8 761 333	8 634 196
Employee benefit obligation	18	4 916 000	5 064 000
Provisions	19	-	370 000
		<b>144 679 086</b>	<b>155 986 309</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	17	82 089 645	90 850 978
Employee benefit obligation	18	82 974 000	82 225 000
Provisions	19	58 486 876	51 156 085
		<b>223 550 521</b>	<b>224 232 063</b>
<b>Total Liabilities</b>		<b>368 229 607</b>	<b>380 218 372</b>
<b>Net Assets</b>		<b>2 745 809 741</b>	<b>2 607 597 695</b>
<b>Reserves</b>			
Statutory funds	20	-	1 003
Reserves	21	259 260 281	266 156 243
Accumulated surplus	22	2 486 549 460	2 341 440 449
<b>Total Net Assets</b>		<b>2 745 809 741</b>	<b>2 607 597 695</b>

\* See Note 59

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	23	523 090 767	516 509 940
Agency services		5 511 479	5 264 106
Construction contracts	6	17 729 913	40 463 470
Interest received	24	61 748 083	37 302 439
Operational revenue	25	15 130 524	15 677 528
Rental of facilities and equipment	26	1 589 981	1 422 243
<b>Total revenue from exchange transactions</b>		<b>624 800 747</b>	<b>616 639 726</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	28	152 116 870	141 485 766
Interest received on rates receivables	4	1 239 369	833 048
<b>Transfer revenue</b>			
Government grants and subsidies	29	214 873 746	178 507 910
Donated property, plant and equipment		6 143 474	701 201
Fines, Penalties and Forfeits	30	34 692 160	27 864 003
Licences and permits (non-exchange)	31	5 087 529	4 686 418
Public contributions and donations	29	11 248 071	980 250
Vesting of properties and equipment	32	732 965	687 032
Development charges		1 706 706	3 488 994
Availability charges	27	10 889 395	11 351 550
<b>Total revenue from non-exchange transactions</b>		<b>438 730 285</b>	<b>370 586 172</b>
<b>Total revenue</b>		<b>1 063 531 032</b>	<b>987 225 898</b>
<b>Expenditure</b>			
Employee related costs	33	286 378 168	267 878 272
Remuneration of councillors	34	11 225 003	10 929 196
Bad debts written off	3 and 4	43 096 415	25 538 237
Bulk purchases	35	289 451 395	292 404 602
Contracted services	36	87 019 625	91 350 768
Depreciation and amortisation	37	94 180 770	90 960 158
Finance costs	38	15 655 387	15 738 250
Grants and subsidies paid	39	4 245 586	3 774 363
Operational cost	40	38 191 069	34 980 883
Other materials	41	55 778 336	42 516 114
<b>Total expenditure</b>		<b>925 221 754</b>	<b>876 070 843</b>
<b>Operating surplus</b>		<b>138 309 278</b>	<b>111 155 055</b>
Gains on sale of fixed assets		2 185 594	1 484 113
Gains on sale of land		7 026 603	5 897 202
(Reversal) / impairment of assets and receivables	42	5 396 351	(20 576 723)
Inventory losses: Water losses	8	(4 439 286)	(5 539 836)
Loss on disposal of assets	43	(10 266 498)	(10 135 863)
		<b>(97 236)</b>	<b>(28 871 107)</b>
<b>Surplus for the year</b>		<b>138 212 042</b>	<b>82 283 948</b>

\* See Note 59



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

	Statutory funds	Capital replacement reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand					
Opening balance as previously reported	1 893	210 227 857	210 229 750	2 330 102 429	2 540 332 179
Adjustments					
Correction of errors	-	-	-	(15 018 432)	(15 018 432)
<b>Balance at 01 July 2021 as restated*</b>	<b>1 893</b>	<b>210 227 857</b>	<b>210 229 750</b>	<b>2 315 083 997</b>	<b>2 525 313 747</b>
Changes in net assets					
Surplus for the year	-	-	-	82 283 948	82 283 948
Transfer from Statutory Fund	(890)	-	(890)	890	-
Transfer to Capital Replacment Reserve	-	183 976 399	183 976 399	(183 976 399)	-
Property, plant and equipment purchased	-	(128 048 013)	(128 048 013)	128 048 013	-
Total changes	(890)	55 928 386	55 927 496	26 356 452	82 283 948
<b>Restated* Balance at 01 July 2022</b>	<b>1 003</b>	<b>266 156 243</b>	<b>266 157 246</b>	<b>2 341 440 453</b>	<b>2 607 597 699</b>
Changes in net assets					
Surplus for the year	-	-	-	138 212 042	138 212 042
Transfer from Statutory Fund	(1 003)	-	(1 003)	1 003	-
Transfer to Capital Replacment Reserve	-	91 909 624	91 909 624	(91 909 624)	-
Property, plant and equipment purchased	-	(98 805 586)	(98 805 586)	98 805 586	-
Total changes	(1 003)	(6 895 962)	(6 896 965)	145 109 007	138 212 042
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>259 260 281</b>	<b>259 260 281</b>	<b>2 486 549 460</b>	<b>2 745 809 741</b>
Note(s)	20	21			

Accumulated Surplus has been restated to correctly classify amounts held by the municipality. Refer to Note 59 "Restatement of prior year" for details of the restatements.

\* See Note 59

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income		61 933 357	38 644 760
Cash receipts from services and rate payers		729 642 530	693 199 195
Cash receipts from government grants and other grants		234 711 500	224 217 801
		<u>1 026 287 387</u>	<u>956 061 756</u>
<b>Payments</b>			
Finance costs		(10 180 381)	(11 054 815)
Cash paid to suppliers and employees		(780 405 919)	(750 055 285)
		<u>(790 586 300)</u>	<u>(761 110 100)</u>
<b>Net cash flows from operating activities</b>	44	<b><u>235 701 087</u></b>	<b><u>194 951 656</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	44	(172 155 872)	(163 086 552)
Proceeds from sale of property, plant and equipment		2 185 594	1 484 113
Purchase of other intangible assets		(171 730)	-
		<u>(170 142 008)</u>	<u>(161 602 439)</u>
<b>Net cash flows from investing activities</b>		<b><u>(170 142 008)</u></b>	<b><u>(161 602 439)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(8 634 196)	(8 463 163)
Finance lease receipts		1 003	890
		<u>(8 633 193)</u>	<u>(8 462 273)</u>
<b>Net cash flows from financing activities</b>		<b><u>(8 633 193)</u></b>	<b><u>(8 462 273)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>56 925 886</b>	<b>24 886 944</b>
Cash and cash equivalents at the beginning of the year		665 090 949	640 204 005
<b>Cash and cash equivalents at the end of the year</b>	2	<b><u>722 016 835</u></b>	<b><u>665 090 949</u></b>

\* See Note 59

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
Property Rates	148 224 143	(4)	<b>148 224 139</b>	152 116 871	<b>3 892 732</b>	
Service charges - electricity revenue	400 666 525	(14 696 858)	<b>385 969 667</b>	364 616 492	<b>(21 353 175)</b>	
Service charges - water revenue	80 785 993	(1)	<b>80 785 992</b>	84 141 514	<b>3 355 522</b>	
Service charges - sanitation revenue	51 389 918	406 964	<b>51 796 882</b>	52 451 707	<b>654 825</b>	
Service charges - refuse revenue	31 991 414	600 000	<b>32 591 414</b>	32 770 450	<b>179 036</b>	
Rental of facilities and equipment	1 627 037	179 830	<b>1 806 867</b>	1 589 980	<b>(216 887)</b>	45.1
Interest earned - external investments	35 666 707	20 087 682	<b>55 754 389</b>	58 939 305	<b>3 184 916</b>	
Interest earned - outstanding debtors	3 457 706	(296 879)	<b>3 160 827</b>	4 048 147	<b>887 320</b>	45.2
Fines, penalties and forfeits	34 606 572	(4 344 000)	<b>30 262 572</b>	34 692 158	<b>4 429 586</b>	45.3
Licences and permits	4 777 650	124 129	<b>4 901 779</b>	5 087 530	<b>185 751</b>	
Agency services	6 040 474	-	<b>6 040 474</b>	5 511 479	<b>(528 995)</b>	
Transfers and subsidies	186 256 611	3 497 901	<b>189 754 512</b>	173 875 460	<b>(15 879 052)</b>	45.10
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	62 749 000	4 938 485	<b>67 687 485</b>	58 751 198	<b>(8 936 287)</b>	45.11
Other revenue	15 507 501	904 521	<b>16 412 022</b>	16 837 234	<b>425 212</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	14 360 000	(3 156 975)	<b>11 203 025</b>	17 368 545	<b>6 165 520</b>	
Gains	15 876 715	(4 211 182)	<b>11 665 533</b>	9 945 162	<b>(1 720 371)</b>	45.4
<b>Total revenue</b>	<b>1 093 983 966</b>	<b>4 033 613</b>	<b>1 098 017 579</b>	<b>1 072 743 232</b>	<b>(25 274 347)</b>	
<b>Expenditure</b>						
Employee related costs	(294 029 492)	(4 270 919)	<b>(298 300 411)</b>	(291 892 078)	<b>6 408 333</b>	
Remuneration of councillors	(11 251 379)	(306 914)	<b>(11 558 293)</b>	(11 239 952)	<b>318 341</b>	
Depreciation and asset impairment	(106 564 710)	-	<b>(106 564 710)</b>	(93 099 959)	<b>13 464 751</b>	45.5
Finance charges	(12 360 862)	(3 204 130)	<b>(15 564 992)</b>	(15 655 387)	<b>(90 395)</b>	
Debt impairment	(37 654 193)	6 205 700	<b>(31 448 493)</b>	(37 618 166)	<b>(6 169 673)</b>	45.6
Bulk purchases - electricity	(332 200 000)	19 801 556	<b>(312 398 444)</b>	(289 451 395)	<b>22 947 049</b>	
Contracted services	(105 259 828)	(5 134 289)	<b>(110 394 117)</b>	(90 997 307)	<b>19 396 810</b>	45.7
Transfers and subsidies	(4 368 277)	(238 927)	<b>(4 607 204)</b>	(4 245 584)	<b>361 620</b>	
Inventory consumed	(47 512 898)	(5 538 619)	<b>(53 051 517)</b>	(51 766 515)	<b>1 285 002</b>	
Other expenditure	(51 358 539)	(584 382)	<b>(51 942 921)</b>	(39 690 179)	<b>12 252 742</b>	45.8
Losses	(26 771 677)	(2 973 212)	<b>(29 744 889)</b>	(8 874 667)	<b>20 870 222</b>	45.9
<b>Total expenditure</b>	<b>(1 029 331 855)</b>	<b>3 755 864</b>	<b>(1 025 575 991)</b>	<b>(934 531 189)</b>	<b>91 044 802</b>	
<b>Actual Amount on Comparable Basis</b>	<b>64 652 111</b>	<b>7 789 477</b>	<b>72 441 588</b>	<b>138 212 043</b>	<b>65 770 455</b>	

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Cash	612 926 138	49 288 857	<b>662 214 995</b>	722 016 835	<b>59 801 840</b>	
Consumer debtors	118 543 855	(5 322 221)	<b>113 221 634</b>	106 678 445	<b>(6 543 189)</b>	
Other debtors	25 953 487	(6 381 493)	<b>19 571 994</b>	27 883 762	<b>8 311 768</b>	45.12
Current portion of long-term receivables	70 067	(65 734)	<b>4 333</b>	(139 488)	<b>(143 821)</b>	45.13
Inventory	19 113 592	3 213 806	<b>22 327 398</b>	23 023 111	<b>695 713</b>	
	<b>776 607 139</b>	<b>40 733 215</b>	<b>817 340 354</b>	<b>879 462 665</b>	<b>62 122 311</b>	

##### Non-Current Assets

Long term receivables	11 319	-	<b>11 319</b>	-	<b>(11 319)</b>	
Investment property	31 245 445	(5 875 376)	<b>25 370 069</b>	20 836 982	<b>(4 533 087)</b>	45.14
Property, plant and equipment	2 189 453 530	25 784 786	<b>2 215 238 316</b>	2 211 648 412	<b>(3 589 904)</b>	
Intangible	604 186	63 376	<b>667 562</b>	606 400	<b>(61 162)</b>	
Other non-current assets	1 119 900	-	<b>1 119 900</b>	1 345 400	<b>225 500</b>	45.14
	<b>2 222 434 380</b>	<b>19 972 786</b>	<b>2 242 407 166</b>	<b>2 234 437 194</b>	<b>(7 969 972)</b>	

#### Total Assets

**2 999 041 519    60 706 001    3 059 747 520    3 113 899 859    54 152 339**

#### Liabilities

##### Current Liabilities

Borrowing	9 059 993	(126 937)	<b>8 933 056</b>	8 761 333	<b>(171 723)</b>	
Consumer deposits	16 547 763	401 865	<b>16 949 628</b>	17 845 831	<b>896 203</b>	
Trade payables from exchange transactions	95 548 189	2 757 552	<b>98 305 741</b>	105 813 444	<b>7 507 703</b>	
Provisions	11 610 531	1 614 245	<b>13 224 776</b>	12 118 987	<b>(1 105 789)</b>	
	<b>132 766 476</b>	<b>4 646 725</b>	<b>137 413 201</b>	<b>144 539 595</b>	<b>7 126 394</b>	

##### Non-Current Liabilities

Borrowing	79 424 290	2 366 496	<b>81 790 786</b>	82 089 645	<b>298 859</b>	
Provisions	132 274 197	13 541 632	<b>145 815 829</b>	141 460 876	<b>(4 354 953)</b>	
	<b>211 698 487</b>	<b>15 908 128</b>	<b>227 606 615</b>	<b>223 550 521</b>	<b>(4 056 094)</b>	

#### Total Liabilities

**344 464 963    20 554 853    365 019 816    368 090 116    3 070 300**

#### Net Assets

**2 654 576 556    40 151 148    2 694 727 704    2 745 809 743    51 082 039**

#### Net Assets

##### Reserves

Reserves	257 070 132	(8 069 885)	<b>249 000 247</b>	259 260 281	<b>10 260 034</b>	
Accumulated surplus	2 397 506 424	48 221 033	<b>2 445 727 457</b>	2 486 549 462	<b>40 822 005</b>	
<b>Total Net Assets</b>	<b>2 654 576 556</b>	<b>40 151 148</b>	<b>2 694 727 704</b>	<b>2 745 809 743</b>	<b>51 082 039</b>	

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Cash receipts from rate payers, government and other	722 179 598	(10 399 847)	<b>711 779 751</b>	729 643 533	<b>17 863 782</b>	
Grants	263 361 611	2 610 025	<b>265 971 636</b>	234 711 500	<b>(31 260 136)</b>	45.15
Interest	35 666 707	20 087 682	<b>55 754 389</b>	61 933 357	<b>6 178 968</b>	45.16
	<b>1 021 207 916</b>	<b>12 297 860</b>	<b>1 033 505 776</b>	<b>1 026 288 390</b>	<b>(7 217 386)</b>	
<b>Payments</b>						
Finance charges	(10 180 382)	-	<b>(10 180 382)</b>	(10 180 381)	<b>1</b>	
Cash paid to suppliers and employees	(853 622 638)	2 856 890	<b>(850 765 748)</b>	(781 802 123)	<b>68 963 625</b>	
	<b>(863 803 020)</b>	<b>2 856 890</b>	<b>(860 946 130)</b>	<b>(791 982 504)</b>	<b>68 963 626</b>	
<b>Net cash flows from operating activities</b>	<b>157 404 896</b>	<b>15 154 750</b>	<b>172 559 646</b>	<b>234 305 886</b>	<b>61 746 240</b>	
<b>Cash flows from investing activities</b>						
Proceeds on disposal of property, plant and equipment	15 876 715	(4 211 182)	<b>11 665 533</b>	2 185 594	<b>(9 479 939)</b>	45.17
Capital assets (Payments)	(191 095 805)	12 256 001	<b>(178 839 804)</b>	(172 327 601)	<b>6 512 203</b>	
<b>Net cash flows from investing activities</b>	<b>(175 219 090)</b>	<b>8 044 819</b>	<b>(167 174 271)</b>	<b>(170 142 007)</b>	<b>(2 967 736)</b>	
<b>Cash flows from financing activities</b>						
Repayment of borrowing	(11 000 000)	2 238 667	<b>(8 761 333)</b>	(8 634 196)	<b>127 137</b>	
Increase (decrease) in consumer deposits	(500 000)	1 000 000	<b>500 000</b>	1 396 203	<b>896 203</b>	45.18
<b>Net cash flows from financing activities</b>	<b>(11 500 000)</b>	<b>3 238 667</b>	<b>(8 261 333)</b>	<b>(7 237 993)</b>	<b>1 023 340</b>	
Net increase/(decrease) in cash and cash equivalents	(29 314 194)	26 438 236	<b>(2 875 958)</b>	56 925 886	<b>59 801 844</b>	
Cash and cash equivalents at the beginning of the year	642 240 332	22 850 620	<b>665 090 952</b>	665 090 949	<b>(3)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>612 926 138</b>	<b>49 288 856</b>	<b>662 214 994</b>	<b>722 016 835</b>	<b>59 801 841</b>	

Budget variances are discussed in Note 45.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Changes in accounting policies, changes in estimates and errors

Accounting Policies have been consistently applied, except where otherwise indicated. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

Standards that are not yet effective are included in policy 1.2 below. Accounting Standards implemented for the first time are listed in policy 1.3 below.

#### 1.2 Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards were issued but are not yet effective and have not been early adopted by the municipality. The ASB Directive 5, paragraph 8, sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

- Amendments to GRAP 25: Employee Benefits (effective date 1 April 2023)
- Improvements to the Standards of GRAP (effective date 1 April 2023)
- GRAP 103: Heritage Assets (effective date to be announced by the minister)
- Amendments to GRAP 104: Financial Instruments (effective date 1 April 2025)
- Amendments to IGRAP 1: Applying the Probability Test on Initial Recognition of Revenue (effective date 1 April 2023)
- IGRAP 7 on the limit on a defined benefit asset, minimum funding requirements and their interaction (revised) (effective date 1 April 2023)
- IGRAP 21 on the effect of past decisions on materiality (effective date 1 April 2023)
- Guideline on the Application of Materiality to Financial Statements (no effective date)
- Guideline on Accounting for Landfill sites (effective date 1 April 2023)

The amendments to GRAP 25: Employee Benefits and IGRAP 7 included improvements in terms of how to measure the defined benefit and defined contribution liabilities and plan assets. As the municipality does not hold any plan assets, the amendments are unlikely to have any material impact the Statement of Financial Position or Statement of Financial Performance of the municipality.

The ASB embarked on a project to improve the Standards of GRAP due to some implementation concerns raised by preparers, users, auditors and others. The review resolved to update the wording of selected standards (e.g. GRAP 5 Borrowing Costs, GRAP 13 Leases, etc.). The changes to the standards are not significant and as such will improve management's application of existing policies. No major changes to the accounting policies and application are expected for these amendments.

GRAP 103 on Heritages assets was revisited to enhance the application of the standard. The amendments with significant changes pertain to assets that have a mixed use (e.g. a Heritage Building being used for service delivery) and the fair value accounting for Heritage Assets. In the context of Swartland, given the nature of our assets and the cost model that is applied, the revision of the Standard will not have an impact on the Statement of Financial Position or Statement of Financial Performance.

The amendments to GRAP 104: Financial Instruments will result in significant changes in classification and impairment considerations. In terms of classification, the definitions of each designation has been enhanced which might result in changes in financial instruments at amortised cost. The impairment considerations will also be affected whereby impairment requires an expected future credit loss, rather than the current approach whereby historical data is currently the primary source for impairment methods. Some other changes are also expected and will be presented once more detailed analysis becomes available from consultations with various GRAP stakeholders.

The amendments to IGRAP 1 on Applying the Probability Test on Initial Recognition of Revenue is discussed in Note (59).

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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IGRAP 21 has an impact on how to assess changes in the materiality assessments of the prior period. This interpretation guides the use of materiality in the annual financial statements. The guideline on the Application of Materiality also enhances the ability of preparers and users to apply materiality when assessing appropriateness of presentation and disclosure within the annual financial statements. The guideline is not authoritative and therefore will not have any effective date. In respect of the aspects of materiality, GRAP 1: Presentation of Financial Statements were also amended to ensure the concept of materiality is included in this Standard. Other minor amendments were also made in an effort to enhance the usefulness of general use annual financial statements. Given the municipal accounting policy on materiality, the amendments to GRAP 1 will not have a significant impact on the Annual Financial Statements of Swartland Municipality.

The municipal accounting policies already incorporated the guideline for accounting for landfill sites.

### 1.3 Consistent and new accounting policies

No new standards or interpretations were implemented during the year.

Transitional provisions that were applied is included in Note .

### 1.4 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

In assessing whether the going concern assumption is appropriate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

### 1.5 Materiality

Management has applied its judgement in terms of assessing all matters in the annual financial statements with reference to materiality. Items are reported based on aggregation and in some instances, the aggregation would result in some standards of GRAP not being applied as the items affected by these standards were assessed as not being material. Items of dissimilar nature may be aggregated provided that these items are not material and that the aggregation is based on management's procedures to allow the discharge of accountability (when the same manager is responsible for items that meets the requirement of more than one accounting standard).

Both the qualitative and quantitative characteristics of an item are considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

Management has applied its judgement in terms of materiality and has determined a trivial threshold of R100 000. This threshold will be used to evaluate variances such as differences in the budget comparison and movements on the impairment of Statutory Receivables. This threshold does not imply that all totals of R100 000 or less would automatically be excluded from the annual financial statements. It merely determines a cut-off value where no further disclosures or corrections would be made. Items where the balance is less than R100 000 would first need to be evaluated in terms of the origin of such an amount. If a balance is less than R100 000, but significant debits and credits are set-off in order to arrive at such a net balance, such balance should still be disclosed due to the significance of the individual items that comprise such a balance. The operating lease asset, operating lease liability and VAT were therefore separately disclosed.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the previously reported figures will not be corrected.

Materiality is reviewed annually and only when an error in prior year's judgement is identified based on information that existed at the time of publication of the annual financial statements, would prior period immaterial errors be rolled forward and reassessed in the current year based on the revised materiality considerations.



## Accounting Policies

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### 1.6 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. If the revision affects future periods as well, the revision will be recognised when the estimate is revised.

The following are the critical judgements, apart from those involving estimations, that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the annual financial statements.

#### Financial Instruments and Statutory Receivables

The classification of Financial Assets and Liabilities as well as Statutory Receivables require judgement. The accounting policy 1.7 on Financial Instruments: Classification as well as the accounting policy 1.8 on Statutory Receivables: Definitions describes the factors considered in applying management's judgement.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments and GRAP 108: Statutory Receivables.

Receivables are considered past due when payment is not received by the due date. If a debtor receives a statement, all amounts in the 30 days and older columns are those considered past due in terms of the municipal by-laws.

A detailed assessment was done in order to determine whether grant related items: Unspent Grants and Construction Contracts, should be classified as a Financial Instrument or not. Specifically, the GRAP FAQ for Statutory Receivables was used whilst being cognisant of the requirements of both AG.29 and AG.29A of GRAP 104. After careful consideration of the specific facts applicable, the requirements of the FAQ were found to reflect the best version of events for Swartland Municipality. The facts and circumstances for municipalities may differ, resulting in different conclusions as to whether unspent grants and construction contracts should be considered a financial instrument. For Swartland Municipality, the majority of revenue is recognised based on the terms agreed rather than the underlying legislation which supports the grant. The majority of grant related funds are firstly based on a contract/arrangement falling within GRAP 104 and in these arrangements reference would be made to the relevant legislated requirements.

#### Impairment of Trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. The recoverability of receivables is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The impairment allowance is calculated using the effective interest rate (prime +1%). The total increase in estimation of the impairment of Receivables from Exchange Transactions and that of Receivables from Non-exchange Transactions are disclosed in Notes 3, 4 and 5 to the Annual Financial Statements.

#### Impairment of Statutory receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables. Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate discount rate as it is market based. Only those receivables that are not subject to an interest charge would be assessed in terms of discounting as those that are subject to an interest charge would accumulate interest at the same rate as the discount rate.



## Accounting Policies

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### 1.6 Significant judgements and sources of estimation uncertainty (continued)

Significant movements on impairments are defined as those movements that exceeds 10% of the gross balance of the relevant statutory receivable type at year end or R100 000, whichever is the greatest. Qualitative factors are considered with reference to exceptions to the normal process for identification of impairment losses. This implies disclosing losses incurred due to circumstances that are unique to the specified period or unique to the municipality in comparison to other municipalities with a similar capacity.

#### **Impairment and useful lives: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories**

As described in the accounting policies 1.13 and 1.14 for these asset types the municipality depreciates / amortises its property, plant and equipment, intangible assets and investment property over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements, the type of asset and required return on assets in order to determine the optimum useful life expectation, where appropriate.

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

The accounting policies 1.16 and 1.17 on Impairment of assets and accounting policy 1.10 on Inventory - Subsequent measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing and write down of Inventories to Net Realisable Values (NRV). Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lower of Cost and Net Realisable Value.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for Property, plant and equipment, intangible assets and the Net Realisable Value (NRV) for inventories (in terms of GRAP 12) involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets are disclosed in Notes 42 to the annual financial statements, as applicable.

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.6 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Management judgement is required when recognising and measuring provisions and when measuring provision, contingent liabilities and contingent assets as set out in notes 19 and 48. Accounting policies pertaining to contingent assets and liabilities are disclosed under policy 1.20.

#### Staff leave and bonuses

The liability for leave pay is based on the total accrued leave days at year end and is shown as a Payable from exchange transactions in the Statement of Financial Position. The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or contractual obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

Leave and the guaranteed 13th cheque liabilities are estimates. However the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

#### Environmental Rehabilitation Provision

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's accounting policy (1.19), taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site. Interest rates linked to national bonds were used to calculate the effect of the time value of money.

In terms of the Minimum Requirements for Waste Disposal by Landfill a period of up to 30 years post-closure monitoring is recommended. This 30 year period is a recommendation and the Minister of the Department of Water and Sanitation needs to instruct the municipality as to what the exact period of post-closure monitoring would be. This instruction would be communicated in terms of each site's license conditions. The period could be shortened or prolonged, depending on specific conditions that will only become known while the actual rehabilitation activities are planned and undertaken. The extent of the monitoring (frequency of monitoring) and the costs involved (whether external experts are required or whether the monitoring be done in-house) can also not yet be determined. No communication has been received from the Department of Water Affairs and Sanitation defining the responsibilities of the municipality regarding the post-closure of any landfill site on the licenses of each site. Therefore, the monitoring and inspection costs post closure of landfill sites are regarded to not exist at the reporting date.

#### Post-retirement benefits

As described in the accounting policy on Employee Benefits (1.18), the municipality obtains actuarial valuations of its defined benefit plan liabilities. The long term nature of these benefits results in significant judgements regarding the timing and value of the outflow of economic benefits. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 18 to the annual financial statements.

#### Revenue recognition

The Accounting Policy 1.22 on Revenue from Exchange Transactions and Accounting Policy 1.23 on Revenue from Non-exchange Transactions describe the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned, and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered or not. Also, of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

## Accounting Policies

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### 1.6 Significant judgements and sources of estimation uncertainty (continued)

#### Water inventory

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

### 1.7 Financial instruments

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement. The municipality only recognises a Financial Instrument when it becomes a party to the contractual provisions of the instrument.

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

#### Effective interest rate method

Outstanding receivables that are past due are charged interest at prime +1% in terms of the municipal by-laws. This is considered the appropriate effective interest rate as it is market based. For all other instruments, the contractual rate is compared to the market rate. If the rate is considered reasonable in comparison to the prevailing market rates (i.e. the rate is linked to a market rate such as the prime or repo rate), the contractual rate is considered an appropriate effective interest rate. Where a contractual rate deviates significantly from the market rate, the debtors' rate (prime + 1%) will be used as an effective interest rate.

#### Fair value method and assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices; and
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### Classification

A Financial Asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

- *Financial assets (or financial liabilities) 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. Financial assets (or financial liabilities) at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less an allowance for impairment.
- *Financial assets (or financial liabilities) at fair value* are financial instruments that meet either of the following conditions:
  - a. derivatives;
  - b. combined instruments that are designated at fair value;
  - c. instruments held for trading;
  - d. non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - e. financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- Financial assets (or financial liabilities) 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.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.7 Financial instruments (continued)

Included under the major classes of financial instruments below, are line items that are separately disclosed in the notes that do not meet the definition of a financial instrument (such as Prepaid expenses, Payments made in advance etc.). The balances are clearly identifiable by the naming of the line items. Such items are excluded from the balances disclose in Notes 53 and 54. In rare instances, aggregation within a line item of a note might contain both financial instruments and balances that do not meet the definition of a financial instrument. In these cases the individual line items would be assessed with reference to its significance. Where insignificant, non-financial instruments would be included in the aggregated line items that would normally meet the definition of a financial instrument. this disclosure aggregation was specifically selected to ensure comprehensive classification.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Cash and cash equivalents (see exception below)	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Finance lease receivables	Financial asset measured at amortised cost
Construction contracts and receivables	Financial asset measured at amortised cost

Cash and cash equivalents include cash on hand (including petty cash) and cash with banks. Cash equivalents are both short-term highly liquid investments, readily convertible into known amounts of cash, and fixed term deposits that are held with registered banking institutions that are not subject to any significant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, cash with banks and call deposits held with banks.

In accordance with GRAP 104 the Financial Assets of the municipality are all classified as financial assets at amortised cost, except for cash floats and petty cash, which are classified as financial assets at fair value.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial Liabilities may be measured at:

- Financial Liabilities measured at Fair Value;
- Financial Liabilities measured at Amortised Cost; or
- Financial Liabilities measured at Cost.

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Other financial liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Construction contracts payables	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

In accordance with GRAP 104 the Financial Liabilities of the municipality are all classified as financial liabilities at amortised cost, except for Consumer deposits, which are classified as financial liabilities at fair value.

Financial liabilities are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Interest income and expenses is recognised in the Statement of Financial Performance by applying the effective interest rate.

### Impairment and uncollectibility of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date (also refer to 1.6). Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

## Accounting Policies

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### 1.7 Financial instruments (continued)

An allowance 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. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. 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. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as recoverable.

Annual impairment testing is conducted on all receivable balances. The effects of the annual impairment testing are accounted for against the Provision for Bad Debts Allowance. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance against the Reversal of Impairment Loss/(Impairment Loss) on Receivables. Accounts identified and written-off during the year is recognised against Bad Debts Written Off in the Statement of Financial Performance.

#### Derecognition

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, except when Council approves the write-off of Financial Assets due to non-recoverability.

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

### 1.8 Statutory receivables

#### Definitions and measurement principles

Statutory Receivables are those receivables (settlement in cash or another financial asset) that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments (1.7).

Statutory receivables are classified and recognised as exchange or non-exchange in accordance with the relevant standards on revenue and essentially based on whether there is a supply of goods and services in exchange for economic benefits of similar value.

#### Initial Measurement

Statutory receivables are measured at their transaction amount in accordance with the relevant standards on revenue based on the classification between exchange and non-exchange (refer accounting policies 1.22 and 1.23 respectively).

#### Subsequent measurement

Statutory Receivables are measured at cost, plus accrued interest, less any impairment recognised and amounts derecognised.

Interest is calculated using the nominal interest rate as stipulated in legislation and municipal by-laws.

#### Impairment losses

Impairment is assessed on an annual basis based on objective evidence regarding expected recoverability.

Consumers are assessed based on groupings, risk profiles and payment history profiles.

Government accounts are not provided for as such accounts are regarded as recoverable.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.8 Statutory receivables (continued)

If there is an indication that a statutory receivable may be impaired, the entity 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 shall be reduced directly or through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

Refer to the Significant Judgements (refer accounting policy 1.6) for the calculation in respect of the impairment of Statutory Receivables and Note for the transitional provisions applied.

#### Derecognition

Statutory receivables are derecognised when the asset is extinguished, settled or through transferring of all significant risks and rewards to a third party.

Extinguishing the asset would usually be in terms of legislation or other similar means.

The difference between the consideration received and amount derecognised shall be recognised in the surplus or deficit of the period of transfer.

#### Transitional provisions

Over time our understanding and insights as to the requirements of a new standard improves. Therefore, the municipality is utilising the transitional provisions contained within Directive 4 which grant the municipality a period of three years in order to finalise the classification and impairment methods for Statutory Receivables. To date, the application of the requirements of this standard has been consistent with prior years.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022. No transitional provisions were applied for the amounts presented as at 30 June 2023.

### 1.9 Construction contracts and receivables

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably (refer accounting policy 1.22).

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis.

All of these contracts of the municipality are fixed price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs will flow to the entity and the contract costs can clearly be identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

## Accounting Policies

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### 1.9 Construction contracts and receivables (continued)

#### Classification of Transactions

Various transactions arise from the Housing Arrangements. Some fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements. The information below briefly outlines how transactions are recognised:

- Expenditure pertaining to the planning and civil services of a project is considered to be Grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions
- Expenditure on the stand (also known as top structure expenditure) include the physical building, NHRBC fees and other expenses that are directly related to construction of houses that will be transferred to the beneficiary is accounted for as construction contract revenue and construction of low cost housing (contracted service expenses).
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements.
- Land parcels purchased by means of receipts from the Provincial Department are assessed in terms of IGRAP 18: Recognition and Derecognition of Land. The portions of the expenditure that will remain under the control of the municipality is capitalised as Property, Plant and Equipment when the future use is determinable. When such future use cannot be determined, such land will be accounted for as Investment Property based on the municipal policy pertaining to such land. The portion of land expenditure that will be transferred to the beneficiaries are expensed once the contract is signed. The expense and receipts pertaining to land transactions are included under Loss on sale of Property, Plant and Equipment and Gains on Sale of Land respectively.

### 1.10 Inventories

Inventories comprise of current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

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

The term ordinary course of operations refers to activities that occur on a frequent basis on terms that are comparable to those of other municipalities. Once-off or occasional transactions are therefore not considered in the ordinary course of operations (such as the sale of a financial instrument).

#### Subsequent measurement

##### Consumable stores, raw materials, work-in-progress

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge or for consumption in the production process of goods to be distributed at no charge or for a nominal charge, they are measured at the lower of cost and current replacement cost.

##### Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water and purified effluent are therefore valued at purified cost insofar as it is stored and controlled in reservoirs at year-end.

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

##### Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.10 Inventories (continued)

#### Other arrangements

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Most inventories are distributed at no charge or for a nominal charge rather than sold. Net realisable value is therefore measured in terms of Current Replacement Cost. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. 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.

### 1.11 Leases

#### The Municipality as Lessee

Operating leases are those leases that do not fall within the scope of a finance lease receivable. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments received are recognised as an operating lease asset or liability.

#### Determining whether an Arrangement contains a Lease

At inception of an arrangement, the municipality determines whether such an arrangement is, or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the municipality the right to control the use of the underlying asset.

At inception, or upon reassessment of the arrangement, the municipality separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the municipality's incremental borrowing rate.

### 1.12 Value-added Tax (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

The net amount of VAT recoverable from, or payable to SARS is included as part of receivables or payables in the Statement of Financial Position.

### 1.13 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for service delivery in terms of the mandated functions of the municipality and are expected to be used during more than one period.

Property, plant and equipment is recognised and measured in terms of GRAP 17: Property, plant and equipment at cost less accumulated depreciation and accumulated impairments.

In terms of the municipal materiality framework, a capitalisation threshold has been developed to ensure that the administrative burden (costs) of reporting assets does not exceed the economic benefits or service potential of the assets.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.13 Property, plant and equipment (continued)

#### Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 46).

#### Depreciation

Depreciation only commences when the asset is available for use, unless stated otherwise.

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end:

Item	Depreciation method	Average useful life
Buildings	Straight-line	10 - 60 years
Infrastructure	Straight-line	
• Electricity		10 - 50 years
• Landfill sites		10 - 50 years
• Sewerage		10 - 100 years
• Stormwater		50 years
• Roads and paving		10 - 100 years
• Water		10 - 100 years
Community	Straight-line	10 - 60 years
Movable assets	Straight-line	
• Furniture and fittings		5 - 20 years
• Machinery and equipment		5 - 15 years
• Machinery and equipment exception: Large Skip Bins		30 years
• Office equipment		3 - 10 years
• Specialised vehicles		5 - 20 years
• Vehicles		5 - 10 years

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. The residual values and useful lives is deemed to be appropriate unless an event has occurred or conditions of use have changed, which may have an effect on the residual values and remaining useful lives of these assets.

#### Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

#### Infrastructure Assets

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

If cost can however not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

#### Land

The municipality assesses at each reporting date if there is an indication of impairment.

Land is recognised and derecognised based on evidence of control. Control over land is evidenced by legal ownership and/or the ability to direct access to the land and to restrict or deny the access of others to land.

## Accounting Policies

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### 1.13 Property, plant and equipment (continued)

In assessing the control criteria, any binding arrangements over properties will be considered. Binding agreements can be in written form, a verbal agreement or the result of best practice.

The loss of control will result in the derecognition of the property, despite legal title, while assets over which the municipality does not hold the legal title may be recognised as an asset if control over the property has been established.

#### Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. Disposals can be voluntary or involuntary of nature.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

### 1.14 Investment property

#### Initial recognition

Investment property includes fixed property (land or a building, or part of a building, or both land and buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality);
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties;
- Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment or Inventory as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held by council for strategic purposes or to meet service delivery objectives rather than to earn rental or for capital appreciation; and
- Where council has properties that are used both for administrative and commercial purposes and part of the properties cannot be sold separately these properties will not be classified as investment properties.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.14 Investment property (continued)

#### Repairs and maintenance

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the financial statements (see note 46).

#### Subsequent measurement - Cost model

Investment property is measured using the cost model. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Land is not depreciated. The municipality assesses at each reporting date if there is an indication of impairment or whether the residual values and useful lives needs to be adjusted as a change in estimate.

#### Derecognition

Investment property shall be 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.

#### Transfers

Transfers to, or from, investment property shall be made when, and only when, there is evidence of a change in use.

### 1.15 Living and non-living resources

Living resources are defined as any living animal or plant that undergoes biological changes naturally. The municipality has evidenced control over the living resource by means of one or more of the following:

- Our ability to intervene in the physical condition of the resource;
- Our ability to restrict the movement of the resource through fences and other security measures; and
- Our ability to decide how the resource is used.

Only those resources where management implements actions in order to use and protect the use of the living resource will such be recognised.

Management considers its intervention in physical condition of living resources as critical for the recognition as an asset. In this regard, detailed plans should be in place in order to stimulate the growth and monitor the ageing of the resource. Ad hoc, unplanned activities such as the watering of plants and trimming of trees do not constitute intervention and as such town beautification would not meet the recognition criteria. No living resources were identified as controlled by the municipality. Therefore the considerations as to recognition and measurement is not considered relevant.

As an eventuality, management will acquire city beautification from time to time. In order to fulfil the municipalities mandate (for example maintenance of community parks, supply electricity) it would be required from time to time to do maintenance of trees and plants. The purpose however is not the manage or extent the physical condition, in order to obtain future economic benefits or services from the trees, but to preserve the area (for e.g to prevent veld fires) or promote the area for tourism. Therefore, management does not control the trees and plants as a living resource, that requires separate recognition.

Non-living resources are those resources that occur naturally and have not been extracted. Minerals, oil, water and land are examples hereof. Living resources are only disclosed when:

- Management intervenes in the processes as part of the municipal mandate in order to deliver goods or services. This intervention must be at the point before extraction while the resource is still in its natural state.
- Intervention must be preceded by either extraction or utilisation of the resource.

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

Water contained in reservoirs and pipes are considered to be extracted and is therefore accounted for as Inventory in terms of GRAP 12.

### 1.16 Impairment of cash-generating assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

## Accounting Policies

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### 1.16 Impairment of cash-generating assets (continued)

It is expected that some assets may have a dual-purpose. A dual-purpose asset is only classified as cash-generating (profit assets) if the purpose to create a profit clearly stands out and the service delivery aspect is incidental. If the purpose is not clear, the assets are presumed to be non-cash-generating (service assets).

The designation may be done on an asset or group of assets, where a group of assets is a unit of assets operating together. In the designation process assets are first designated using a group of assets and any remaining assets are then designated on an individual asset basis. The designation is applied to individual assets. An asset could comprise a group of assets that are part of a system or network.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

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

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

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.

The following are examples of impairment indicators used by management:

- During routine physical inspection of the asset there was evidence of physical damage (or obsolescence);
- The asset is not being used, or access to the asset is restricted, due to structural damage.
- The asset is not able to perform at the planned or required level and as a result is not meeting service delivery targets.
- During routine physical inspection of the asset it was identified that the asset deteriorated faster than expected, or was subject to damage, which will result in replacement or significant maintenance earlier than expected.
- Due to technological advances or environmental requirement, the asset may need to be taken out of service.

Physical damage would trigger an impairment test when it results in a permanent or significant decline in the service potential of the asset. Judgement is needed to determine whether the decline is permanent or significant. In certain circumstances evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, no impairment loss will be recognised.

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

### 1.17 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. Refer to the policy 1.16 for the impairment indicators.

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

The recoverable value is the higher of the asset's value in use or its fair value less cost to sell.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. A temporary decline does not have to be accounted for as an impairment, but only if evidence can be provided that the decline is temporary in nature.

The recoverable amount is assessed by either the Depreciated Replacement Cost, Restoration Cost or Service units approach. The selection of the approach is based on the circumstances as per management judgement of each impairment indicator of each asset.

Assets are reviewed annually for indicators that these needs to be impaired. Only once an impairment indicator for an asset or group of assets is identified will the recoverable service amount be measured. Therefore, if no adverse indicators are prevalent, management would not assess the recoverable service amount.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.17 Impairment of non-cash-generating assets (continued)

Where the recoverable amount is less than the carrying amount, the carrying amount will be reduced to the recoverable service amount by way of an impairment loss. The impairment loss will be recognised as an expense as part of the gains and losses disclosed in the Statement of Financial Performance.

### 1.18 Employee benefits

#### Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay and for the 13th Cheque accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days on the total remuneration package of the employee at year end and is shown as an accrual in the Statement of Financial Position.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Long Service Awards

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service) is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

#### Post-retirement benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

#### Defined Contribution plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Defined Benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.18 Employee benefits (continued)

#### Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses, reduced by past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

### 1.19 Provisions

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

The best estimate of the expenditure required to settle the present obligation is the amount that an municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.

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.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money.

When the outflow of economic benefits or service potential is no longer probable the provision will be derecognised.

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The related asset is measured using the cost model:

- Changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 1.17.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### 1.20 Contingent assets, contingent liabilities and commitments

Contingencies are only disclosed in the notes to the Annual Financial Statements.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.20 Contingent assets, contingent liabilities and commitments (continued)

**Contingent Liabilities** represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle 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 fully within the control of the municipality.

**Commitments** are future expenditure to which the municipality has committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

*Lease commitments* as defined per GRAP 13: Leases are disclosed in note 9. Operating commitments are not disclosed as the municipal annual budget is available on the municipal website.

Commitments are disclosed for:

- Items are classified as capital commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources;
- Approved and contracted capital commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP; and
- Contracts to purchase, construct or develop assets or for repairs, maintenance or enhancements to assets, that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the Notes to the Annual Financial Statements.

### 1.21 Net Assets

Included in the net assets of the municipality, are the following statutory funds and reserves, apart from the Accumulated Surplus, that are maintained in terms of specific requirements:

#### Statutory Fund: Housing (HDF)

Sections 15(5) and 16 of the Housing Act (Act No107 of 1997), which came into operation on 1 April 1998, required that the municipality maintains a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act. Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to this Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were transferred to this Fund. In terms of the Housing Act all proceeds from housing developments, which include rental income and sales of houses, must be paid into this Fund. Funds available in this Fund can only be utilised to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The HDF is backed by cash, receivables and assets. The cash funds in the HDF are invested in accordance with the Investment Policy of the municipality.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

#### Reserve: Capital Replacement (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers. The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.22 Revenue from exchange transactions

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date, and the transaction costs can be measured reliably..

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

*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.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

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

### Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end 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.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties. 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 or a property is vacant.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property and are levied monthly in arrears.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

### Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. In respect of consumption between the last point of sale and the reporting date, an accrual is made based on the average daily consumption (for the period 1 July to 30 June) of consumers as per an internal system estimation report.

### Finance income

Interest earned on investments and outstanding debtors is recognised in the Statement of Financial Performance when the interest is earned.

### Tariff Charges

Revenue arising from the application of the approved tariff policy is recognised when the relevant service is rendered by applying the relevant authorised tariff.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.22 Revenue from exchange transactions (continued)

#### Income from Agency Services

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

#### Rentals

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

#### Sale of goods (including houses)

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

#### Construction contract revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is recognised and measured in terms of GRAP 11: Construction Contracts rather than GRAP 9: Revenue from Exchange Transactions.

### 1.23 Revenue from non-exchange transactions

An inflow of resources from a non-exchange transaction that meets the definition of an asset, is recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

Interest earned on outstanding debtors is recognised in the Statement of Financial Performance when the interest is receivable.

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.23 Revenue from non-exchange transactions (continued)

#### 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.

#### Tariff charges

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

Other charges are recognised in terms of the tariffs determined by legislation (e.g. license fees) or tariffs approved by council.

#### Debt forgiveness

All unclaimed deposits are initially recognised as a liability until 36 months expires, where after all unclaimed deposits, which were deposited into the Municipality's bank account, will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the Prescribed Debt Act. Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting municipality.

#### Public contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations 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 criteria, conditions or obligations 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.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired from non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

#### Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

#### Services in-kind

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality discloses the nature and type of services in-kind received during the reporting period. No services in-kind were noted that is significant to the operations of the municipality.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.24 Government grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations 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 transfer or, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transfer or has never been 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. Often these unspent grant liabilities are cash backed.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, as the qualifying expenditure is incurred.

Interest earned on investments is treated in accordance with grant conditions. 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 Borrowing costs

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

### 1.26 Grants and subsidies paid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase of sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events given raise to the transfer occurred.

### 1.27 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted or is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in the Statement of Financial Performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

The definition of "vote" for Swartland Municipality is set at the Functional area within the respective department.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.28 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance in the year that the expenditure was incurred and is classified in accordance with the nature of the expense. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

Where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.29 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 Losses

The MFMA requires the disclosure of losses incurred during the year under review. The disclosure is provided in order to comply with the legislative requirements governing Municipalities and Municipal Entities. Disclosure of losses is based on units as required by the MFMA.

Accounting for water losses is discussed in the accounting policy for Inventory (1.10).

### 1.31 Service concession arrangements

#### Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

#### Initial recognition and measurement

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- the same amount as the service concession asset,
- adjusted by the amount of any other consideration (e.g. cash) from the municipality to the operator, or from the operator to the municipality.

#### Subsequent measurement and derecognition

After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment.

The municipality accounts for the liability as a financial liability when the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset.

The municipality allocates the payments to the operator and account for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

#### Other liabilities, contingent liabilities, contingent assets and revenues

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from exchange transactions.

#### Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.31 Service concession arrangements (continued)

Refer to note 57 for the disclosure of the service concession arrangement assets, liabilities, revenue and expenditure.

#### Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Where the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

### 1.32 Accounting by principals and agents

A principal-agent arrangement exists where there is 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).

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

#### Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Does the third party determine significant terms
- Does the third party receive the benefit from the transactions
- Is the municipality exposed to the variability of the outcome

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

#### Binding arrangement

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. Substance over form is applied. Therefore the exact wording over contracts where the terms agent or acting on behalf are used are considered, but only to the extent that rights and obligations are substantially transferred. Where rights and obligations are not transferred, the transaction is considered a normal supplier/customer relationship and accounted for as such.

Administrative rights, such as those resulting from a collection agency agreement are not considered sufficient grounds for a principal agent relationship. The agent or principal arrangement needs to confer rights and obligations that give the counter party the ability to execute transactions as if it is acting on the other party's behalf. A collection agency only collects revenue and pays such revenue over to the municipality. It has no authority to deviate or alter on any significant terms and therefore is not considered an agent per the definition of the standard.

### 1.33 Segment reporting

The segments reported is the functional segments as per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The key factor considered is therefore the manner in which management has chosen to organise the entity around differences in goods and/or services to the public.

None of management's segments were aggregated as each segment contains material goods or services. Activities are already aggregated for purposes of strategic review as outline in the table below.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.33 Segment reporting (continued)

The level of aggregation is summarised in the table below:

Segment	Functions	Revenue	Unique expenditure
Vote 1 - Corporate Services	Property management (rentals, sales), Legal services, Human Resources, Record Management, Public Relations, Communication, Tourism and Libraries	Grants (Library and Other), Sale of Land, Libraries, Rental income	Communication (Operational Costs), Ward Committees
Vote 2 - Civil Services	Roads, Waste Management, Waste Water Management, Water Management, Management of facilities (buildings, parks etc.)	Trading Services (except electricity), various grants (e.g. MIG, Roads etc.)	Water consumed and water losses, Solid Waste
Vote 3 - Council	Councillors, Speakers, Mayor	Allocated	Remuneration of councillors, Grants and subsidies paid
Vote 4 - Electricity Services	Electricity, Information Technology	Electricity, Grants	Electricity bulk purchases
Vote 5 - Financial Services	Budgeting, Credit Control, Supply Chain, Financial Systems and Reporting, Revenue administration, Expenditure Management, Asset Management	Interest received, Property rates, Gains on vesting of properties and equipment, Land Sales	Bad debts, Finance Costs, Impairments for receivables
Vote 6 - Development Services	Community Development (Social services), Human Settlements, Health and Safety, Town Planning, Valuations, Building Inspections	Grants (Housing and other), Construction Contracts, Majority of Operational Revenue (Building Plans, Camping)	Low Cost Housing, Health and Safety
Vote 7 - Municipal Manager	Executive Management, Strategic Services and Internal Audit	Allocated	Majority of expenditure pertains to salaries and depreciation
Vote 8 - Protection Services	Traffic and Law Enforcement, Fire and Emergency Services	Grants, Fines, Licences and Permits	Traffic Fine Management, Bad debts and debt impairment for traffic fines. Most of the COVID-19 related expenditure

Grant revenue is shared by all departments as these are applied for. Certain grants are directly contributable to specific votes, such as Electricity or Library (Corporate) and Housing (Development). Equitable share is however allocated to each department based on the approved budget.

All other expenditure is generic and shared by all departments: Employee Costs, Contracted Services, Operational costs, Other Materials (consumables). The administration of assets occur within Financial Services, but the losses are allocated to each department.

Details of each activity of the municipality is disclosed in the annual performance report.

The municipality manages its operational revenue and expenditure, assets and liabilities geographically as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The segmental report surplus or deficit reviewed by management does not comprise all of the details as required by the standard. Management reviews the performance on an aggregated basis of total revenue and total expenditure. Management's focus is service delivery and ensuring sufficient revenue is available to ensure such. Only overall (municipal total) surplus is considered when allocating resources. The segment surplus, assets and liabilities are not reviewed on a segregated basis and therefore will not be disclosed as it is not considered relevant for purposes of measuring performance.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.33 Segment reporting (continued)

The reporting measurement basis for the management reports is the same as that of the annual financial statements (i.e. SA GRAP). Interdepartmental services charges are already eliminated in the management reports reviewed by executive management and will therefore not be separately disclosed (deemed to not be relevant for decisionmaking).

### 1.34 Related parties

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

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

An entity is related to the reporting entity where they are members of the same economic entity or controlled by the same group of individuals or related individuals who exercise significant influence over their operational and financial decision making (such as group, associate or Joint venture).

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager and persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality.

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 related parties not at arm's length or not in the ordinary course of business are disclosed.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality such as:

- A person married to or live together in a relationship similar to a marriage.
- People who are separated by no more than two degrees of natural or legal consanguinity or affinity.

### 1.35 Events after reporting date

Events after the reporting date that are classified as adjusting events are accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date are disclosed in the notes to the Annual Financial Statements.

When events provide evidence of conditions that existed at year end and these conditions have an impact on the values presented, the event is considered an adjusting event. All other events are considered non-adjusting events.

### 1.36 Comparative figures

#### Prior year comparatives:

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

### 1.37 Budget information

The annual budget figures are those approved by Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2022 to 30 June 2023.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.37 Budget information (continued)

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R100 000. All variances less than R100 000 is considered immaterial.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. This is based on paragraph 2 and 30 of GRAP 24. The presentation is a mirror image of the National Treasury Budget Submission Template and therefore classification of items differ slightly from the face of the Statement of Financial Position and Statement of Financial Performance (for example service consumers and other debtors compared to Receivables from Exchange and Non-Exchange).



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 2. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash advances	16 924	21 325
Bank balances	721 999 911	665 069 624
	<b>722 016 835</b>	<b>665 090 949</b>

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Standard Bank of South Africa Limited 372865100	719 086 786	661 935 050	319 055 728	721 999 911	665 069 624	640 180 540
Municipal Traffic Account 372865178	190 653	113 787	44 885	-	-	-
OTM Account 372865119	8 568	20 016	5 760	-	-	-
TMT Fines Account 372865127	(251)	1 688	9 155	-	-	-
ACB Account Number 372865151	(38)	-	-	-	-	-
<b>Total</b>	<b>719 285 718</b>	<b>662 070 541</b>	<b>319 115 528</b>	<b>721 999 911</b>	<b>665 069 624</b>	<b>640 180 540</b>

The municipality also have the following bank accounts with Standard Bank South Africa Limited which had a zero balance at year end except as indicated below. All accounts balances are cleared to the main account on a daily basis except on weekends.

- 1) Web Fines Account Number 372865135
- 2) Sundries Account Number 372865143

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments.

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period.

Deposits of R 259 260 281 (2022: R 266 156 243) are attributable to the capital replacement reserve (Refer to Note 21).

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>3. Receivables from exchange transactions</b>		
Electricity	49 931 362	47 923 655
Water	21 235 130	19 142 624
Sewerage	7 015 527	6 535 644
Refuse Removal	5 193 984	4 505 684
Housing rentals / instalments	82 844	73 466
Other	3 621 711	10 903 469
	<b>87 080 558</b>	<b>89 084 542</b>

### 30 June 2023

	Gross Balances	Collective Allowance for Impairment	Net Balances
<b>Service Receivables</b>			
Electricity	50 359 281	(427 919)	49 931 362
Water	27 004 728	(5 769 598)	21 235 130
Sewerage	9 577 076	(2 561 549)	7 015 527
Refuse Removal	7 501 351	(2 307 367)	5 193 984
Subtotal	94 442 436	(11 066 433)	83 376 003
<b>Other Receivables</b>			
Housing rentals / instalments	87 436	(4 592)	82 844
Other	4 447 366	(825 655)	3 621 711
	<b>98 977 238</b>	<b>(11 896 680)</b>	<b>87 080 558</b>

### 30 June 2022

	Gross Balances	Collective Allowance for Impairment	Net Balances
<b>Service Receivables</b>			
Electricity	48 541 830	(618 175)	47 923 655
Water	23 819 936	(4 677 312)	19 142 624
Sewerage	8 498 215	(1 962 571)	6 535 644
Refuse Removal	6 309 676	(1 803 992)	4 505 684
Subtotal	87 169 657	(9 062 050)	78 107 607
<b>Other Receivables</b>			
Housing rentals / instalments	79 820	(6 354)	73 466
Other	11 693 206	(789 737)	10 903 469
	<b>98 942 683</b>	<b>(9 858 141)</b>	<b>89 084 542</b>

Receivables from Exchange Transactions are billed monthly, at the end of the month.

The average credit period for receivables from exchange transactions is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus 1 % per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables from exchange transactions.

Other Receivables include outstanding debtors for various other services, e.g. Chemical Oxygen Demand, Treated Waste Water, Bulk Dumping and Sundry Services like Escorting of heavy vehicles, Advertisement costs, Cleaning of stands, etc. The surplus (where applicable) recorded on the water service concession arrangement is also included under this debtor type (refer to Note 57). For 30 June 2023, there was no surplus, instead a the amount payable is included under trade payables.

Of the exchange receivables balance at the end of the year, R 4 143 225 (2022: R 3 057 020) (VAT exclusive) is due from Sasko (Pty) Ltd, the municipality's largest customer. There are no other receivables that represent more than 3% of the total balance of Receivables from exchange.

The municipality receives applications for services that it provides. Deposits are required for all electricity and water accounts opened.

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 3. Receivables from exchange transactions (continued)

No receivables from exchange transactions were pledged as security.

#### Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2023, R 16 216 390 (2022: R 17 767 015) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 Days	6 576 862	8 993 812
61 - 90 Days	1 478 253	1 478 590
91 - 120 Days	1 295 180	1 290 543
121 - 365 days	6 866 095	6 004 070
	<b>16 216 390</b>	<b>17 767 015</b>

#### Reconciliation of bad debts written-off: Exchange Transactions

Electricity	381 050	441 623
Refuse Removal	549 163	374 816
Sewerage	658 092	528 483
Water	5 965 055	5 351 926
Housing	39 809	28 072
Other Debtors	338 101	132 801
	<b>7 931 270</b>	<b>6 857 721</b>

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

The details of the ageing of receivables are disclosed in Note 5.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 3. Receivables from exchange transactions (continued)

#### Derecognition of financial assets

No Financial Assets have been transferred to other parties during the year.

All Exchange receivables were reviewed and no terms were identified whereby receivable types would meet the definitions of a statutory instrument as defined by this standard.

Most levies charged are based on the municipal tariff by-laws. The origin of the transactions is based on contractual deliverables rather than legislation. The legislation in place therefore supports the value of recognition rather than giving rise to the occurrence of these transactions.

Reconciliation of changes in Allowance Account	2023 Expense	2023 VAT	2023 Total Changes	2022 Expense	2022 VAT	2022 Total Changes
Opening Balance			9 858 141			4 792 715
Electricity	(165 440)	(24 816)	(190 256)	102 312	15 347	117 659
Refuse Removal	437 718	65 658	503 376	946 890	142 034	1 088 924
Sewerage	520 850	78 127	598 977	1 096 590	164 488	1 261 078
Water	949 814	142 472	1 092 286	1 990 761	298 614	2 289 375
Subtotal	1 742 942	261 441	11 862 524	4 136 553	620 483	9 549 751
Housing	(1 532)	(230)	(1 762)	(476)	(71)	(547)
Other Debtors	31 233	4 685	35 918	268 641	40 296	308 937
	<b>1 772 643</b>	<b>265 896</b>	<b>11 896 680</b>	<b>4 404 718</b>	<b>660 708</b>	<b>9 858 141</b>

### 4. Receivables from non-exchange transactions

Availability charges	2 482 342	2 343 439
Payments made in advance	3 762 438	3 217 595
Property Rates	20 820 099	18 110 703
Sundry debtors	4 530 190	212 240
Traffic fines - TMT	6 855 848	4 387 511
	<b>38 450 917</b>	<b>28 271 488</b>

#### 30 June 2023

	Gross Balances	Collective Allowance for Impairment	Net Balances
Payments made in advance	3 762 438	-	3 762 438
Property Rates	26 431 084	(5 610 985)	20 820 099
Sundry Debtors	4 530 190	-	4 530 190
Traffic Fines	34 434 195	(27 578 347)	6 855 848
Availability charges	4 583 320	(2 100 978)	2 482 342
	<b>73 741 227</b>	<b>(35 290 310)</b>	<b>38 450 917</b>

#### 30 June 2022

	Gross Balances	Collective Allowance for Impairment	Net Balances
Payments made in advance	3 217 595	-	3 217 595
Property Rates	22 886 197	(4 775 494)	18 110 703
Sundry Debtors	212 240	-	212 240
Traffic Fines	39 916 200	(35 528 689)	4 387 511
Availability charges	4 600 865	(2 257 426)	2 343 439
	<b>70 833 097</b>	<b>(42 561 609)</b>	<b>28 271 488</b>

Sundry Debtors include sundry deposits, unclaimed wages, accruals cash deposits made to Eskom for the supply of electricity and debits outstanding at year-end on normal business transactions entered into by the municipality, in respect of uncleared bank reconciliation items. Grant debtors (ad-hoc balances for multi-year grants) are also included under this debtor type.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 4. Receivables from non-exchange transactions (continued)

Management of the municipality is of the opinion that the carrying value of receivables approximate their amortised values.

#### Statutory receivables included in receivables from non-exchange transactions above are as follows:

Property Rates	20 820 099	18 110 703
Sundry debtors	4 530 190	212 240
Traffic Fines - TMT	6 855 848	4 387 511
	<b>32 206 137</b>	<b>22 710 454</b>

#### Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Payments made in advance (right to receive goods or services rather than cash)	3 762 438	3 217 595
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<b>Financial asset receivables included in receivables from non-exchange transactions above (Availability charges)</b>	<b>2 482 342</b>	<b>2 343 439</b>
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<b>Total receivables from non-exchange transactions</b>	<b>38 450 917</b>	<b>28 271 488</b>
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#### Statutory receivables general information

Receivable type	Revenue type	Legislation that give rise to the transactions	Rates and Interest charges	Impairment considerations
Property Rates	Non-exchange	Municipal Property Rates Act 6 of 2004	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
Traffic Fines	Non-exchange	Administrative Adjudication of Road Traffic Offences Act, 1998	The Act determines rates, no interest is charge	Collection rate of the balance as a whole, thereafter discounting is considered in terms of materiality
Sundry Debtors	Exchange and Non-exchange	Various different acts (aggregate amounts)	Municipal Tariff Policy, Interest Charged	Individual collection rates, interest charged at discount rate
VAT Receivables	Not applicable	Value Added Tax Act 89 of 1991	The Act determines rates and interest is charge	No impairment, balance expected to be fully recoverable

#### Interest or other charges levied/charged

Interest was only charged on outstanding rates accounts. All other statutory receivables were within normal credit terms and therefore no other receivables generated interest income. No other levies were charged.

Outstanding debtors: Rates	1 239 369	833 048
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#### Discount rate applied to the estimated future cash flows

Interest is calculated using the nominal interest rate as authorised by a council decision (Currently, Prime plus 1%). This rate is also considered an appropriate discount rate.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 4. Receivables from non-exchange transactions (continued)

#### Non-exchange receivables past due but not impaired

Non-exchange receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2023, R14 888 940 (2022: R12 495 610) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2023 Past Due	2022 Past Due	2023 Impaired	2022 Impaired	2023 Past due not impaired	2022 Past due not impaired
31 - 60 Days	4 157 068	2 742 622	-	-	4 157 068	2 742 622
61 - 90 Days	2 221 286	1 894 743	-	-	2 221 286	1 894 743
91 - 120 Days	4 002 270	2 862 713	-	-	4 002 270	2 862 713
121 - 365 days	25 818 059	23 510 282	(21 309 743)	(18 514 750)	4 508 316	4 995 532
> 365 days	13 980 567	23 752 412	(13 980 567)	(23 752 412)	-	-
	<b>50 179 250</b>	<b>54 762 772</b>	<b>(35 290 310)</b>	<b>(42 267 162)</b>	<b>14 888 940</b>	<b>12 495 610</b>

#### Factors the entity considered in assessing statutory receivables past due but not impaired

Receivables are assessed in terms of their respective overall payment percentages. Some debtors are therefore past due, but the balances are still expected to be recoverable based on the payment percentages.

#### Reconciliation of movements for statutory receivables

#### Reconciliation of bad debts written-off: Non-Exchange Transactions

Rates	1 042 435	668 005
Traffic Fines	33 437 105	17 899 298
Availability charges	685 605	113 213
	<b>35 165 145</b>	<b>18 680 516</b>

#### Reconciliation of changes in Allowance Account

	2023 Expense	2023 VAT	2023 Total Changes	2022 Expense	2022 VAT	2022 Total Changes
Opening Balance			42 561 609			33 393 118
Rates	835 490	-	835 490	2 376 491	(359 850)	2 016 641
Traffic Fines	(7 950 342)	-	(7 950 342)	6 466 945	-	6 466 945
Availability charges	(136 042)	(20 405)	(156 447)	595 570	89 335	684 905
Subtotal	(7 250 894)	(20 405)	35 290 310	9 439 006	(270 515)	42 561 609
	<b>(7 250 894)</b>	<b>(20 405)</b>	<b>35 290 310</b>	<b>9 439 006</b>	<b>(270 515)</b>	<b>42 561 609</b>

#### Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

#### Significant impairment losses recognised or reversed

**Property Rates:** Impairment Recognised: No significant movement from the prior year. In the prior year the estimate was revised to take into account the macro-economic impact of the National Lockdown.

**Traffic Fines:** Impairment Recognised: Annually the outstanding receivables are assessed in terms of the value of fines issued in comparison to the receipts generated from such fines. The remaining balance is considered recoverable based on this payment percentage. The impairment loss is similar to our expectation, but quantitatively the impairment is significant and therefore disclosed separately.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 4. Receivables from non-exchange transactions (continued)

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such a receivable. Debtors are grouped into appropriate aggregated grouping levels when insufficient information is available to assess individual debtors. Aggregation is based on best practice and receivables are assessed on historic information available. Thereafter the past due (accounts in arrears, i.e. not current), but not impaired debtors are subjected to a further impairment test taking into account the effect of time resulting in a discounting of debtors being included as a further factor for impairment of statutory receivables.

The claims instituted against the municipality's insurance company are supported by valid insurance claims that are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for government grants and subsidies is dependent on the Government Department involved and the nature of claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality per allocations made in the Division of Revenue Act or based on agreements between the municipality and the relevant departments. Government Grants and Subsidies receivable are past due and not impaired as management have no concerns over the credit quality of these assets.

The Allowance for impairment on Other Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were grouped together in the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

### Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed to historical information about counterparty default rates. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

### Classification of Bad Debts

#### Exchange receivables

Consumer debtors

#### Non-exchange receivables

Property rates

Availability charges

Traffic fines

#### Balance at end of year

	7 931 270	6 857 721
Consumer debtors	7 931 270	6 857 721
<b>Non-exchange receivables</b>	<b>35 165 145</b>	<b>18 680 516</b>
Property rates	1 042 435	668 005
Availability charges	685 605	113 213
Traffic fines	33 437 105	17 899 298
<b>Balance at end of year</b>	<b>43 096 415</b>	<b>25 538 237</b>

### 5. Consumer debtors disclosure

#### Gross balances

Property Rates

Electricity

Water

Sewerage

Refuse Removal

Housing rentals / instalments

Other

Payments made in advance \*

Sundry Debtors \*

Traffic Fines - TMT \*

Availability charges \*

Property Rates	26 431 084	22 886 197
Electricity	50 359 281	48 541 830
Water	27 004 728	23 819 936
Sewerage	9 577 076	8 498 215
Refuse Removal	7 501 351	6 309 676
Housing rentals / instalments	87 436	79 820
Other	4 447 366	11 693 206
Payments made in advance *	3 762 438	3 217 595
Sundry Debtors *	4 530 190	212 240
Traffic Fines - TMT *	34 434 195	39 916 200
Availability charges *	4 583 320	4 600 865
<b>Total</b>	<b>172 718 465</b>	<b>169 775 780</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>5. Consumer debtors disclosure (continued)</b>		
<b>Less: Allowance for impairment</b>		
Property Rates	(5 610 985)	(4 775 494)
Electricity	(427 919)	(618 175)
Water	(5 769 598)	(4 677 312)
Sewerage	(2 561 549)	(1 962 571)
Refuse Removal	(2 307 367)	(1 803 992)
Housing rentals / instalments	(4 592)	(6 354)
Other	(825 655)	(789 737)
Traffic Fines - TMT *	(27 578 347)	(35 528 689)
Availability charges *	(2 100 978)	(2 257 426)
	<b>(47 186 990)</b>	<b>(52 419 750)</b>
<b>Net balance</b>		
Property Rates	20 820 099	18 110 703
Electricity	49 931 362	47 923 655
Water	21 235 130	19 142 624
Sewerage	7 015 527	6 535 644
Refuse Removal	5 193 984	4 505 684
Housing rentals / instalments	82 844	73 466
Other	3 621 711	10 903 469
Payments made in advance *	3 762 438	3 217 595
Sundry Debtors *	4 530 190	212 240
Traffic Fines - TMT *	6 855 848	4 387 511
Availability charges	2 482 342	2 343 439
	<b>125 531 475</b>	<b>117 356 030</b>
<b>Rates</b>		
Current (0 -30 days)	11 208 620	10 433 786
31 - 60 days	1 638 336	1 706 815
61 - 90 days	259 216	247 332
91 - 120 days	130 864	62 558
121 - 365 days	8 985 141	8 275 725
> 365 days	4 208 907	2 159 981
Allowance for impairment	(5 610 985)	(4 775 494)
	<b>20 820 099</b>	<b>18 110 703</b>
<b>Electricity</b>		
Current (0 -30 days)	46 616 319	43 338 983
31 - 60 days	2 403 479	3 979 583
61 - 90 days	88 450	156 226
91 - 120 days	58 197	57 041
121 - 365 days	750 788	595 028
> 365 days	442 048	414 969
Allowance for impairment	(427 919)	(618 175)
	<b>49 931 362</b>	<b>47 923 655</b>
<b>Water</b>		
Current (0 -30 days)	15 359 026	13 194 789
31 - 60 days	1 945 959	2 854 303
61 - 90 days	664 558	673 321
91 - 120 days	578 338	686 943
121 - 365 days	5 714 700	4 994 583
> 365 days	2 742 147	1 415 997
Allowance for impairment	(5 769 598)	(4 677 312)
	<b>21 235 130</b>	<b>19 142 624</b>



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>5. Consumer debtors disclosure (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	3 728 200	3 707 074
31 - 60 days	1 166 977	1 125 289
61 - 90 days	350 493	321 533
91 - 120 days	299 935	264 395
121 - 365 days	3 204 331	2 411 587
> 365 days	827 140	668 337
Allowance for impairment	(2 561 549)	(1 962 571)
	<b>7 015 527</b>	<b>6 535 644</b>
<b>Refuse</b>		
Current (0 -30 days)	2 757 791	2 451 082
31 - 60 days	826 284	764 808
61 - 90 days	266 168	230 381
91 - 120 days	236 992	197 249
121 - 365 days	2 455 070	2 012 171
> 365 days	959 046	653 985
Allowance for impairment	(2 307 367)	(1 803 992)
	<b>5 193 984</b>	<b>4 505 684</b>
<b>Housing</b>		
Current (0 -30 days)	34 358	31 915
31 - 60 days	18 673	20 212
61 - 90 days	2 061	2 458
91 - 120 days	1 815	2 038
121 - 365 days	28 131	22 182
> 365 days	2 398	1 015
Allowance for impairment	(4 592)	(6 354)
	<b>82 844</b>	<b>73 466</b>
<b>Other Exchange Debtors</b>		
Current (0 -30 days)	2 368 472	9 879 526
31 - 60 days	215 491	249 616
61 - 90 days	106 524	94 671
91 - 120 days	119 904	82 876
121 - 365 days	828 377	631 587
> 365 days	808 598	754 930
Allowance for impairment	(825 655)	(789 737)
	<b>3 621 711</b>	<b>10 903 469</b>
<b>* Other Non-exchange Debtors</b>		
Current (0 -30 days)	12 353 355	5 636 537
31 - 60 days	2 518 731	1 035 807
61 - 90 days	1 962 070	1 647 410
91 - 120 days	3 871 406	2 800 155
121 - 365 days	16 832 918	15 234 557
> 365 days	9 771 663	21 592 434
Allowance for impairment	(29 679 325)	(37 786 115)
	<b>17 630 818</b>	<b>10 160 785</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>5. Consumer debtors disclosure (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	66 455 601	57 909 947
31 - 60 days	9 152 800	8 091 874
61 - 90 days	3 502 235	3 211 736
91 - 120 days	5 142 812	4 046 348
121 - 365 days	35 152 071	31 302 614
> 365 days	18 408 087	27 332 944
Subtotal	137 813 606	131 895 463
Less: Allowance for impairment	(46 237 001)	(52 565 041)
	<b>91 576 605</b>	<b>79 330 422</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	21 936 265	20 373 255
31 - 60 days	1 460 287	2 831 060
61 - 90 days	132 770	93 971
91 - 120 days	99 623	82 478
121 - 365 days	1 116 613	827 718
> 365 days	367 867	217 734
Subtotal	25 113 425	24 426 216
Less: Allowance for impairment	(949 989)	(854 709)
	<b>24 163 436</b>	<b>23 571 507</b>
<b>National and provincial government</b>		
Current (0 -30 days)	6 034 275	10 390 490
31 - 60 days	120 843	813 499
61 - 90 days	64 535	67 626
91 - 120 days	55 015	24 430
121 - 365 days	2 530 772	2 047 088
> 365 days	985 994	110 968
	<b>9 791 434</b>	<b>13 454 101</b>
<b>Total</b>		
Current (0 -30 days)	94 426 141	88 673 693
31 - 60 days	10 733 930	11 736 434
61 - 90 days	3 699 540	3 373 332
91 - 120 days	5 297 450	4 153 257
121 - 365 days	38 799 456	34 177 421
> 365 days	19 761 948	27 661 643
Subtotal	172 718 465	169 775 780
Less: Allowance for impairment	(47 186 990)	(52 419 750)
	<b>125 531 475</b>	<b>117 356 030</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>6. Construction contracts and receivables</b>		
<b>Contracts in progress at statement of financial position date</b>		
Construction contracts and receivables/(payables)	(79 520)	(4 043 670)
<b>Reconciliation of contracts for the year</b>		
Contract revenue for the year	17 729 912	40 463 470
Contract costs for the year	(17 729 912)	(40 463 470)
Unpaid deliverables at year end	(79 520)	(4 043 670)
<b>Balance at year end</b>	<b>(79 520)</b>	<b>(4 043 670)</b>
<b>Amounts due from/(prepaid by) customers</b>		
Opening balance of Advances Receivable	(4 043 670)	(341 135)
Progress billings for the period (with reference to stage of completion)	17 729 912	40 463 470
Advances received during the period	(13 765 762)	(44 166 005)
Amounts due from/(prepaid by) customers	(79 520)	(4 043 670)
Less Retentions held	-	-
<b>Total due from/(prepaid by) customers</b>	<b>(79 520)</b>	<b>(4 043 670)</b>
<b>Contracts in progress at year end</b>		
Budgeted construction deliverables due at the beginning of the period	(4 043 670)	(341 135)
New deliverables due	(13 765 762)	(60 451 913)
Contract deliverables met	17 729 912	40 463 470
Total budgeted contract deliverables due	(79 520)	(20 329 578)
Project deliverables only due in the future	-	16 285 908
<b>Total due from/(prepaid by) customers</b>	<b>(79 520)</b>	<b>(4 043 670)</b>
<b>Reconciliation of construction contracts balance</b>		
Opening Balance	(4 043 670)	(341 135)
Receipts for the year	(13 765 762)	(44 166 005)
Deliverables met (Revenue recognised)	17 729 912	40 463 470
	<b>(79 520)</b>	<b>(4 043 670)</b>
<b>Housing Arrangements</b>		
Contract revenue is fixed based on the arrangement with the Provincial Department of Housing. Revenue is determined in terms of the stage of completion which is determined by the progress payments claimed by the sub-contractors received at year end. Contracts with the Provincial Department and its beneficiaries are not subject to any retention.		
The methods used to determine the stage of completion of agreements in progress are as follows:		
<b>30 June 2023</b>		
Opening Balance (due to)/from customers	Phola Park (341 135)	De Hoop (3 702 535)
Transfer from Assets	341 135	17 388 777
Collections	-	(13 765 762)
	-	<b>(79 520)</b>
<b>30 June 2022</b>		
Opening Balance (due to)/from customers	Phola Park (341 135)	De Hoop -
Transfer from Assets	-	40 463 470
Collections	-	(44 166 005)
	<b>(341 135)</b>	<b>(3 702 535)</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>7. Finance lease receivables</b>		
Housing selling scheme loans	-	1 003
Short term portion	-	(1 003)
<b>Non-current Finance Lease Receivables</b>	-	-
<b>Gross investment in the lease due</b>		
- within one year	-	1 139
less: Unearned finance revenue	-	(136)
	-	<b>1 003</b>
<b>Present value of minimum lease payments due</b>		
- within one year	-	1 003

Loans were granted to the tenants of low cost housing erected by the Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rent from the Municipality. Loans are repaid over a period of twenty years and at an interest rate of 13.50% per annum. The interest rates inherent to the leases are fixed at the contract date over the entire lease term. The instalments of interest and redemption recoverable from the purchasers are credited to the Housing Fund (see note 20).

Finance Lease Receivables are secured over the property leased. The municipality is not permitted to sell or repledge the collateral in the absence of default by the lessee.

## 8. Inventories

Consumable stores	15 656 064	14 738 229
Franking Machine and Postage	30 120	53 554
SMS Bundles	18 380	25 191
Stationery	386 461	252 427
Unsold properties held for resale	6 549 817	6 328 703
Water	382 269	292 534
	23 023 111	21 690 638
Inventories (write-downs)	-	(58 470)
	<b>23 023 111</b>	<b>21 632 168</b>

The cost of water purchases is subject of the water service concession arrangement (refer to Note 57). The adjusted cost per kilolitre for the year amounted to R 6.48 (2022: R 5.15).

No Inventories have been pledged as collateral for liabilities of the municipality.

The cost of inventories recognised as expense and included in Other Materials (refer to Note 41).

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 8. Inventories (continued)

#### Water for distribution

Opening balance	292 534	248 051
System input volume	33 612 592	27 977 962
Authorised consumption	(29 083 571)	(22 393 643)
Water losses	(4 439 286)	(5 539 836)
<b>Closing balance</b>	<b>382 269</b>	<b>292 534</b>

### 9. Operating lease asset (accrual)

Current assets	-	3 330
Current liabilities	(223 681)	(67 029)

#### The Municipality as lessee

##### **Leasing arrangements:**

Operating leases relate to Buildings, Computer and other equipment with lease terms of between one to five years. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<b>Buildings</b>	<b>871 235</b>	<b>1 585 640</b>
Up to 1 year	797 564	775 381
1 to 5 years	73 671	810 259
<b>Computer Equipment</b>	<b>335 680</b>	<b>669 958</b>
Up to 1 year	335 680	334 979
1 to 5 years	-	334 979
<b>Total operating lease commitments</b>	<b>1 206 915</b>	<b>2 255 598</b>

Total Operating Lease Expenses - as Lessee	1 212 973	1 128 811
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Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

##### **Accrual as at 30 June**

Opening balance	(67 030)	(28 504)
Operating lease payments effected	1 195 810	1 090 285
Operating expenses recorded	(1 212 973)	(1 128 811)
<b>Total Operating Lease Assets/( Liabilities)</b>	<b>(84 193)</b>	<b>(67 030)</b>

No restrictions have been imposed on the Municipality in terms of the operating lease agreements.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 9. Operating lease asset (accrual) (continued)

#### The Municipality as Lessor:

##### **Leasing arrangements:**

Operating Leases relate to Investment Property owned by the municipality with lease terms of between 5 to 50 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the reporting date the following lease receipts were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	120 324	128 993
1 to 5 years	107 664	226 314
More than 5 years	1 942	3 616
	<b>229 930</b>	<b>358 923</b>

This impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has resulted in an (decrease)/increase in current year's income of (R 143 821) (2022: R 66 737).

Operating leases are recognized on the straight-line basis over the lease term. In respect of non-cancellable Operating Leases the following asset/(liability) has been recognised:

No restrictions have been imposed on the Municipality in terms of the lease agreements.

#### **Accrual as a 30 June**

Opening balance	3 330	70 067
Operating lease payments received	(792 148)	(785 885)
Operating income recorded as revenue	649 330	719 148
<b>Total Operating Lease Assets/(Liabilities)</b>	<b>(139 488)</b>	<b>3 330</b>

### 10. VAT receivable

VAT	9 030 732	14 623 107
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For statutory receivable information regarding VAT refer to Note 4.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	96 186 623	(8 834 651)	87 351 972	94 158 786	(8 758 213)	85 400 573
Movable assets	140 798 348	(66 746 413)	74 051 935	124 253 237	(62 531 167)	61 722 070
Infrastructure	3 827 539 618	(1 925 767 249)	1 901 772 369	3 710 743 205	(1 864 865 385)	1 845 877 820
Community	257 661 906	(158 003 188)	99 658 718	254 546 742	(153 200 818)	101 345 924
Other assets	164 074 594	(115 261 175)	48 813 419	163 242 300	(113 159 406)	50 082 894
<b>Total</b>	<b>4 486 261 089</b>	<b>(2 274 612 676)</b>	<b>2 211 648 413</b>	<b>4 346 944 270</b>	<b>(2 202 514 989)</b>	<b>2 144 429 281</b>

### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Other Transfers	Depreciation	Impairment loss	Total
Land	85 400 573	877 731	(471 238)	1 621 344	-	(76 438)	87 351 972
Movable assets	61 722 070	21 364 809	(1 390 002)	-	(7 644 942)	-	74 051 935
Infrastructure	1 845 877 820	142 832 182	(8 192 189)	-	(78 745 444)	-	1 901 772 369
Community	101 345 924	4 423 576	(522 807)	-	(5 587 975)	-	99 658 718
Other assets	50 082 894	832 294	-	-	(2 101 769)	-	48 813 419
	<b>2 144 429 281</b>	<b>170 330 592</b>	<b>(10 576 236)</b>	<b>1 621 344</b>	<b>(94 080 130)</b>	<b>(76 438)</b>	<b>2 211 648 413</b>



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	86 228 611	5 988 549	(83 588)	-	(6 732 999)	85 400 573
Movable assets	59 962 402	9 622 038	(905 149)	(6 957 221)	-	61 722 070
Infrastructure	1 787 699 463	145 048 550	(9 499 795)	(77 370 398)	-	1 845 877 820
Community	98 042 930	8 446 506	(6 321)	(5 137 191)	-	101 345 924
Other assets	40 197 405	11 157 379	-	(1 271 890)	-	50 082 894
	<b>2 072 130 811</b>	<b>180 263 022</b>	<b>(10 494 853)</b>	<b>(90 736 700)</b>	<b>(6 732 999)</b>	<b>2 144 429 281</b>

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	158 909 174	428 264	5 749 750	165 087 188
Additions/capital expenditure	139 682 558	4 371 343	4 082 779	148 136 680
Transferred to completed items	(76 990 562)	(3 934 647)	(3 170 660)	(84 095 869)
	<b>221 601 170</b>	<b>864 960</b>	<b>6 661 869</b>	<b>229 127 999</b>

#### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	93 650 722	4 324 492	19 763 744	117 738 958
Additions/capital expenditure	137 192 191	8 115 973	19 108 591	164 416 755
Transferred to completed items	(71 933 739)	(12 012 201)	(33 122 585)	(117 068 525)
	<b>158 909 174</b>	<b>428 264</b>	<b>5 749 750</b>	<b>165 087 188</b>

The description: Other Assets relates to the traditional line for Buildings.





# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 11. Property, plant and equipment (continued)

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year. Compensation in the amount of R 39 299 (2022: R 169 540), included in Operating Surplus, was received from the municipality's insurers for Property, Plant and Equipment lost during the year. None of the above assets are pledged as security.

As per Note 42, Impairment losses on Property, Plant and Equipment to the amount of R 76 438 (2022: R 6 732 999) have been recognised in the operating surplus and are included in Impairment Losses in the Statement of Financial Performance.

The estimation of the useful lives of assets is a matter of judgement based on the municipality's experience with similar assets.

Expenditure to repair and maintain assets is disclosed in Note 46.

No projects with expenditure have been halted or delayed significantly.

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. For details of the service concession arrangement refer to Note 57.

Contractual commitments for the acquisition of Property, plant and equipment are disclosed in Note 47.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 12. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	24 642 349	(3 805 367)	20 836 982	26 599 394	(3 768 273)	22 831 121

### Reconciliation of investment property - 2023

	Opening balance	Disposals	Transfers	Impairments	Depreciation	Total
Investment property	22 831 121	(335 701)	(1 621 344)	(5 460)	(31 634)	20 836 982

### Reconciliation of investment property - 2022

	Opening balance	Disposals	Depreciation	Total
Investment property	22 929 596	(66 841)	(31 634)	22 831 121

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

As per Note 42, impairment losses to the value of R - (2022: R - ) have been recognised on Investment Property of the municipality at the reporting date. No construction projects were entered into for Investment Property during the year.

Expenditure to repair and maintain assets is disclosed in Note 46.

All of the municipality's Investment Properties are held under freehold interests and none had been pledged as security for any liabilities of the municipality. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. There are no contractual obligations on Investment Property.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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### 12. Investment property (continued)

#### Amounts recognised in surplus or deficit

Rental revenue from Investment property	62	309
<b>From Investment property that generated rental revenue</b>		
Direct operating expenses - investment property generating rental revenue	397 550	371 909
Direct operating expenses - investment property that do not generate rental revenue	2 756 934	2 932 396
	<b>3 154 484</b>	<b>3 304 305</b>

### 13. Non-living resources

Management only identified water resources as no other natural resources are prevalent within our jurisdiction.

The supply from Paardenberg Dam is to supplement the supply to Malmesbury, Abbotsdale, Kalbaskraal, Riverlands and Chatsworth from the Municipality's own local source. Three boreholes at Riverlands are also used as supplementary sources.

No liabilities or contingent liabilities arise due to the custodianship of the Perdeberg Dam. No resources were given up that resulted in compensation from third parties. The service concession arrangement is disclosed in note 57.

### 14. Payables from exchange transactions

Trade payables	42 661 523	61 271 741
Payments received in advanced	2 655 406	2 334 842
Retentions	15 481 782	15 022 692
Other payables	16 731 819	15 856 084
Staff leave	17 522 987	15 854 788
Other deposits	1 235 839	1 215 016
13th cheque accrual	7 202 987	6 590 777
	<b>103 492 343</b>	<b>118 145 940</b>

No interest is charged for the first 30 days from the date of receipt of the statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables approximates its fair value. Retentions are usually payable after a period of 12 months.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality. Discounting of trade and other payables on initial recognition is not deemed necessary.

### 15. Consumer deposits

Electricity and Water	17 845 831	16 449 628
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Guarantees amounting to R 975 490 (2022: R 795 490) are held in lieu of Electricity and Water Deposits.

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Council can utilise the deposit as payment for the outstanding account. No interest is paid on consumer deposits held.

The carrying value of consumer deposits approximates their fair value.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>16. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Community Development Workers	2 501	-
Community Safety: K9 Unit	-	107 485
Covid-19 - Food Parcels and Financial Support	75 000	75 000
Emergency Municipal Load-shedding Relief Grant	8 506 517	-
WC Financial Management Capability Grant: Internal Audit	418 031	-
WC Financial Management Capability Grant: Student Bursaries	161 420	21 420
Housing: Kalbaskraal	-	2 347
Housing: Riebeek Wes	-	65 393
Law Enforcement Reaction Unit Grant	-	1 329 139
Local Government Employment Support Grant	-	855 341
Education, Training and Development Practices (Seta)	138 559	-
Municipal Accreditation and Capacity Building	58 350	255 124
Swartland Business Hive (Entrepreneurial Hub)	-	360 400
Title Restoration: Housing Projects	-	140 197
	<b>9 360 378</b>	<b>3 211 846</b>

The Unspent Grants are cash backed. The municipality complied with the conditions applicable to all grants received to the extent of revenue recognised. No grants were withheld. The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 29 for reconciliation of grants by other spheres of government and for Public Contributions (Other Receipts).

### 17. Other financial liabilities

#### At amortised cost

Annuity loans	90 850 978	99 485 174
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#### Summary of arrangements

Annuity Loans are repaid over periods varying from ten to twenty years (2022: ten to twenty years), and at interest rates varying from 8.61% to 10.96% (2022: 8.61% to 10.96%). Annuity Loans are not secured.

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the bulk water distribution on behalf of the municipality. For details of the service concession arrangement refer to note 57.

Refer to Appendix A for more detail on long- term liabilities.

#### Non-current liabilities

At amortised cost	82 089 645	90 850 978
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#### Current liabilities

At amortised cost	8 761 333	8 634 196
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# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 18. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Long Term: Post-Employment Health Care Benefit Liability	74 582 000	74 092 000
Current Portion: Post-Employment Health Care Benefit Liability	70 830 000	70 565 000
	3 752 000	3 527 000
	13 308 000	13 197 000
Long Term: Long Service Awards	12 144 000	11 660 000
Short Term: Long Service Awards	1 164 000	1 537 000
	<b>87 890 000</b>	<b>87 289 000</b>
Non-current liabilities	82 974 000	82 225 000
Current liabilities	4 916 000	5 064 000
	<b>87 890 000</b>	<b>87 289 000</b>

#### Post-Employment Health Care Benefit Liability

The Municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of the present value of the unfunded defined benefit obligation were carried out as at 30 June 2023 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement or long service benefits are provided by the municipality.

In-service members	339	316
In-service (non)-members	302	314
Continuation members	68	69
	<b>709</b>	<b>699</b>

During the current year the municipality revised its estimates to include a higher percentage of in-service non-members. Some employees that would previously not have been able to afford medical aid may indeed be able to afford such benefits in the future. The municipality estimates that 10% (2022: 10%) of employees currently not in a position to afford medical aid, may be able to join a scheme before retirement. The 10% potential joining rate was determined based on municipal history in conjunction with national data reviewed by the actuaries.

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

In-service members	32 366 000	31 644 000
In-service (non)-members	2 941 000	1 631 000
Continuation members	39 275 000	40 817 000
	<b>74 582 000</b>	<b>74 092 000</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 18. Employee benefit obligations (continued)

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe Hosmed

The future service cost for the ensuing year is established to be R 2 548 000, whereas the interest-cost for the next year is estimated to be R 9 051 000 (2022: R 2 476 000 and R 8 541 000 respectively).

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	74 092 000	67 591 000
Benefits paid	(3 533 171)	(3 190 966)
Net expense recognised in the statement of financial performance	4 023 171	9 691 966
	<b>74 582 000</b>	<b>74 092 000</b>

#### Net expense recognised in the statement of financial performance

Current service cost	2 476 000	2 264 000
Interest cost	8 541 000	6 621 000
Actuarial (gains) losses	(6 993 829)	806 966
	<b>4 023 171</b>	<b>9 691 966</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.44 %	11.80 %
Expected rate of return on assets	8.05 %	8.42 %
Net effective discount rate	4.06 %	3.12 %
Expected medical aid increases	6.55 %	6.92 %
Average retirement age	62	62

#### The history of experienced adjustments is as follows:

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

	One percentage point increase	One percentage point decrease
<b>30 June 2023</b>		
Effect on the aggregate of the service cost and interest cost	12 892 000	9 506 000
Effect on defined benefit obligation	84 777 000	66 154 000
<b>30 June 2022</b>		
Effect on the aggregate of the service cost and interest cost	10 443 000	7 638 000
Effect on defined benefit obligation	84 809 000	65 303 000

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	74 582 000	74 092 000	67 591 000	57 570 000	60 793 441
Experience adjustments on plan liabilities	1 435 171	1 782 966	(1 518 108)	3 737 170	3 009 266

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 18. Employee benefit obligations (continued)

The municipality expects to make a contribution of R 3 752 000 (2022: R 3 527 000) to the defined benefit plans during the next financial year.

Refer to Note 58 "Multi- Employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.

#### Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Swartland Municipality). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2023 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by ARCH Actuarial Consulting, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 77 (2022: 93) employees received Long-service Awards.

Eligible employees at the beginning of the year	631	616
New entrants	33	49
Members that exited	(23)	(34)
<b>Eligible employees at the end of the year</b>	<b>641</b>	<b>631</b>

The future service cost for the ensuing year is established to be R 1 112 000 whereas the interest-cost for the next year is estimated to be R 1 459 000 (2022: R 1 118 000 and R 1 395 000 respectively).

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	13 197 000	12 442 000
Benefits paid	(1 711 099)	(1 699 563)
Net expense recognised in the statement of financial performance	1 822 099	2 454 563
	<b>13 308 000</b>	<b>13 197 000</b>

#### Net expense recognised in the statement of financial performance

Current service cost	1 118 000	1 021 000
Interest cost	1 395 000	1 086 000
Actuarial (gains) losses	(690 901)	347 563
	<b>1 822 099</b>	<b>2 454 563</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.45 %	11.21 %
Expected rate of salary increases	6.68 %	7.38 %
Net effective discount rate	4.47 %	3.56 %
Average retirement age	62	62

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 18. Employee benefit obligations (continued)

#### The history of experience adjustments

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

	One percentage point increase	One percentage point decrease
<b>30 June 2023</b>		
Effect on the aggregate of the service cost and interest cost	2 704 000	2 341 000
Effect on defined benefit obligation	14 134 000	12 557 000
<b>30 June 2022</b>		
Effect on the aggregate of the service cost and interest cost	2 274 000	1 958 000
Effect on defined benefit obligation	14 049 000	12 425 000

Amounts for the current and previous four years are as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	13 308 000	13 197 000	12 442 000	11 469 000	10 877 072
Experience adjustments on plan liabilities	94 099	(108 437)	534 101	897 263	47 103

### 19. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Utilised during the year	Change in discount factor	Reduction due to re- measurement or settlement without cost to entity	Total
Landfill Site	51 156 085	-	5 475 006	1 855 785	58 486 876
Legal proceedings	370 000	(370 000)	-	-	-
	<b>51 526 085</b>	<b>(370 000)</b>	<b>5 475 006</b>	<b>1 855 785</b>	<b>58 486 876</b>

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Change in discount factor	Reduction due to re- measurement or settlement without cost to entity	Total
Landfill Site	41 548 259	-	4 683 435	4 924 391	51 156 085
Legal proceedings	-	370 000	-	-	370 000
	<b>41 548 259</b>	<b>370 000</b>	<b>4 683 435</b>	<b>4 924 391</b>	<b>51 526 085</b>

Non-current liabilities	58 486 876	51 156 085
Current liabilities	-	370 000
	<b>58 486 876</b>	<b>51 526 085</b>



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 19. Provisions (continued)

#### Legal Proceedings:

The plaintiff, Paulus Smit N.O. instituted an application to WC High Court for order directing the municipality to, inter alia erect a wall between Mr Smit's farm property and that of the Municipality. Judgement was delivered on 23 August 2019 with the municipality having to pay R370 000 as a final contribution to the erection of a wall by the applicant. Payment is contingent on the wall being erected with Swartland contributing the final payment to enable the completion of such works. The wall has not yet been erected and no building plans have been submitted for such a wall to be erected. Therefore the amount is deemed a provision as the conditions for payment has not yet been met. Following a new notice and sommons in the High Court of the Western Cape on 22 August 2022, the municipality made a payment of R370 000 on 15 Septmenber 2022. Such payment is conditional and as such, is included under the contingent assets (Note 48). Details of the new matter is also included under contingent liabilities.

#### Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R 58 486 876 (2022: R51 156 087) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using rates below as per similar Government Bond periods and the average Consumer Price Index from June to May.

Sites 2023	Proposed Rehabilitation Date	Size (Square Meters)	Current Costs per Square	2023 Provision	2022 Provision
Darling	2038/2039	32 717	957	11 990 572	11 220 845
Highlands	2037/2038	96 456	185	7 414 840	6 824 715
Koringberg (*)	2025/2026	4 500	1 681	6 770 909	4 447 134
Moorreesburg	2033/2034	28 100	744	11 817 123	10 498 445
Riebeek Kasteel	2026/2027	22 118	860	16 414 073	14 393 895
Yzerfontein	2027/2028	27 400	179	4 079 359	3 771 051
				<b>58 486 876</b>	<b>51 156 085</b>

Each year, the landfill sites are reviewed in terms of size, available capacity and other environmental factors. Each of the factors have an impact on the valuation at year-end. The following key factors were considered:

Sites	Years until rehabilitation 2023	Years until rehabilitation 2022	Discount rate 2023	Discount rate 2022
Darling	16	16	11.73 %	11.33 %
Highlands	15	16	11.58 %	11.33 %
Koringberg (*)	3	4	9.17 %	7.97 %
Moorreesburg	11	11	10.83 %	10.81 %
Riebeek Kasteel	4	5	9.18 %	8.90 %
Yzerfontein	5	6	9.19 %	9.23 %

Sites	Size 2023	Size 2022	Rate per Square 2023	Rate per Square 2022	% Change in rate/square
Darling	32 717	32 717	957	862	11.04 %
Highlands	96 456	96 456	185	178	4.25 %
Koringberg (*)	4 500	4 500	1 681	1 101	52.68 %
Moorreesburg	28 100	28 100	744	668	11.38 %
Riebeek Kasteel	22 118	22 118	860	777	10.72 %
Yzerfontein	27 400	27 400	179	173	3.29 %

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 19. Provisions (continued)

Sites	Opening Balance	Interest Expense	Market related adjustments (capitalised)	Total
Darling	11 220 845	1 258 592	(488 865)	11 990 572
Highlands	6 824 715	769 565	(179 440)	7 414 840
Koringberg (*)	4 447 134	568 918	1 754 857	6 770 909
Moorreesburg	10 498 445	1 154 255	164 423	11 817 123
Riebeek Kasteel	14 393 895	1 380 335	639 843	16 414 073
Yzerfontein	3 771 051	343 341	(35 033)	4 079 359
	<b>51 156 085</b>	<b>5 475 006</b>	<b>1 855 785</b>	<b>58 486 876</b>

### 20. Statutory fund: Housing development

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund is represented by Housing Selling Scheme Loans (see Note 7).

<b>Housing Development Fund</b>	<b>-</b>	<b>1 003</b>
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#### Analysis of the composition of the Housing Development Fund:

<b>Housing Development Fund</b>		
Loans extinguished by Government on 1 April 1998	-	1 003

### 21. Reserves: Capital Replacement

The Capital Replacement Reserve is a reserve to finance future capital expenditure, is fully funded and invested in Financial Instruments.

Balance at the beginning of the year	266 156 243	210 227 857
Contribution from accumulated surplus	90 202 918	180 487 405
Capital contributions received	1 706 706	3 488 994
Funding capital projects	(98 805 586)	(128 048 013)
	<b>259 260 281</b>	<b>266 156 243</b>

### 22. Accumulated surplus

Accumulated surplus generated from operations	2 486 549 461	2 341 440 451
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Accumulated Surplus has been restated to correctly classify amounts held by the municipality. Refer to Note 59 "Correction of Error" for details of the restatements.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>23. Service charges</b>		
Sale of electricity	361 186 362	365 788 719
Sale of water	82 372 082	77 992 981
Sewerage and sanitation charges	49 885 270	46 277 712
Refuse removal	29 647 053	26 543 149
Less revenue foregone	-	(92 621)
	<b>523 090 767</b>	<b>516 509 940</b>

Revenue foregone pertains to free units of water provided to all citizens as part of the municipal efforts to reduce the economical impact that COVID 19 had on our citizens.

### 24. Interest received

#### Interest revenue

Interest earned - Investments	50 987 485	31 553 003
Bank account	7 950 622	3 818 319
Outstanding debtors: Exchange receivables	2 808 778	1 813 127
Interest earned - Land sales	1 198	117 990
	<b>61 748 083</b>	<b>37 302 439</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>25. Operational revenue</b>		
<b>Sale of goods and rendering of services</b>		
Advertisements	363 956	452 789
Application Fees for Land Usage	139 129	79 587
Building Plan Approval	3 320 363	3 546 746
Bulk Waste Dumping	1 204 216	1 080 583
Camping Fees	3 687 660	3 479 589
Cemetery and Burial	818 777	1 035 602
Cleaning and Removal	372 730	384 060
Clearance Certificates	352 744	389 423
Encroachment Fees	590	590
Entrance Fees	550 497	742 597
Escort Fees	145 210	44 096
Housing (Boarding Services) - Staff	117 931	118 192
Occupation Certificates	378 819	462 331
Photocopies and Faxes	137 008	104 993
Removal of Restrictions	340 726	365 449
Sewerage Blockages	384 764	372 287
Rendering of Fire Services	10	12
Sub-division and Consolidation Fees	131 250	146 174
Tender Documents	45 095	75 203
Town Planning and Servitudes	17 980	27 522
Valuation Services	181 370	185 001
<b>Other operational revenue</b>		
Administrative Handling Fees	70 516	74 497
Application: Service Connections	619 836	487 392
Breakages and Losses Recovered	53 182	60 691
Bad debts recovered	479 080	248 082
Housing Selling Schemes	1 394	1 394
Sundry income and cash surpluses	32 454	24 920
Insurance Refund	96 879	195 697
Merchandising, Jobbing and Contracts	71 871	107 011
Other Fees	2 596	4 367
Registration Fees - Road and Transport	306 161	257 378
Transaction Handling Fees	110 217	107 446
Debt Forgiveness	595 513	1 015 827
	<b>15 130 524</b>	<b>15 677 528</b>
<b>26. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental Revenue from buildings	596 342	567 859
<b>Garages and parking</b>		
Rental Revenue from halls	308 855	147 987
<b>Facilities and equipment</b>		
Rental of equipment	684 784	706 397
	<b>1 589 981</b>	<b>1 422 243</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>27. Availability charges</b>		
Electricity	3 430 130	3 597 937
Water	1 769 432	1 884 020
Refuse	3 123 396	3 191 386
Sewerage and sanitation charges	2 566 437	2 678 207
	<b>10 889 395</b>	<b>11 351 550</b>

## 28. Property rates

### Rates received

Residential	87 985 903	80 778 589
Commercial	14 009 683	12 852 038
State	9 986 071	9 252 162
Vacant land	8 962 551	9 575 998
Farm Properties: Agricultural Purposes	22 526 333	21 334 315
Industrial	8 559 405	8 036 018
Rural: Business	2 045 992	1 820 773
Less: Revenue forgone	(1 959 068)	(2 164 127)
	<b>152 116 870</b>	<b>141 485 766</b>

### Valuation of properties (R'000)

Rates Category	Rate 2023	Rate 2022	Valuation 2023	Valuation 2022
Residential	0.5624	0.5631	16 883 017	16 265 901
Commercial	0.8203	0.7702	2 087 276	2 070 335
State	0.8203	0.7702	1 590 626	1 542 208
Vacant land	0.7575	0.7221	1 318 205	1 525 794
Farm properties: Agricultural purposes	0.1406	0.1340	13 637 704	13 582 234
Industrial	0.8203	0.7702	966 234	958 034
			<b>36 483 062</b>	<b>35 944 506</b>

A statutory rebate of 75 % (2021/2022: 75%) was granted on agricultural land. An exemption of R 15 000 on the value of the property is granted to residential property owners. A further R 300 000 (2021/2022: R 300 000) discount on the market value of the property, over and above the aforementioned R 15 000 is granted on the value of the property for residents 60 years and older on condition that they occupy the premises. Some additional relief was provided to qualifying consumers in order to assist families in need.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable Share	126 228 000	108 796 000
<b>Capital grants</b>		
Community Development: Workers	35 499	38 000
Community Safety: K9 Unit	2 527 485	5 837 878
Education, Training and Development Practices (Seta)	861 795	431 092
Municipal Energy Resilience Grant	-	400 000
Extended Public Works Programme	1 873 000	1 832 000
WC Financial Management Capability Grant: Student Bursaries	160 000	228 580
Housing Project: Darling	2 615 230	143 378
Housing Project: Kalbaskraal	-	989 480
Housing Project: Malmesbury De Hoop	-	5 300 947
Housing Project: Riebeek Kasteel	-	1 806 690
Housing Project: Sibanye-Moorreesburg	900 000	-
Housing: Riebeek Wes	-	674 632
Integrated National Electrification Programme	17 600 000	8 355 000
Library service	11 623 000	11 401 000
Local Government Employment Support Grant	855 341	844 659
Local Government Financial Management Grant	1 550 000	1 550 000
Municipal Accreditation and Capacity Building	196 774	252 876
Law Enforcement Reaction Unit Grant	5 329 139	884 861
Municipal Infrastructure Grant	33 810 000	26 301 000
Municipal Energy Resilience Grant	2 438 483	-
Municipal Water Resilience Grant	600 000	-
Proclaimed Roads Subsidies	4 470 000	175 000
Non-motorised Transport Grant	-	1 282 153
Regional Socio-Economic Project (RSEP)	1 200 000	-
Sports Development Grant	-	982 684
	<b>88 645 746</b>	<b>69 711 910</b>
	<b>214 873 746</b>	<b>178 507 910</b>

No funds destined for the municipality in terms of the annual Division of Revenue Act were delayed, withheld or withdrawn.

The municipality complied with the grant terms including the requirements of section 214(1) of the Constitution.

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

### Community Development: Workers

Balance unspent at beginning of year	-	54 074
Current-year receipts	38 000	38 000
Conditions met - transferred to revenue	(35 499)	(38 000)
Other	-	(54 074)
	<b>2 501</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 16).

Funds made available for sundry expenditure and stationery for workers, under the control of the Municipality but remunerated by PAWC.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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### 29. Government grants and subsidies (continued)

#### Community Safety: K9 Units

Balance unspent at beginning of year	107 485	1 092 363
Current-year receipts	2 420 000	4 853 000
Conditions met - transferred to revenue	(2 527 485)	(5 837 878)
	<u>-</u>	<u>107 485</u>

Conditions still to be met - remain liabilities (see note 16).

Funds are for the establishment of a dog unit for detecting drugs.

#### COVID 19 - Food Parcels and Financial Support

Balance unspent at beginning of year	<u>75 000</u>	<u>75 000</u>
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Conditions still to be met - remain liabilities (see note 16).

Special government allocations received in order to assist those in need following the Covid-19 national lockdown. The balance remaining is expected to be refunded to the public during the 2023/24 financial year.

The unspent funds will be repaid to the funders during 2023/24.

#### Non-motorised Transport Grant

Current-year receipts	-	1 282 153
Conditions met - transferred to revenue	-	(1 282 153)
	<u>-</u>	<u>-</u>

Funds are utilised to build and improve the municipal pavement network.

#### Education, Training and Development Practices (Seta)

Current-year receipts	1 000 353	431 092
Conditions met - transferred to revenue	(861 794)	(431 092)
	<u>138 559</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 16).

Training of officials as well as unemployed persons utilised on projects under control of the Municipality.

The unspent portion relates to students in training for which the project is only expected to draw to a close in 2023/24.

#### Municipal Energy Resilience Grant

Current-year receipts	-	400 000
Conditions met - transferred to revenue	-	(400 000)
	<u>-</u>	<u>-</u>

The funding supported the municipality to update its Masterplan for electricity.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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### 29. Government grants and subsidies (continued)

#### Extended Public Works Programme

Current-year receipts	1 873 000	1 832 000
Conditions met - transferred to revenue	(1 873 000)	(1 832 000)
	-	-

The grant is to enable the Municipality to create jobs.

#### Local Government Employment Support Grant

Balance unspent at beginning of year	855 341	-
Current-year receipts	-	1 700 000
Conditions met - transferred to revenue	(855 341)	(844 659)
	-	<b>855 341</b>

Conditions still to be met - remain liabilities (see note 16).

The grant is to enable the Municipality to create jobs.

#### Municipal Water Resilience Grant

Current-year receipts	600 000	-
Conditions met - transferred to revenue	(600 000)	-
	-	-

The funds are to enable the Municipality to investigate and implement water savings initiatives..

#### Emergency Municipal Load-shedding Relief Grant

Current-year receipts	10 945 000	-
Conditions met - transferred to revenue	(2 438 483)	-
	<b>8 506 517</b>	-

Conditions still to be met - remain liabilities (see note 16).

The grant is for the Municipality to investigate and implement alternative energy solutions.

#### WC Financial Management Capability Grant: Student Bursaries

Balance unspent at beginning of year	21 420	151 825
Current-year receipts	300 000	250 000
Conditions met - transferred to revenue	(160 000)	(228 580)
Repayment to funder	-	(151 825)
	<b>161 420</b>	<b>21 420</b>

Conditions still to be met - remain liabilities (see note 16).

Municipal bursary programme that enable municipalities to attract top performing learners and learners with potential to succeed in Higher Education Institutions (HEI) in the areas such as finance, economics, accounting, supply chain management, internal audit, risk management, infrastructure, etc.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 29. Government grants and subsidies (continued)

#### WC Financial Management Capability Grant: Internal Audit

Current-year receipts	418 031	-
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Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to implement a systematic and formalised process to identify, assess, manage and monitor risks by acquiring, configuring and utilising a Risk Management automated electronic system.

#### Housing Project: Kalbaskraal

Balance unspent at beginning of year	2 347	498 263
Current-year receipts	-	991 827
Conditions met - transferred to revenue	-	(989 480)
Refunded to funder	(2 347)	(498 263)
	<u>-</u>	<u>2 347</u>

Conditions still to be met - remain liabilities (see note 16).

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

#### Housing Project: Darling

Current-year receipts	2 615 230	143 378
Conditions met - transferred to revenue	(2 615 230)	(143 378)
	<u>-</u>	<u>-</u>

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

#### Housing Project: Malmesbury De Hoop

Construction contracts - Balance unspent at beginning of year	3 702 535	-
Current-year receipts	-	5 300 947
Conditions met - transferred to revenue	-	(5 300 947)
Construction contracts - Collections	13 765 762	44 166 005
Construction contracts - Transfer of Assets	(17 388 777)	(40 463 470)
Construction contracts - Closing Balance	(79 520)	(3 702 535)
	<u>-</u>	<u>-</u>

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 25 and 56.

#### Housing Project: Riebeek Kasteel

Current-year receipts	-	1 806 690
Conditions met - transferred to revenue	-	(1 806 690)
	<u>-</u>	<u>-</u>

Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.

Construction contracts, Operational Revenue and disclosure pertaining to Agents are disclosed in Notes 6, 25 and 56.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Government grants and subsidies (continued)</b>		
<b>Housing: Riebeek Wes</b>		
Balance unspent at beginning of year	65 393	1 166 963
Current-year receipts	-	740 025
Conditions met - transferred to revenue	-	(674 632)
Repayment to funder	(65 393)	(1 166 963)
	<u>-</u>	<u>65 393</u>
Conditions still to be met - remain liabilities (see note 16).		
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
<b>Housing Project: Sibanye-Moorreesburg</b>		
Balance unspent at beginning of year	-	11 542
Conditions met - transferred to revenue	900 000	-
Repayment to funder	-	(11 542)
Transferred to debtors (Sundry Receivables - Non-exchange receivables)	(900 000)	-
	<u>-</u>	<u>-</u>
Funds provided to enable the Municipality to finance the construction costs of housing for low income groups.		
<b>Integrated National Electrification Programme</b>		
Current-year receipts	17 600 000	8 355 000
Conditions met - transferred to revenue	(17 600 000)	(8 355 000)
	<u>-</u>	<u>-</u>
Funds made available for the electrical network to the proposed area where low cost houses are build and the electrification of these houses.		
<b>Libray service</b>		
Current-year receipts	11 623 000	11 401 000
Conditions met - transferred to revenue	(11 623 000)	(11 401 000)
	<u>-</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 16).		
Grant provided for the partial funding of the operational and capital costs of libraries in the area under the jurisdiction of the Swartland Municipality.		
<b>Local Government Financial Management Grant</b>		
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to enable the Municipality to modernise and improve its financial management activities entailing, among others, capacity building, the implementation of municipal finance management legislation and regulating policies and compliance with generally accepted municipal accounting practices.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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### 29. Government grants and subsidies (continued)

#### Municipal Accreditation and Capacity Building

Balance unspent at beginning of year	255 124	61 015
Current-year receipts	255 124	508 000
Conditions met - transferred to revenue	(196 774)	(252 876)
Refunded to funder	(255 124)	(61 015)
	<b>58 350</b>	<b>255 124</b>

Conditions still to be met - remain liabilities (see note 16).

Funds received for the remuneration of an intern for the Department of Community Services.

#### Municipal Infrastructure Grant

Current-year receipts	33 810 000	26 301 000
Conditions met - transferred to revenue	(33 810 000)	(26 301 000)
	-	-

Funds utilised for the upgrading of existing infrastructure in its area of jurisdiction and/or the erection / construction of new amenities required for service delivery and the development of sport.

#### Proclaimed Roads Subsidies

Current-year receipts	4 470 000	175 000
Conditions met - transferred to revenue	(4 470 000)	(175 000)
	-	-

Expenditure incurred by the Municipality in connection with the maintenance of proclaimed main roads falling under the jurisdiction of the Municipality, in accordance with a budget approved by the PAWC, which costs are partly recoverable from the Administration.

#### Regional Socio-Economic Project (RSEP)

Current-year receipts	1 200 000	-
Conditions met - transferred to revenue	(1 200 000)	-
	-	-

Funds received from PAWC for the social upliftment in lower income areas to improve living conditions and combat crime.

#### Law Enforcement Reaction Unit Grant

Balance unspent at beginning of year	1 329 139	-
Current-year receipts	4 000 000	2 214 000
Conditions met - transferred to revenue	(5 329 139)	(884 861)
	-	<b>1 329 139</b>

Conditions still to be met - remain liabilities (see note 16).

Funds received from PAWC for establishment of a law enforcement reaction unit.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Government grants and subsidies (continued)</b>		
<b>Sports Development Grant</b>		
Current-year receipts	-	982 684
Conditions met - transferred to revenue	-	(982 684)
	-	-
Funds received for the enhancement of existing sports grounds.		
<b>Standard Contribution: Top Achievers Award</b>		
Current-year receipts	25 000	-
Conditions met - transferred to revenue	(25 000)	-
	-	-
Funds received Standard Bank to recognise Top Academic Achievers at local schools.		
<b>Title Restoration: Housing Projects</b>		
Balance unspent at beginning of year	140 197	140 197
Refunded to funder	(140 197)	-
	-	<b>140 197</b>
Conditions still to be met - remain liabilities (see note 16).		
Funds utilised for the title deed restoration for owners of low cost housing.		
<b>Swartland Business Hive (Entrepreneurial Hub)</b>		
Balance unspent at beginning of year	360 400	302 900
Current-year receipts	-	57 500
Conditions met - transferred to revenue	(360 400)	-
	-	<b>360 400</b>
Conditions still to be met - remain liabilities (see note 16).		
Public and provincial contributions (donations) for the establishment and enhancement of entrepreneurs.		
This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.		
<b>Public Contribution: Swartland Water Week</b>		
Current-year receipts	7 000	-
Conditions met - transferred to revenue	(7 000)	-
	-	-
A private funder made a contribution to the prizes issued during the school visits to educate learners and their families to save water.		
This is considered a public contribution rather than a grant.		

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 29. Government grants and subsidies (continued)

#### Sondeza

Current-year receipts	23 000	-
Conditions met - transferred to revenue	(23 000)	-
	-	-

Funding was received for the sponsorship of a youth event.

This is considered a public contribution rather than a grant.

#### Contribution: SANRAL

Current-year receipts	7 447 102	980 250
Conditions met - transferred to revenue	(10 832 672)	(980 250)
Transferred to debtors (Sundry Receivables - Non-exchange receivables)	3 385 570	-
	-	-

SANRAL is making a contribution to the upgrading of sidewalks within the municipal jurisdiction.

This is considered a public contribution rather than a grant as the funding source is not the Division of Revenue Act.

#### Reconciliation of grant allocation expenditure (conditions met - transferred to revenue) per vote (MFMA s123(c))

Vote 1 - Corporate Services	12 649 715	12 060 672
Vote 2 - Civil Services	44 041 904	29 585 496
Vote 4 - Electricity Services	17 600 000	8 755 000
Vote 5 - Financial Services	1 550 000	3 382 000
Vote 6 - Development Services	22 677 416	49 669 473
Vote 8 - Protection Services	7 856 624	6 722 739
	<b>106 375 659</b>	<b>110 175 380</b>

#### The above revenue were recognised as follows:

Construction contracts	17 729 913	40 463 470
Government grants and subsidies	88 645 746	69 711 910
	<b>106 375 659</b>	<b>110 175 380</b>

### 30. Fines, Penalties and Forfeits

Building Fines	134 931	142 622
Councillors Fines	652	870
Deposits	9 997	12 422
Illegal Connections	62 757	23 550
Library Abbotsdale	308	949
Library Chatsworth	315	634
Library Darling	1 711	4 045
Library Malmesbury	2 095	4 540
Library Moorreesburg	3 021	5 153
Library Riebeek Kasteel	870	2 165
Library Riebeek Wes	1 739	2 609
Library Wesbank	2 164	5 244
Traffic Fines	34 471 600	27 659 200
	<b>34 692 160</b>	<b>27 864 003</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>31. Licences and permits (non-exchange)</b>		
Application: Driver Licenses	655 563	632 946
Application: Instruction Certificate	1 578	1 722
Application: Learner Licenses	241 848	239 482
Application: Special Permits	56 654	40 944
Application: Temporary Permits	188 286	134 970
Drivers Licenses: Issue	455 647	423 555
Drivers Licenses: Temporary	124 204	94 582
Film Shooting	252 217	92 409
Instruction Certificates: Issue	115	258
Learners License: Duplicate	4 104	5 311
Learners License: Issue	70 306	69 933
Licenses: Deregistration, Special and Other	32 750	33 650
Licenses: Trading	1 006	793
Professional Driver Permits	153 812	129 673
Registrations Vehicles	2 733 609	2 650 560
Registrations: Duplicate	115 830	135 630
	<b>5 087 529</b>	<b>4 686 418</b>
<b>32. Vesting of properties and equipment</b>		
Vesting of properties	344 500	481 000
Vesting of equipment	388 465	206 032
	<b>732 965</b>	<b>687 032</b>
<b>33. Employee related costs</b>		
Employee related costs - Salaries and Wages	172 372 343	158 930 922
Employee related costs - Contributions for UIF, pensions, medical aids and other contributions	49 198 593	44 451 352
Bonuses: 13th cheque	13 049 688	12 213 714
Contribution to leave gratuity	2 641 802	2 045 677
Housing benefits and allowances	1 165 523	1 013 773
Overtime payments	18 530 854	15 851 773
Performance bonus	249 636	279 520
Travel, motor car, accommodation and other allowances	23 324 459	21 076 572
Contribution to provision for post- retirement medical aid benefits	4 023 171	9 691 966
Contribution to long-service provision	1 822 099	2 323 003
	<b>286 378 168</b>	<b>267 878 272</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 353 890	1 484 371
Car Allowance	96 000	170 167
Performance Bonuses	249 636	279 520
Contributions to UIF, Medical and Pension Funds	368 799	404 278
Cellphone Allowance	40 800	40 800
Leave Pay	-	479 177
Long Service Award	-	199 657
	<b>2 109 125</b>	<b>3 057 970</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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### 33. Employee related costs (continued)

#### Remuneration of Chief Finance Officer

Annual Remuneration	1 313 904	1 241 547
Car Allowance	60 000	68 000
Contributions to UIF, Medical and Pension Funds	350 012	328 162
Cellphone Allowance	40 800	40 800
Leave Pay	66 684	63 570
	<b>1 831 400</b>	<b>1 742 079</b>

#### Remuneration of Director: Corporate Services

Annual Remuneration	1 342 747	1 269 773
Car Allowance	60 180	60 179
Cellphone Allowance	40 800	40 800
Contributions to UIF, Medical and Pension Funds	323 209	313 841
Leave Pay	66 684	-
	<b>1 833 620</b>	<b>1 684 593</b>

#### Remuneration of Director: Civil Engineering Services

Annual Remuneration	1 284 025	1 218 488
Car Allowance	96 000	96 000
Contributions to UIF, Medical and Pension Funds	329 312	309 569
Cellphone Allowance	40 800	40 800
Leave Pay	66 684	-
	<b>1 816 821</b>	<b>1 664 857</b>

#### Remuneration of Director: Electrical Engineering Services (Former)

Annual Remuneration	105 449	1 186 179
Car Allowance	12 345	148 139
Cellphone Allowance	3 400	40 800
Contributions to UIF, Medical and Pension Funds	177	156 730
Bonuses: 13th Cheque	6 628	79 535
Leave Pay	15 893	518 092
	<b>143 892</b>	<b>2 129 475</b>

The former director was employed permanently until 31 December 2021. From 1 January 2022 until 31 July 2022 he was appointed on a contract basis.

#### Remuneration of Director: Electrical Engineering Services (Current)

Annual Remuneration	979 064	-
Car Allowance	55 000	-
Contributions to UIF, Medical and Pension Funds	210 219	-
Cellphone Allowance	35 864	-
	<b>1 280 147</b>	<b>-</b>

The current director's engagement date is 15 August 2022.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 33. Employee related costs (continued)

#### Remuneration of Director: Development Services

Annual Remuneration	1 252 020	1 186 436
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	335 437	315 550
Cellphone Allowance	40 800	40 800
Leave Pay	66 685	63 570
	<b>1 814 942</b>	<b>1 726 356</b>

#### Remuneration of Director: Protection Services

Annual Remuneration	1 149 579	1 076 845
Car Allowance	228 000	228 000
Contributions to UIF, Medical and Pension Funds	315 985	298 795
Cellphone Allowance	40 800	40 800
Leave Pay	66 685	63 570
Bonuses: 13th Cheque	74 796	74 795
	<b>1 875 845</b>	<b>1 782 805</b>

#### Aggregate remuneration to management

Annual Remuneration	8 780 678	8 663 638
Bonuses: 13th Cheque	81 424	154 331
Car Allowance	727 525	890 485
Cellphone Allowance	284 064	285 600
Contributions to UIF, Medical, Group Life and Pension Funds	2 233 150	2 126 925
Leave Pay	349 315	1 187 978
Long Service Award	-	199 657
Performance Bonus	249 636	279 520
	<b>12 705 792</b>	<b>13 788 134</b>

### 34. Remuneration of councillors

Executive Mayor	773 056	707 292
Deputy Executive Mayor	680 671	626 583
Mayoral Committee Members	2 164 368	2 010 416
Speaker	473 609	460 479
Councillors	4 273 486	4 196 246
Councillors' - travelling allowances	810 603	921 968
Councillors' - cellular and telephone	993 600	938 754
Councillors' - pension contribution	901 326	933 434
Councillors' - medical aid contribution	154 284	134 024
	<b>11 225 003</b>	<b>10 929 196</b>

#### In-kind benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.

### 35. Bulk purchases

Electricity - Eskom	289 451 395	292 404 602
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# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>35. Bulk purchases (continued)</b>		
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.		
Distribution losses are disclosed in Note 61.		
<b>36. Contracted services</b>		
<b>Outsourced Services</b>		
Alien Vegetation Control	72 000	147 544
Burial services	8 278	1 700
Business and financial management	233 004	35 200
Catering services	747 243	495 709
Cleaning Services	105 521	256 850
Clearing and Grass Cutting Services	31 500	51 596
Commissions and committees	14 760	42 715
Dumping site	7 781 923	5 952 052
Electrical	460 751	448 213
Hygiene services	82 307	90 035
Litter picking and street cleaning	5 892 495	5 237 100
Sewerage	666 432	512 073
Meter management	8 124	45 188
Mini dumping sites	225 205	905 281
Occupational Health and Safety	-	3 440
Outsourced Services: Researcher	-	129 130
Quality control	198 012	233 380
Professional Staff	34 836	31 036
Refuse Removal	1 708 751	1 716 266
Research and advisory	2 957 369	2 970 858
Security services	2 100 705	2 244 826
Stage and sound crew	12 400	-
Swimming supervision	35 100	31 860
Traffic fine management	3 221 163	3 043 065
Translators, scribes and editors	96 756	74 025
Transport Services	302 050	283 200
<b>Consultants and Professional Services</b>		
Business and Advisory	138 000	108 000
Audit Committee	81 660	70 125
Business and Financial Management	1 715 899	967 269
Civil engineering	1 998 460	1 484 793
Electrical engineering	740 339	444 310
Geodetic, Control and Surveys	265 540	291 758
Human Resources	399 482	70 634
Laboratory Services	179 282	248 377
Risk Management	13 500	6 500
Town Planner	855 574	820 646
Valuer and assessors	1 478 429	536 762
<b>Contractors</b>		
Artists and performers	4 613	3 250
Communications	31 840	-
Construction of Low Cost Housing	22 247 628	35 610 619
Employee wellness	59 683	91 574
Fire Protection	58 605	80 632
Forestry	366 708	399 041
Gardening Services	39 682	67 666
Harbour services	230 400	223 200
Legal costs	1 081 042	1 300 805
Maintenance of Assets	17 376 316	14 073 065

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>36. Contracted services (continued)</b>		
Maintenance of Buildings and Facilities	3 924 733	3 918 500
Maintenance of Equipment	6 065 285	5 131 026
Management of Informal Settlements	10 197	1 797
Medical Services	1 701	50 163
Organic and Building Refuse Removal	495 257	249 200
Pest control and fumigation	35 535	29 258
Qualification verification	15 988	9 381
Town Beautification	300	-
Traffic and Street Lights	102 154	66 568
Transportation	9 108	13 507
	<b>87 019 625</b>	<b>91 350 768</b>
Certain comparative figures have been reclassified to ensure comparability.		
<b>37. Depreciation and amortisation</b>		
Property, plant and equipment	94 080 130	90 736 700
Investment property	31 634	31 634
Intangible assets	69 006	191 824
	<b>94 180 770</b>	<b>90 960 158</b>
<b>38. Finance costs</b>		
Unwinding of interest for provisions	5 475 006	4 683 435
Other financial liabilities	10 180 381	11 054 815
	<b>15 655 387</b>	<b>15 738 250</b>
<b>39. Grants and subsidies paid</b>		
<b>Non-profit institution</b>		
Bergrivier Canoe Marathon	30 000	30 000
Darling Wildflower Society	52 400	50 000
National Sea Rescue Institute	34 795	33 201
SPCA	325 795	310 873
Yzerfontein Conservancy	79 309	75 677
<b>Museums</b>		
Darling	90 000	58 040
Malmesbury	60 826	58 040
Oude Kerk	60 826	58 040
Wheat Industry	60 826	58 040
<b>Tourism</b>		
Swartland and Coastal Area	1 500 000	1 000 000
<b>* Social upliftment</b>		
Darling Focus	48 805	46 570
Elkana Childcare	54 907	52 392
HUB R27	11 272	25 256
Huis van Heerde	107 727	101 585
Jo Dolphin	61 006	58 212
Multi-Purpose Centre: Moorreesburg	73 208	69 855
Night Shelter	30 504	29 107
Old Age Homes	1 378 905	1 430 895
Student Bursaries	160 000	228 580
Top Achievers Award: Grade 12	24 475	-
	<b>4 245 586</b>	<b>3 774 363</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 39. Grants and subsidies paid (continued)

Due to the need in the Swartland Municipal area for expert services and resources to support effective domestic animal management initiatives and controls, for which the Municipality does not have the resources, it is deemed necessary, from a perspective of serving the community, for the Municipality to contribute financially towards the operational costs of the SPCA.

The National Sea Recue Institute (NSRI) is a non-profit organisation dedicated to the preservation of all persons at sea. Their members provide their services on a voluntary basis and the organisation is dependent on donations and sponsorship from the public. The NSRI operates a base from Yzerfontein providing a rescue service to the commercial and recreational fishing boats as well as bathers in the vicinity. Financial assistance by the Municipality is intended to enable the organisation to fund some of its operations as the Municipality cannot offer this essential service.

The Yzerfontein Urban Conservancy and Darling Wildflower Society came into being to preserve and promote, on a voluntary basis, the conservation of the environment and heritage in, specifically, the sensitive coastal region within the boundaries of the Yzerfontein and Darling regions. Financial assistance by the Municipality is intended to enable the Organisation to fund its programmes.

Museums generally do not generate sufficient income from own resources, and are therefore dependent on financial aid from the public and organisations to meet their financial needs and obligations. The Municipality, consequently regards it appropriate to contribute financially to this end.

A financial contribution was made by the municipality to support the Swartland Tourism structure/body in a bid to facilitate and market the region as a tourism destination adding to the local economy. Similarly, a contribution is made to the Bergriver Canoe Marathon as the event promotes tourism in the area.

The aim of \* Social Upliftment organisations entails the social upliftment of the poor and disadvantaged section of the community. Financial aid by the Municipality to these organisations, as well as assistance in counselling and advisory services, is intended to enable them to fulfil the said aim.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>40. Operational cost</b>		
Advertising, publicity and marketing	1 544 187	1 946 170
Assets less than the capitalisation threshold	244 309	341 775
Bank Charges, facility and card fees	308 906	345 104
Bank charges, fleet cards	1 371 936	1 235 940
Cleaning services: Car valet and washing services	1 840	1 840
Cleaning services: Laundry services	1 331	-
Commission: Prepaid electricity	1 371 971	1 392 183
Commission: Third party vendors	541 780	580 025
Communication: Bulk message service	136 584	79 438
Communication: Cellular contract (Subscription and calls)	16 862	9 790
Communication: Licences (Radio and television)	2 725	22 665
Communication: Postage/Stamps/Frinking machines	1 265 377	1 251 396
Communication: Telephone, fax, telegraph and telex	681 635	674 451
Conferences and seminars	-	150 000
Deeds	44 851	42 195
Entertainment: Mayor	13 767	36 258
Entrance fees	56 192	-
External audit fees	3 000 991	2 275 197
External computer service	7 070 019	6 062 513
Full time union representative	136 672	109 419
Indigent relief	1 883 540	1 645 723
Insurance	4 584 421	3 565 869
Levies paid - Water resource management charges	5 524	681
Licences: Motor vehicle licence and registrations	711 076	810 696
Licences: Performing arts	52 232	49 274
Operating leases - Machinery, equipment and other	3 040 322	3 021 889
Other	2 419	3 793
Parking fees	86 676	89 404
Printing, publications and books	346 460	285 118
Professional bodies, membership and subscription	2 739 767	2 587 150
Registration fees	51 277	35 077
Remuneration to ward committees	444 291	385 326
Resettlement cost	31 326	19 802
Servitudes and land surveys	275 794	360 957
Signage	119 599	72 381
Skills development fund levy	2 405 888	2 205 865
Travel and subsistence	498 471	264 074
Uniform and protective clothing	2 869 084	2 780 933
Vehicle tracking	230 967	240 512
	<b>38 191 069</b>	<b>34 980 883</b>

Certain comparative figures have been reclassified to ensure comparability.

### 41. Other materials

Consumables	5 555 075	4 828 415
Consumables: Zero rated	15 663 546	11 489 152
Inventory consumed: Water	29 083 571	22 393 644
Materials and supplies	5 476 144	3 804 903
	<b>55 778 336</b>	<b>42 516 114</b>

Certain comparative figures have been reclassified to ensure comparability.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>42. (Reversal) / impairment of assets and receivables</b>		
<b>Impairment of non-current assets</b>		
Property, plant and equipment	76 438	6 732 999
Investment property	5 460	-
	<b>81 898</b>	<b>6 732 999</b>
<b>Impairment of receivables</b>		
Trade and other receivables	(5 478 249)	13 843 724
<b>Total impairment losses recognised (reversed)</b>	<b>(5 396 351)</b>	<b>20 576 723</b>
Refer to notes 11 and 12 for the impairment on Property, Plant and Equipment. Impairments are identified by comparing assets in their current condition to external sources (e.g. the valuation roll for land) and replacement costs. The impairments reflect the instances where the replacement cost for assets in a similar condition is lower than the carrying value at year-end.		
Refer to notes 3 and 4 for the gross movements on Receivables from Exchange and Non-exchange. Impairment of debt arise due to, amongst other factors, the time value of money.		
<b>43. Loss on disposal of assets</b>		
Carrying value of Property, plant and equipment disposed	10 576 236	10 494 853
Carrying value of Investment properties disposed	335 701	66 841
Carrying value of Intangible assets disposed	-	2 144
Less disposals to Inventory (non-current to current assets)	(645 439)	(341 975)
	<b>10 266 498</b>	<b>10 221 863</b>
<b>44. Cash generated from operations</b>		
Surplus	138 212 042	82 283 948
<b>Adjustments for:</b>		
Depreciation and amortisation	94 180 770	90 960 158
Loss on sale of property, plant and equipment	10 266 498	11 455 833
Gain on sale of assets and liabilities	(2 185 594)	(1 484 113)
Unwinding of interest on landfill site provision	5 475 006	4 683 435
Vesting of properties	(732 965)	(687 032)
Donated property, plant and equipment	(6 143 474)	(701 201)
Water losses	4 439 286	5 539 836
Impairment losses on non-current assets	81 897	6 732 999
Accrued Interest	(1 054 095)	509 272
Movement on employee benefit provision	(8 139 720)	9 804 803
Movement on provisions - litigation and claims	(370 000)	370 000
<b>Changes in working capital:</b>		
Inventories	(5 184 790)	(11 689 888)
Receivables from exchange transactions	2 697 681	(4 018 699)
Receivables from non-exchange transactions	(9 279 430)	3 154 016
Construction contracts and receivables	(3 964 150)	3 702 534
Payables from exchange transactions	4 181 574	(5 859 023)
VAT	5 592 375	(2 607 392)
Unspent conditional grants and receipts	6 071 992	1 543 885
Consumer deposits	1 396 203	1 153 022
Movement in operating leases	159 981	105 263
	<b>235 701 087</b>	<b>194 951 656</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>44. Cash generated from operations (continued)</b>		
<b>Property, plant and equipment purchased</b>		
Additions as per note (including transfers)	170 330 592	180 032 086
Non-cash transactions included in profit or loss (e.g. gains on vesting of properties and equipment)	(6 876 436)	(1 388 232)
Movement on accruals of Property, Plant and equipment	10 557 501	(10 632 911)
Non-cash movement in Provision for landfill sites (changes in market values)	(1 855 785)	(4 924 391)
	<b>172 155 872</b>	<b>163 086 552</b>
<b>Payables from exchange transactions</b>		
Movement on balance from the prior year	(14 653 593)	9 266 369
Payment of employee benefits	8 740 720	(2 548 799)
Unspent Grants repaid	(463 061)	(1 942 682)
Movement on accruals of Property, Plant and equipment	10 557 501	(10 632 911)
	<b>4 181 567</b>	<b>(5 858 023)</b>
<b>Receivables from exchange transactions</b>		
Movement on balance from the prior year	2 003 986	(5 478 586)
Public contributions received	(360 400)	57 500
Profit on sale of land (cost is netted against gain)	-	1 911 600
Accrued interest	1 054 095	(509 272)
	<b>2 697 681</b>	<b>(4 018 758)</b>
<b>Receivables from non-exchange</b>		
Movement on balance from the prior year	(10 179 430)	2 893 694
Unspent grants - transferred to debtors	900 000	-
	<b>(9 279 430)</b>	<b>2 893 694</b>
<b>Inventories</b>		
Movement on balance from the prior year	(1 390 943)	(4 580 369)
Water losses	(4 439 286)	(5 539 836)
Profit on sale of land (cost of land)	-	(1 911 600)
Additions of land (non-cash)	645 439	341 977
	<b>(5 184 790)</b>	<b>(11 689 828)</b>
<b>Unspent conditional grants and receipts</b>		
Movement on balance from the prior year	6 148 531	(342 297)
Public contributions	360 400	(57 500)
Transferred to debtors	(900 000)	-
Unspent Grants repaid	463 061	1 943 682
	<b>6 071 992</b>	<b>1 543 885</b>
<b>Movement on operating leases</b>		
Movement on operating lease asset	142 818	66 738
Movement on operating lease liability	17 163	38 525
	<b>159 981</b>	<b>105 263</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 45. Budget differences

#### Material differences between budget and actual amounts

##### Explanation of material variances:

##### Revenue:

**45.1 Rental of facilities and equipment:** Additional rental income expected during the adjustment's budget phase did not materialise.

**45.2 Interest earned - outstanding debtors:** Property rates debtors growth exceeded the budget expectation resulting in more interest on outstanding receivables than expected. Interest rates for the year also increased by a higher margin than expected.

**45.3 Fines, penalties and forfeits:** The fines revenue for the last two months of the year exceeded the expected fines issued.

**45.4 Gains:** The budget for gains on vesting of properties did not materialise.

##### Expenditure:

**45.5 Debt impairment:** The court procedures to obtain summonses for outstanding amounts have been increased resulting in an overall longer period for collection which negatively affected the debt impairment.

**45.6 Depreciation & asset impairment:** Certain capital projects which were expected to complete during the year expanded resulting in less finalised projects and accordingly less depreciation in comparison to the budget. The projects are not delayed, but rather were expanded on as additional multi-year funding was made available.

**45.7 Contracted Services:** The De Hoop housing project was aligned to Province's 2022/23 budget, however only R17 million was received in the current year as the remainder was already recognised as a prior year accrual (budget was R33.5 million).

**45.8 Other Expenditure:** Good fiscal control allowed significant savings on the overall expenditure of this line item.

**45.9 Losses:** This item cannot be budgeted for accurately due to the nature and timing of these amounts. The most significant budget saving pertains to actuarial gain of R7 million which was budgeted to be a loss of R8.25 million. There was also a R3 million saving on the water losses as the cost per KL of water was significantly lower than the revised estimates of the District during the adjustment's budget phase.

##### Transfers and subsidies - Capital:

**45.10 Transfers and subsidies - capital (monetary allocations) (National / Provincial and District):** The loadshedding relief grant was only made available after a March special adjustments budget, the shortfall is the unspent grants for the period.

**45.11 Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions):** The Donated property, plant and equipment could not be anticipated during the budget phase.

##### Assets

**45.12 Other Debtors:** The variance relates to the traffic fines that were more than the anticipated value of fines issued.

**45.13 Current portion of long-term receivables:** One of the current assets were incorrectly linked to a non-current asset during the budget.

**45.14 Investment property and Other non-current assets:** A portion of the correction of error on the investment property was only discovered after the adjustment's budget was closed. The additional reduction on the investment properties were therefore not budgeted for. Similarly, the Heritage Assets correction of error was also only identified after the adjustment's budget period.

##### Cash flow from investing activities

**46.15 Interest receipts:** Higher interest rates were applicable than expected during the budget phase as well as additional resources being available following good debt collection rates.

**46.16 Grant receipts:** The grant budget is prepared based on the latest Division of Revenue Act and Provincial gazetted allocations. Of these allocations, approximately R37.5 million pertains to human settlements of which only R16 million was recognised as receipts in the current year (R21 million variance). The remainder of the difference pertains to the SANRAL donation which is included in the budgeted cashflows as a grant (R11 million budgeted).

**46.17 Proceeds on disposal of PPE:** The budget includes the proceeds on the sale of land which was reclassified as Cash receipts from services and rate payers during the year.

**46.18 Increase (decrease) in consumer deposits:** This item cannot be budgeted for accurately due to the nature of the balance.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 45. Budget differences (continued)

#### Differences between budget and actual amounts basis of preparation and presentation

The National Treasury Budget Prescripts classifies items differently from the prescripts of GRAP. Significant classifications are shown below.

For service charges, the budget combines the Services charges and Availability Charges (notes 23 and 27). For ease of reference, the electricity charges were reconciled below. The same principle would apply for all service charges.

#### Statement of Financial Performance

##### Service charges - electricity

Sale of electricity - service charges	361 186 362
Electricity - availability charges	3 430 130

**364 616 492**

##### Interest earned - external investments

Interest earned - Investments	50 987 485
Bank account	7 950 622
Interest earned - Land sales	1 198

**58 939 305**

##### Interest earned - outstanding debtors

Exchange receivables	2 808 778
Non-exchange receivables	1 239 369

**4 048 147**

##### Transfers and subsidies

Government Grants & Subsidies	214 873 746
Construction contracts	17 729 912
Public contribution	23 000
Capital grants (refer Capital Transfers)	(58 751 198)

**173 875 460**

##### Gains

Gains on sale of Fixed Assets	2 185 594
Gain on sale of land	7 026 603
Vesting of properties and equipment	732 965

**9 945 162**

##### Employee related costs

Employee related costs	286 378 168
Workmans compensation (considered other expenditure by NT)	(1 464 970)
Classified under council remuneration	(14 949)
Actuarial gains and losses (considered losses by NT)	6 993 829

**291 892 078**

##### Debt impairment

Impairment of Receivables	(5 478 249)
Bad Debt Written Off	43 096 415

**37 618 166**



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>45. Budget differences (continued)</b>		
<b>Depreciation &amp; asset impairment</b>		
Depreciation and amortisation	94 180 770	
Reversal of impairment	(1 162 708)	
Impairment of assets	81 897	
	<b>93 099 959</b>	
<b>Inventory consumed</b>		
Other materials	55 778 337	
Classified under contracted services	(3 477 116)	
Classified under other expenditure	(534 706)	
	<b>51 766 515</b>	
<b>Contracted services</b>		
Contracted services	87 019 626	
Classified under inventory consumed	3 477 116	
Classified under other expenditure	500 563	
	<b>90 997 305</b>	
<b>Other expenditure</b>		
Operational Costs	38 191 066	
Classified under contracted services	(500 563)	
Classified under inventory consumed	534 706	
Workmans compensation (considered other expenditure by NT)	1 464 970	
	<b>39 690 179</b>	
<b>Losses</b>		
Water losses	4 439 286	
Loss on sale of equipment	10 266 498	
Reversal of impairment	1 162 708	
Actuarial gains and losses (considered losses by NT)	(6 993 829)	
	<b>8 874 663</b>	
<b>Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)</b>		
Development charges	-	
Donated property, plant and equipment	6 143 474	
Public contributions	11 225 071	
	<b>17 368 545</b>	
<b>Other revenue</b>		
Operational revenue	15 130 528	
Development charges	1 706 706	
	<b>16 837 234</b>	
<b>Remuneration of councillors</b>		
Remuneration of councillors	11 225 004	
Classified under employee related costs	14 948	
	<b>11 239 952</b>	

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 45. Budget differences (continued)

#### Statement of Financial Position

##### Consumer Debtors

Receivables from exchange transactions	87 080 566
Other Debtors included above	(3 704 554)
Receivables from non-exchange transactions	38 450 917
Other Debtors included above	(15 148 476)
	<b>106 678 453</b>

##### Trade payables from exchange transactions

Payables from exchange transactions	103 492 340
13th Cheque accrual (considered provision by NT)	(7 202 987)
Unspent conditional grants and receipts	9 360 376
Construction contracts payable	79 520
Operating lease liability	84 193
Rounding	2
	<b>105 813 444</b>

##### Provision (Current)

Provisions	-
Employee Benefits (Current portion)	4 916 000
13th Cheque accrual (considered provision by NT)	7 202 987
	<b>12 118 987</b>

##### Provisions (Non-current)

Provision for landfill sites	58 486 876
Employee Benefits (Non-current portion)	82 974 000
	<b>141 460 876</b>

##### Other receivables

Receivables from exchange transactions	3 704 554
Other Debtors included above	15 148 476
VAT Receivables	9 030 732
	<b>27 883 762</b>

#### Changes from the approved budget to the final budget

Changes between the original and final adjustments budget are due to budget adjustments that are approved by council. Furthermore, for operational and capital expenditure, some virements were approved based on the municipal delegation of authority. No material budget or significant virements were noted.

The capital expenditure budget comparison is included in Note 55.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>46. Repairs and maintenance expenditure</b>		
<b>Movable assets</b>	<b>7 860 342</b>	<b>8 113 553</b>
<b>Furniture and Office Equipment</b>	<b>20 985</b>	<b>42 608</b>
- Contracted Services	20 985	37 748
- Labour	-	4 860
<b>Machinery and Equipment</b>	<b>992 144</b>	<b>1 130 239</b>
- Contracted Services	805 213	972 482
- Inventory Consumed	186 931	157 757
<b>Transport Assets</b>	<b>6 623 908</b>	<b>6 586 025</b>
- Contracted Services	6 623 908	6 586 025
<b>Computer Equipment</b>	<b>223 305</b>	<b>354 681</b>
- Contracted Services	159 839	217 523
- Other Operational Costs	63 466	137 158
<b>Community Assets</b>	<b>3 458 494</b>	<b>2 955 150</b>
- Contracted Services	3 453 915	2 942 632
- Inventory Consumed	4 579	12 518
<b>Other Assets</b>	<b>2 158 052</b>	<b>2 012 005</b>
- Contracted Services	2 158 052	1 648 393
- Inventory Consumed	-	363 612
<b>Intangible Assets</b>	<b>3 749 763</b>	<b>2 675 981</b>
- Other Operational Costs	3 749 763	2 675 981
<b>Infrastructure Assets</b>	<b>47 907 755</b>	<b>41 799 662</b>
<b>Electrical Infrastructure</b>	<b>3 607 835</b>	<b>2 749 886</b>
- Contracted Services	199 962	151 201
- Inventory Consumed	2 124 137	1 363 206
- Labour	1 283 736	1 235 479
<b>Roads Infrastructure</b>	<b>9 656 841</b>	<b>5 197 149</b>
- Contracted Services	9 656 841	5 197 149
<b>Sanitation Infrastructure</b>	<b>4 411 841</b>	<b>5 004 042</b>
- Contracted Services	4 411 841	5 004 042
<b>Solid Waste Disposal Infrastructure</b>	<b>10 017 218</b>	<b>8 804 294</b>
- Contracted Services	8 397 351	7 318 912
- Labour	1 606 665	1 473 395
- Other Operational Costs	13 202	11 987
<b>Storm Water Infrastructure</b>	<b>18 615 718</b>	<b>18 369 628</b>
- Contracted Services	339 750	325 502
- Inventory Consumed	30 655	28 893
- Labour	17 428 152	17 272 223
- Other Lease Expenditure	307 945	278 161
- Other Operational Costs	509 216	464 849
<b>Water Supply Infrastructure</b>	<b>1 598 302</b>	<b>1 674 663</b>
- Contracted Services	1 598 302	1 674 663
	<b>65 134 406</b>	<b>57 556 351</b>
<b>47. Capital commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment - Infrastructure	46 876 912	30 269 209
• Property, plant and equipment - Movable assets	14 270 352	5 709 323
	<b>61 147 264</b>	<b>35 978 532</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 47. Capital commitments (continued)

Non-cancellable Operating Lease Commitments are disclosed in Note 9.

Amounts are exclusive of VAT and the amount for infrastructure includes escalation cost.

### 48. Contingencies

Guarantees in favour of Eskom	70 900	70 900
Guarantees in favour of South African Post Office Limited	200 000	200 000
	<b>270 900</b>	<b>270 900</b>

Paulus Smit N.O. and others v Swartland Municipality: The case relates to a previous judgment by the High Court (Case No. 11127/2018) delivered on 23 August 2019. The applicant failed to erect the wall, and also to claim payment from the Municipality, but instead issued a summons in the High Court on 22 August 2022, following a notice given on 28 July 2022 i.t.o. section 3 of the Institution of Legal Proceedings against Certain Organs of State Act 4 of 2002 of further legal action contemplated herein, claiming payment by the Municipality of R1 283 000.	1 283 000	1 283 000
VAT on library grant receipts	9 102 233	7 915 286

The municipality sought the opinion of a tax practitioner regarding the potential Value Added Tax consequences on the Provincial Administration of Western Cape's grant allocation for Libraries which is paid to the municipality. A technical interpretation of the Marshall NO and Others vs Commissioner for the South African Revenue Service (CCT208/17) resulted therein that the municipality could be delivering a service to the Provincial Administration. As such, there is a potential that SARS could expect the municipality to pay VAT over on the grant receipts to date. In the records of the municipality the Library Grant is considered a transfer payment as there is no direct correlation between the services rendered to the public and the transfer payment received (the municipality is responsible for the execution of its own discretion as to how it manages its expenditure budget). If SARS were to conclude that the municipality should repay the VAT, such is expected to only audit the past three years' receipts. As such, the municipality has estimated that potential VAT consequences (inclusive of penalties and interest) of R 9 102 233 (2022 (Restated): R 7 915 286) could arise from such audit. The contingent liability has been limited to receipts dating back five (5) years as this period is quoted in the Tax Administration Act.

Bank guarantees provided to Eskom for the supply of electricity to the Municipality for distribution amongst consumers. The guarantees are covered to a large extent by cash deposits recovered from the individual consumers of electricity within the municipal area.

A bank guarantee has been obtained from Standard Bank and issued to the SA Post Office which serves as security in respect of the payment for the monthly delivery of the municipal accounts.

### Contingent asset

The municipality has paid R370 000 to the representatives of Paulus Smit N.O. with regards to the matter included under the contingent liabilities on the condition that: the Municipality reserves the right to reclaim the contribution from the plaintiff if it not commencing construction of the wall within a reasonable period from 15 September 2022.

The municipality is also involved in various individual building & land use matters, eviction applications, etc.

### 49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	90 850 978	99 485 174
Used to finance property, plant and equipment	(90 850 978)	(99 485 174)
Cash set aside for the repayment of long-term liabilities	8 761 333	8 634 196
	<b>8 761 333</b>	<b>8 634 196</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act (Act 56 of 2003). Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figures in Rand	2023	2022
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### 50. Non-cash investing and financing activities

The Municipality was engaged in exchange transactions of non-monetary assets during the year. Various municipal properties were exchanged for similar assets acquired from the registered owners.

### 51. In-kind donations and assistance

The municipality received services in-kind under voluntary or non-voluntary schemes which included free training, workshops and technical assistance from government departments and entities. These services in-kind have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives and are not measurable.

### 52. Related parties

#### Relationships

Accounting Officer	Refer to accounting officer's report note
Other spheres of government and municipalities	
Councillors	
Members of key management	Refer to note 33

#### Municipal services rendered to related parties

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel (managers directly accountable to the Municipal Manager). No expense has been recognised in the period for the provision for doubtful debts in respect of the amounts owed by related parties.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

No councillor was in arrears for more than 90 days.

#### Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004.

#### Purchases from Related Parties

No purchases were made from related parties that are considered to not be at arms-length. In terms of the municipal accounting policy, transactions and balances that are at arms-length will not be separately disclosed.

The water service concession arrangement would not have been entered into with any party other than a related party. The details of the water service concession arrangement are included in Note 57.

#### Compensation of key personnel

The compensation of key management personnel is set out in Notes 33 and 34.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 53. Financial instruments disclosure

#### Categories of financial instruments

##### 2023

##### Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	16 924	721 999 911	722 016 835
Receivables from exchange transactions	-	87 080 556	87 080 556
Receivables from non-exchange transactions	-	2 482 341	2 482 341
	<b>16 924</b>	<b>811 562 808</b>	<b>811 579 732</b>

##### Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	76 110 961	76 110 961
Consumer deposits	17 845 831	-	17 845 831
Unspent conditional grants and receipts	-	9 360 376	9 360 376
Other financial liabilities	-	90 850 978	90 850 978
Construction contracts	-	79 520	79 520
	<b>17 845 831</b>	<b>176 401 835</b>	<b>194 247 666</b>

##### 2022

##### Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	21 325	665 069 624	665 090 949
Receivables from exchange transactions	-	89 084 541	89 084 541
Receivables from non-exchange transactions	-	2 343 438	2 343 438
Finance lease receivables	-	1 003	1 003
	<b>21 325</b>	<b>756 498 606</b>	<b>756 519 931</b>

##### Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	93 365 527	93 365 527
Consumer deposits	16 449 628	-	16 449 628
Unspent conditional grants and receipts	-	3 211 845	3 211 845
Other financial liabilities	-	99 485 174	99 485 174
Construction contracts	-	4 043 670	4 043 670
	<b>16 449 628</b>	<b>200 106 216</b>	<b>216 555 844</b>

### 54. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks. The main categories of risk that the municipality is exposed to is credit risk (pertaining to debtors), interest rate risks for investments and liquidity risk as it pertains to the long-term cashflow of the municipality.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 54. Risk management (continued)

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits, implement controls and monitor adherence.

Due to the large non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's Performance and Risk Audit committee, an independent body that monitors the effectiveness of the internal audit function.

#### Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation. A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed below.

Consumer Deposits (\*) are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

Previously, the Other financial liabilities' maturity analysis was disclosed inclusive of interest payable. Upon reconsideration, it was thought more prudent to disclose only the capital portion due as this balance affects the liquidity as at 30 June 2023. The balance at year end is therefore comparable to the maturity analysis. Only the capital is due as at year end, while interest only accrues in the future (future costs not taken into account).

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 54. Risk management (continued)

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	76 110 961	-	-	-
Consumer deposits	17 845 831	-	-	-
Unspent conditional grants and receipts	9 360 376	-	-	-
Other financial liabilities	8 761 333	9 452 366	34 967 679	37 669 600
Construction contracts	79 520	-	-	-

  

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	93 365 527	-	-	-
Consumer deposits	16 449 628	-	-	-
Unspent conditional grants and receipts	3 211 846	-	-	-
Other financial liabilities	8 634 196	8 761 333	31 578 190	50 511 455
Construction contracts	4 043 670	-	-	-

### Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Maximum exposure to credit risk is not covered by collateral unless otherwise specified. Each class of financial instrument is disclosed separately.

Potential concentrations of credit risk consist mainly of fixed deposit investments, finance lease debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured 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.

The municipality exposure to the credit risk is wide-spread, but a single significant debtor, Sasko (Pty) Ltd can be noted as disclosed in Note 3.

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

Financial instrument	2023	2022
Cash and cash equivalents	721 999 911	665 069 625
Receivables from exchange transactions	87 080 556	89 084 541
Receivables from non-exchange transactions	2 482 341	2 343 438
Finance lease receivables	-	1 003

The municipality is exposed to a number of guarantees issued in favour of the creditors of the municipality. Refer to note 48 for additional details.

The gross balance from receivables has been grouped into risk groupings (Group 1-3). Group 1 are those debtors with a high certainty of timely payment. Risk of non-payment is considered to be low as these receivables maintained a payment rate of more than 70 %. Group 2 are those debtors with a reasonable certainty of timely payment. The risk of non-payment is considered to be moderate as these receivables maintained a payment rate of 50 - 70 % during the year. Group 3 are those debtors for which the risk factors of non-payment are larger as these receivables had a payment rate of below 50 % during the year.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>54. Risk management (continued)</b>		
<b>Gross balances of receivables from exchange transactions</b>	2023	2022
Group 1	57 516 745	56 366 190
Group 2	1 476 496	1 500 071
Group 3	34 836 109	28 090 768
	<b>93 829 350</b>	<b>85 957 029</b>

### Market risk

#### Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, finance lease debtors, consumer debtors, other debtors, and bank and cash balances.

The municipality is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates.

At 30 June 2023, if interest rates on Rand-denominated borrowings had been 2% higher/lower (200 basis points) with all other variables held constant, post-tax surplus for the year would have been R 14 038 375 (2022: R 12 947 378) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

### 55. Segment information

#### General information

The municipal management accounts that are used to review the performance of the municipality are based on National Treasury's Budget schedules as published in the Municipal Budget Reporting Regulations. The management accounts therefore comprise the actual consolidated GRAP results which are presented two different segmental reports: 1) MSCOA's Function Segment and the Municipal Standard Classification (Votes 1-8). Monthly management accounts are however only reviewed for purposes of measuring performance in terms of the municipal organogram (Municipal Votes). Therefore only this report has been presented. The monthly municipal management accounts are available on the municipal website. Details of each municipal service has been reported in the annual performance report.

All figures reported in the management accounts are based on the measurement principles of GRAP. Interdepartmental transactions are already eliminated in the published figures order to present the GRAP accounting to management when reviewing performance.

Management does not review segmented profit or loss as segments are reviewed based on the budget expectations for revenue and expenditure rather than the overall net-profit result. As segmented profit is not reviewed, this has not been presented. For the segment report, only total revenue and total expenditure is reviewed. The detailed breakdown of revenue and expenditure per AFS classification is not reviewed on a segment report level in the monthly management meetings. The detailed analysis is reviewed by each individual manager, but these detailed results are not presented as part of the senior management discussions.

Management does not review restated financial performance or capital expenditure. As such the comparative figures were not updated for the restatements of the prior year.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 55. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2023

	Actual	Final Budget	Budget Variance
<b>Revenue</b>			
Vote 1 - Corporate Services	13 416 327	12 798 595	617 732
Vote 2 - Civil Services	293 035 429	298 253 544	(5 218 115)
Vote 3 - Council	103 327	299 425	(196 098)
Vote 4 - Electricity Services	393 023 473	410 288 864	(17 265 391)
Vote 5 - Financial Services	287 844 206	278 834 788	9 009 418
Vote 6 - Development Services	31 971 405	47 587 169	(15 615 764)
Vote 7 - Municipal Manager	-	418 000	(418 000)
Vote 8 - Protection services	53 349 066	49 537 194	3 811 872
<b>Total segment revenue</b>	<b>1 072 743 233</b>	<b>1 098 017 579</b>	<b>(25 274 346)</b>
<b>Entity's revenue</b>			<b>(25 274 346)</b>
<b>Expenditure</b>			
Vote 1 - Corporate Services	37 799 564	41 200 514	(3 400 950)
Vote 2 - Civil Services	325 327 523	356 613 686	(31 286 163)
Vote 3 - Council	18 881 370	19 502 019	(620 649)
Vote 4 - Electricity Services	342 784 143	371 902 840	(29 118 697)
Vote 5 - Financial Services	52 095 308	67 142 502	(15 047 194)
Vote 6 - Development Services	50 629 443	64 578 736	(13 949 293)
Vote 7 - Municipal Manager	7 573 005	10 753 501	(3 180 496)
Vote 8 - Protection Services	99 440 829	93 882 193	5 558 636
<b>Total segment expenditure</b>	<b>934 531 185</b>	<b>1 025 575 991</b>	<b>(91 044 806)</b>
<b>Total segmental surplus/(deficit)</b>	<b>138 212 048</b>	<b>72 441 588</b>	<b>65 770 460</b>



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 55. Segment information (continued)

	Actual	Final Budget	Budget Variance
<b>Assets</b>			
Vote 1 - Corporate Services	595 547	594 671	876
Vote 2 - Civil Services	107 124 266	116 195 463	(9 071 197)
Vote 3 - Council	663 869	663 869	-
Vote 4 - Electricity Services	48 605 561	49 576 775	(971 214)
Vote 5 - Financial Services	665 314	314 293	351 021
Vote 6 - Development Services	6 934 611	7 435 113	(500 502)
Vote 7 - Municipal Manager	12 135	12 135	-
Vote 8 - Protection Services	4 045 233	4 047 485	(2 252)
Reconciling items			
Landfill site (movement on provision)	1 855 785	-	-
<b>Total Capital Expenditure</b>	<b>170 502 321</b>	<b>178 839 804</b>	<b>(10 193 268)</b>

### 2022

	Actual	Final Budget	Budget Variance
<b>Revenue</b>			
Vote 1 - Corporate Services	12 491 942	12 462 510	29 432
Vote 2 - Civil Services	256 272 170	260 859 169	(4 586 999)
Vote 3 - Council	266 250	294 700	(28 450)
Vote 4 - Electricity Services	384 052 754	384 779 588	(726 834)
Vote 5 - Financial Services	237 101 106	244 764 541	(7 663 435)
Vote 6 - Development Services	58 805 941	44 872 958	13 932 983
Vote 8 - Protection Services	45 617 050	51 428 463	(5 811 413)
<b>Total segment revenue</b>	<b>994 607 213</b>	<b>999 461 929</b>	<b>(4 854 716)</b>
<b>Entity's revenue</b>			<b>(4 854 716)</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 55. Segment information (continued)

#### Expenditure

Vote 1 - Corporate Services	35 621 250	37 897 217	(2 275 967)
Vote 2 - Civil Services	308 064 413	314 481 918	(6 417 505)
Vote 3 - Council	18 175 437	18 458 946	(283 509)
Vote 4 - Electricity Services	342 333 536	370 118 592	(27 785 056)
Vote 5 - Financial Services	51 929 825	46 566 677	5 363 148
Vote 6 - Development Services	62 100 306	54 143 627	7 956 679
Vote 7 - Municipal Manager	7 506 724	7 991 318	(484 594)
Vote 8 - Protection Services	86 522 568	89 896 885	(3 374 317)
<b>Total segment expenditure</b>	<b>912 254 059</b>	<b>939 555 180</b>	<b>(27 301 121)</b>
<b>Total segmental surplus/(deficit)</b>	<b>82 353 154</b>	<b>59 906 749</b>	<b>22 446 405</b>

#### Capital expenditure

Vote 1 - Corporate Services	512 580	559 550	(46 970)
Vote 2 - Civil Services	133 165 091	125 743 630	7 421 461
Vote 3 - Council	9 223	10 000	(777)
Vote 4 - Electricity Services	25 691 675	26 140 076	(448 401)
Vote 5 - Financial Services	802 370	321 372	480 998
Vote 6 - Development Services	11 817 633	14 935 118	(3 117 485)
Vote 7 - Municipal Manager	7 331	10 000	(2 669)
Vote 8 - Protection Services	2 895 760	2 320 702	575 058

#### Reconciling items

Landfill site (movement on provision)	4 924 391	-	-
Gains (not expenditure)	206 032	-	-
<b>Total capital expenditure</b>	<b>180 032 086</b>	<b>170 040 448</b>	<b>4 861 215</b>



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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Figures in Rand	2023	2022
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### 56. Accounting by principals and agents

The entity is a party to principal-agent arrangements.

#### Details of the arrangements are as follows:

##### Licensing fees collected on behalf of the Provincial Department

The municipality collects licencing fees on behalf of the Provincial Department of Transport and Public Works. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The municipality does not incur any additional expenses on behalf of the Provincial Department as the collection of fees are within the normal operations of the municipality. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Provincial Department (other than the receipts). Monies are paid to the department every 5 days (or first business day thereafter).

##### Other Arrangements

The municipality has entered into arrangements with service providers where they provide services to the public on behalf of the municipality. The nature of these arrangements was assessed and since the municipality collects all revenues in full, the transactions are not considered to be those within the scope of GRAP 109. The types of arrangements considered for this purpose are:

- Traffic fines are issued on our behalf by a service provider. Some collections are also collected via their service level agreements with e-payment service providers.
- Various prepaid electricity vendors sell electricity on our behalf. The software used results in all transactions being recorded in our sub-system. We collect the cash receipts from the vendors daily. Prepaid vendors earn commission on the value of each transaction with a maximum limit in place.

For conditional grant receipts, kindly refer to Note 29.

Commission to Prepaid vendors and expenditure relating to services rendered by the traffic services vendor are disclosed in Note 36.

No other resources are held by these vendors on behalf of the municipality. As no resources are held, except the daily cash-ups, no significant risks have been transferred to these vendors.

##### Entity as agent

##### Additional information

##### Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

##### Category(ies) of revenue received or to be received on behalf of the principal, are:

###### Categories

Licencing fees

###### Additional details

The municipality receives a commission on collection of Licencing Fees on behalf of the Provincial Department of Transport and Public Works. The municipality accounts for its portion as Income from Agency Services and the net amount due to the Provincial Department is transferred to such department.

##### Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>56. Accounting by principals and agents (continued)</b>		
<b>Reconciliation of the carrying amount of payables</b>		
<b>Motor Vehicle Licenses</b>		
Revenue that principal is entitled to	43 296 577	32 707 197
Cash repaid to the principal	(37 785 098)	(27 443 091)
Income from agency service	(5 511 479)	(5 264 106)
	-	-

The amount due to the Department is included under Payables from Exchange Transactions (Other payables).

### 57. Service Concession Arrangements

In terms of the Municipal Systems Act, Bulk Water service falls under the domain of the District Municipality which would mean that these assets would fall under West Coast District Municipality, however authority was given by way of a Government Gazette notice whereby the Local Municipalities of Bergrivier, Swartland and Saldanha Bay were given Water Service Authority Status with the responsibility for the provision of the Bulk Water Function.

This effectively meant that this function was taken over from the District Municipality. At this stage the assets should in effect have been transferred to the Local Municipalities.

In terms of the Section 78 Study dated August 2005 a decision was made to maintain the status quo, whereby West Coast District Municipality would continue to operate the water function on behalf of the three local municipalities (Swartland, Saldanha bay and Bergrivier), the agreement was for a period of 10 years and the function ultimately remains that of the Local Municipalities. Currently the agreement is cancellable by either of the parties, but it is unlikely that the agreement would be terminated in the foreseeable future. No changes to the arrangement were made during the current or previous financial periods, but minor administrative matters are constantly being addressed (e.g. procurement strategies). No breaches by either of the parties have been identified to date.

In return for operating the Bulk Water service function the District received compensation as follows:

- Monthly Tariff Fee
- Administrative fee equal to 5% of the operating costs

The Local Municipalities are thus in control of the Bulk Water assets, and as a result these assets are, measured and disclosed in our financial records.

**The effect of the service concession arrangement in the financial statements of the municipality can be summarised as follows:**

<b>Property, plant and equipment</b>		
Infrastructure (Water)	91 893 970	95 053 032
<b>Borrowings</b>		
Other financial liabilities	-	600 000
<b>Expenditure relating to service concession arrangement</b>		
Depreciation	3 192 977	3 187 251
Loss on disposal of assets	36 061	-
Finance charges	25 886	129 287
Total water purchased from District	33 612 592	27 569 927
- Purchased at agreed rate	33 519 410	34 895 947
- Adjusted for distribution (gains)/losses	93 182	(7 326 020)

No revenue is receivable by the municipality in terms of the arrangement. The municipality's water purchases are generated through this arrangement.

The loans are registered in the name of West Coast District Municipality, but have been entered into solely to finance the purchase or upgrade of the service concession assets. For this purpose, the loans have been apportioned to each municipality within the district in relation to the approximate value of the infrastructure assets purchased by the operator (West Coast District Municipality).

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 57. Service Concession Arrangements (continued)

#### Service Concession Assets

Included in the total for Property, Plant and Equipment are assets that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these assets are disclosed below:

Infrastructure: Water 91 893 970 95 053 032

#### Reconciliation of Carrying Amounts of Service Concession Assets

Opening Balance (Carrying Value)	95 053 032	98 155 596
Additions	69 976	84 687
Depreciation	(3 192 977)	(3 187 251)
Disposal of assets	(36 061)	-
<b>Total Carrying Amounts of Service Concession Assets</b>	<b>91 893 970</b>	<b>95 053 032</b>

#### Service Concession Borrowings

Included in the total for Borrowings are loans that are separately attributable to the service concession arrangement between the municipality and West Coast District Municipality which has assumed the responsibility for the water distribution on behalf of the municipality. The carrying values of these liabilities are disclosed below:

Loan Name	Redemption date		
Development Bank 6100 7028	31/12/2022	-	600 000

The loans bear variable interest rates of 8.61% (2022: 8.61%) per annum.

### 58. Multi-employer retirement benefit information

The personnel of the Swartland Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Local Authority Retirement Fund, The Consolidated Retirement Fund for Local Government, The National Municipal and Related Services Employee Retirement Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not nationally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The rate of contributions is provided below under each fund.

Each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality in respect of the defined contribution plans is to make the specified contributions.

#### LOCAL AUTHORITY RETIREMENT FUND

The Local Authority Retirement Fund operates as a defined contribution scheme.

The defined contribution scheme is a multi-employer plan and the contribution rate payable is 9,00% by the members and 18,00% by Council. The last valuations performed for the year ended 30 June 2022 (30 June 2021) had an overall funding level of 111,60% (2021: 104,90%) and is in a sound financial position. The next actuarial valuation will be as at 30 June 2023.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 58. Multi-employer retirement benefit information (continued)

#### CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

The contribution rate paid by the members (9,00% by employees, 7,50% by section 57 employees and 12,00% by councillors) and by Council (18,00% for employees, 19,50% for section 57 employees and 15,00 % for councillors) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2022 (30 June 2021) revealed that the fund had a funding level of 131,60% (133,00%). Certified to be of a sound financial position as at 30 June 2022.

#### MUNICIPAL WORKERS RETIREMENT FUND

The contribution rate payable is 7,50% by the members 18% by Council. Actuarial valuation on this fund is performed every three years, and the last valuation performed for the year ended 30 June 2020 (30 June 2019) certified that the fund is in a sound financial state. The funding level was 100,00% at valuating date (2019: 100,00%).

#### NATIONAL FUND FOR MUNICIPAL WORKERS

The above mentioned fund is a Defined Contribution Fund and the contribution rate paid by the members is 9,00% and 7,50% by section 57 employees and that of council 18,00% and 19,50% respectively. The latest statutory valuation was done on 30 June 2021 (30 June 2020). As at 30 June 2021 the results state that the funding level was 100,00% (2020: 100,41%).

Employers do not have any liability for any fund's performances or deficits. None of the above mentioned plans are state plans.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022	
<b>59. Restatement of prior year</b>			
Presented below are those items contained in the statement of financial performance that have been affected by prior-year adjustments:			
No restatements were made to the Statement of Financial Position.			
The prior year Cashflow Statement was restated for the movement on the accrual of Property, Plant and Equipment as disclosed in Note 44.			
<b>Statement of financial position</b>			
<b>2022</b>			
	As previously reported	Correction of error	Restated
<b>Current assets</b>	<b>818 706 586</b>	<b>1</b>	<b>818 706 587</b>
Cash and cash equivalents	665 090 949	-	665 090 949
Receivables from exchange transactions	90 370 385	(1 285 843)	89 084 542
Receivables from non-exchange transactions	28 565 935	(294 447)	28 271 488
Finance lease receivables	1 003	-	1 003
Inventories	21 632 168	-	21 632 168
Operating lease asset	3 330	-	3 330
VAT receivable	13 042 816	1 580 291	14 623 107
<b>Non-Current Assets</b>	<b>2 184 127 909</b>	<b>(15 018 429)</b>	<b>2 169 109 480</b>
Property, plant and equipment	2 148 178 663	(3 749 382)	2 144 429 281
Investment property	34 325 668	(11 494 547)	22 831 121
Intangible assets	503 678	-	503 678
Heritage assets	1 119 900	225 500	1 345 400
<b>Total Assets</b>	<b>3 002 834 495</b>	<b>(15 018 428)</b>	<b>2 987 816 067</b>
<b>Current Liabilities</b>	<b>155 986 302</b>	<b>7</b>	<b>155 986 309</b>
Operating lease liability	67 029	-	67 029
Payables from exchange transactions	118 145 933	7	118 145 940
Consumer deposits	16 449 628	-	16 449 628
Construction contracts payables	4 043 670	-	4 043 670
Unspent conditional grants and receipts	3 211 846	-	3 211 846
Other financial liabilities	8 634 196	-	8 634 196
Employee benefit obligation	5 064 000	-	5 064 000
Provisions	370 000	-	370 000
<b>Non-Current Liabilities</b>	<b>224 232 063</b>	<b>-</b>	<b>224 232 063</b>
Other financial liabilities	90 850 978	-	90 850 978
Employee benefit obligation	82 225 000	-	82 225 000
Provisions	51 156 085	-	51 156 085
<b>Total Liabilities</b>	<b>380 218 365</b>	<b>7</b>	<b>380 218 372</b>
<b>Net Assets</b>	<b>2 622 616 130</b>	<b>(15 018 435)</b>	<b>2 607 597 695</b>
Statutory funds	1 003	-	1 003
Reserves	266 156 243	-	266 156 243
Accumulated surplus	2 356 458 884	(15 018 435)	2 341 440 449
<b>Total Net Assets</b>	<b>2 622 616 130</b>	<b>(15 018 435)</b>	<b>2 607 597 695</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 59. Restatement of prior year (continued)

#### Statement of financial performance

#### 2022

	As previously reported	Correction of error	Re-classification	Restated
<b>Revenue</b>		-	-	
<b>Revenue from exchange transactions</b>		-	-	
Service charges	516 509 940	-	-	516 509 940
Agency services	5 264 106	-	-	5 264 106
Construction contracts	40 463 470	-	-	40 463 470
Interest received	37 302 439	-	-	37 302 439
Operational revenue	15 677 528	-	-	15 677 528
Rental of facilities and equipment	1 422 243	-	-	1 422 243
<b>Total revenue from exchange transactions</b>	<b>616 639 726</b>	-	-	<b>616 639 726</b>
<b>Revenue from non-exchange transactions</b>				
<b>Taxation revenue</b>		-	-	
Property rates	141 485 766	-	-	141 485 766
Interest received on rates receivables	833 048	-	-	833 048
<b>Transfer revenue</b>		-	-	
Government grants and subsidies	178 507 910	-	-	178 507 910
Donated property, plant and equipment	701 201	-	-	701 201
Fines	27 864 003	-	-	27 864 003
Licenses and permits	4 686 418	-	-	4 686 418
Public contributions and donations	980 250	-	-	980 250
Vesting of properties and equipment	687 032	-	-	687 032
Development charges	3 488 994	-	-	3 488 994
Availability charges	11 351 550	-	-	11 351 550
<b>Total revenue from non-exchange transactions</b>	<b>370 586 172</b>	-	-	<b>370 586 172</b>
<b>Total Revenue</b>	<b>987 225 898</b>	-	-	<b>987 225 898</b>
<b>Expenditure</b>		-	-	
Employee related costs	267 878 272	-	-	267 878 272
Rumeration of councillors	10 929 196	-	-	10 929 196
Bad debts written off	25 538 237	-	-	25 538 237
Bulk purchases	292 404 602	-	-	292 404 602
Contracted services	94 233 458	-	(2 882 690)	91 350 768
Depreciation and amortisation	90 817 410	142 748	-	90 960 158
Finance cost	15 738 250	-	-	15 738 250
Grants and subsidies paid	3 774 363	-	-	3 774 363
Operational costs	34 332 973	1	647 909	34 980 883
Other materials	40 281 331	2	2 234 781	42 516 114
<b>Total expenditure</b>	<b>875 928 092</b>	<b>142 751</b>	-	<b>876 070 843</b>
<b>Operating Surplus</b>	<b>111 297 806</b>	<b>(142 751)</b>	-	<b>111 155 055</b>
Gains on sale of fixed assets	1 484 113	-	-	1 484 113
Gains on sale of land	5 897 202	-	-	5 897 202
Impairment losses on assets and receivables	(20 576 723)	-	-	(20 576 723)
Inventory losses: Water losses	(5 539 836)	-	-	(5 539 836)
Loss on disposal of assets	(10 239 410)	103 546	-	(10 135 864)
<b>Total gains and losses</b>	<b>(28 974 654)</b>	<b>103 546</b>	-	<b>(28 871 108)</b>
<b>Surplus for the year</b>	<b>82 323 152</b>	<b>(39 205)</b>	-	<b>82 283 947</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 59. Restatement of prior year (continued)

#### Errors

An in-depth review of the classification of income and expenditure was conducted. Management compared the nature of the transactions to the classification in the Statement of Financial Performance. Where the classification disclose the function rather than the nature of the expense, the classification was updated. Line items within each of these notes were also updated as certain classifications were considered outdated in comparison to the user's understanding of the Municipal Standard Chart of Accounts (MSCOA) as prescribed through regulations issued by National Treasury.

Management revisited the classification of Land and Buildings as part of a data cleansing exercise. The data cleansing project for the asset classes are not finalised yet, but all of the changes in terms of management's assertions of validity, accuracy and completeness has been brought into the records as a correction to the previous periods.

#### (a) Correction of Non-current assets

Management is currently busy with a data cleansing exercise to align the asset register with the masterplanning and other civil engineering requirements. The first step in the process is to revisit all of our land and buildings to ensure that these are appropriately classified in terms of its use. Thereafter, each land portion would be surveyed to determine the exact components that pertains to each asset sub-class and accordingly the data will be updated to be aligned to the latest municipal asset hierarchy. The exercise is split over several financial periods to allow management sufficient time to evaluate all of the results. For the current year, the land was finalised, with some recomponentisation on the buildings still due. During the review, management identified disposals that were not accounted for due to non-specific asset descriptions and also reclassified certain land and building assets. There was also a restatement identified during the unbundling exercise of the current year and a minor error identified on the depreciation of a sub-register of the meters. The latter errors were assessed and found to be anomalies rather than pervasive. The corrections were however treated a prior period error due to the impact of the data cleansing being material as cost and accumulated depreciation is separately disclosed. The effect of the restatements on the Statement of Financial Position and Statement of Financial Performance for the comparative year is summarised as:

#### Increase/(Decrease) in Property, Plant and Equipment

Closing Balance - previously stated	2 148 178 663
Opening balance cost restated due to data cleansing	(17 990 493)
Opening balance accumulated depreciation restated due to data cleansing	15 079 742
Opening balance restated during current year unbundling	(245 819)
Opening balance restated due error on depreciation	(416 722)
Additions restated during current year unbundling	230 936
Additions restated due to data cleansing - infrastructure	2 308 769
Additions restated due to data cleansing - other assets	(2 308 769)
Disposals restated due to data cleansing	(246 278)
Disposals restated due to error on depreciation	17 546
Depreciation restated due to data cleansing	315 238
Depreciation restated during current year unbundling	(41 580)
Depreciation restated due to error on depreciation	(443 956)
Impairment restated due to data cleansing	(8 000)
Rounding	4
	<b>2 144 429 281</b>

#### Increase/(Decrease) in Investment Property

Closing Balance - previously stated	34 325 668
Opening balance cost restated due to data cleansing	(14 094 468)
Opening balance accumulated depreciation restated due to data cleansing	2 232 093
Disposals restated due to data cleansing	332 278
Depreciation restated due to data cleansing	27 550
Impairment restated due to data cleansing	8 000
	<b>22 831 121</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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### 59. Restatement of prior year (continued)

#### Increase in Heritage Assets

Closing Balance - previously stated		1 119 900
Opening balance cost restated due to data cleansing		225 500
		<u>1 345 400</u>

#### (b) Correction of error - Cashflow statement

Management reviewed the prior year cashflow and noted that the gain on sale of land was erroneously classified as Cashflows from Investing activities. It is however a sale of inventory affecting the operating activities. The amount is not material, but was restated in order to ensure comparability (consistency) to the current and future periods. The gain also included an R1 911 660 cost of the land, resulting in a change in the cashflow of working capital (inventory).

Other amendments were also made to the Cashflow statement note due to restatements of the disposals and depreciation for the comparative period.

The below summarises the changes from the prior year for note 44. The effect on the Cashflow statement is evident from the notes.

#### Impact of reclassification of gain on sale of assets

Increase in Cash receipts from services and rate payers		7 808 862
Decrease in Cash paid to suppliers and employees		(1 911 660)
Decrease in Proceeds from sale of investment property		(5 897 202)
		<u>-</u>

#### (e) Adjustment of surplus for the year

The aforementioned adjustments resulted in adjustments to the accumulated surplus for the year as follows:

#### Statement of Financial Performance

Surplus for the year as previously stated		82 323 152
Depreciation restated as per note (a)		(142 748)
Disposals restated as per note (a)		103 546
Rounding		(2)
Restated surplus for the year		<u>82 283 948</u>
Restatements to opening balances of Non-current assets as per note (a)		(14 979 230)
Rounding		(1)
Balance as previously stated (excluding surplus for the year)		2 274 135 732
		<u>2 341 440 449</u>

### 60. Comparative figures

Certain comparative figures have been reclassified as indicated in Notes 59. These reclassifications were made in order to ensure comparability (consistency) to the current and future periods.

### 61. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	3 070 399	2 652 311
Amount paid - current year	(3 070 399)	(2 652 311)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Audit fees

Current year subscription / fee	3 451 139	2 616 476
Amount paid - current year	(3 451 139)	(2 616 476)
	-	-

#### VAT

VAT receivable	9 030 732	14 623 107
----------------	-----------	------------

VAT output payables and VAT input receivables are shown in note 10.

All VAT returns have been submitted by the due date throughout the year.

#### PAYE, UIF and SDL

Current year subscription / fee	46 384 424	43 039 879
Amount paid - current year	(46 384 424)	(43 039 879)
<b>Balance unpaid (included in creditors)</b>	-	-

#### Pension and Medical Aid Deductions

Current year subscription / fee	72 681 635	66 309 027
Amount paid - current year	(72 675 635)	(66 309 027)
<b>Balance unpaid (included in creditors)</b>	<b>6 000</b>	-

#### Councillors' arrear consumer accounts

During the financial year under review no Councillor was in arrears with the settlement of their municipal accounts.

#### Deviations in terms of section 36 of the Municipal Supply Chain Regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents were reported to council.

#### Incident

Deviations above R30 000 due to Emergencies (occurrences: 23 (2022: 21))	2 632 493	3 106 702
Deviations above R30 000 due to Sole Supplier deviations (occurrences: 3 (2022: 3))	208 603	342 317
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes - special goods/services (occurrences: 46 (2022: 9))	1 858 089	1 399 628
Deviations based on section 2(6) of Supply Chain Policy - Impractical to obtain quotes for repairs and services to specialised equipment or vehicles (occurrences: 469 (2022: 471))	4 610 862	4 803 200
Deviations below R30 000 (occurrences: 435 (2022: 513))	3 809 840	4 809 636
Deviations below R30 000 emanating from responses to COVID 19 related instances (occurrences: 0 (2022: 27))	-	100 692
	<b>13 119 887</b>	<b>14 562 175</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Electricity and Water Losses were as follows and are not recoverable:

##### Technical electricity losses

Units purchased	178 364 118	204 575 267
Units sold	(168 951 523)	(191 306 463)
<b>Technical electricity losses</b>	<b>9 412 595</b>	<b>13 268 804</b>
<b>Percentage loss</b>	<b>5.28%</b>	<b>6.49%</b>

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing occurrence, with regular actions being taken against defaulters. Faulty meters are replaced as soon as it is reported.

##### Water distribution losses and non-revenue water

Kilolitres purchased	5 183 703	5 427 515
Kilolitres sold	(4 328 018)	(4 173 718)
Kilolitres Lost in distribution (kl)	855 685	1 253 797
Unbilled / Unmetered Water (kl)	(171 062)	(179 111)
<b>Actual loss in units (kl)</b>	<b>684 623</b>	<b>1 074 686</b>
<b>Percentage loss</b>	<b>13.21%</b>	<b>19.80%</b>

Water losses occur due to inter alia evaporation, leakages, the tampering of meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing occurrence, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as it is reported.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Disclosure of awards of more than R2 000 to a person who is a family member of a person in the service of the state in terms of section 45 of the Municipal Supply Chain Regulations:

Kindly note that certain previously disclosed names and amounts have been restated to reflect the correct information available to the municipality as at 30 June 2023.

Service Provider	Relation to Service Provider	Name of Relation in the Employment of the Organ of State	Organ of State	Position of the person in the employment of the Organ of State	Value of Transaction 2023 R	Value of Transaction 2022 R
WJ Cotter Electrical (J Cotter)	Father in law	T van Essen	Swartland Municipality	Councillor	1 088 485	849 624
WJ Cotter Electrical (R Crawford)	Father in law	T van Essen	Swartland Municipality	Councillor		
Lumico (Pty) Ltd (D Malherbe)	Father in law	L Fourie	Swartland Municipality	Strategic management	20 700	152 950
Euraf Agencies CC (P Fourie)	Spouse	R Fourie	Department of Correctional Services	Financial Manager	277 730	360 386
Golden Rewards 1873 cc t/a Futasia Caterers (Suenelle De Jager)	Spouse	R De Jager	Department of Education	Teacher	264 682	160 458
Jonathan Wayne Lawrence t/a J Lawrence (J Lawrence)	Son	Bjorn	Swartland Municipality	General Worker	177 360	233 700
JPCE (J Minnie)	Spouse	J Minnie	City of Cape Town	Head : Disaster Operations Centre	2 261 961	1 848 043
Conlog (L Moodley)	Spouse	N Moodley	Department of Health	Director	224 250	-
Zutari (Aurecon South Africa) (KP Nadasen)	Wife	K Nadasen	National Department of Public Works	Director: Key Account Management	4 100 046	7 209 401
Zutari (Aurecon South Africa) (RJ Ahlschlager)	Spouse	HC Ahlschlager	Special Investigating Unit	Legal Representative		
Zutari (Aurecon South Africa) (I Gasant)	Sister	S Seegers	City of Cape Town	Head of Security Architecture		
Zutari (Aurecon South Africa) (E Marques)	Spouse	M Marques	Department of Internal Affairs	Director		
Iomu Trading (E Appollis )	Spouse	AC Appollis	Department of Correctional Services	Correctional Officer	-	49 820
Fonnies Enterprises (BA Adonis )	Sister	T Adonis	Statistics SA	Data Capturer	42 718	100 081
Fonnies Enterprises (Brent Angelo Adonis )	Brother	A Adonis	Metro EMS	Rescue Technician		
Yolanda Petersen - Petersen Tuindienste (Y Petersen)	Spouse	R Petersen	Department of Correctional Services	Correctional Officer	152 000	106 990
Thembele Petrus Dapula t/a T P Dapula (TP Dapula)	Spouse	N Dapula	West Coast TVET College	Deputy Principal	83 030	53 479

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

WAB Printmedia (W Brink )	Spouse	A Brink	Drakenstein Municipality	Clerk	-	23 667
Blackbird 49 - Koos Smit (K Smit)	Spouse	M Smit	Swartland Municipality	Clerk	60 500	131 350
Webber Wentzel (J Watson)	Brother	E Watson	Road Accident Fund	CEO	-	371 582
Webber Wentzel (J Watson)	Mother	E Watson	Department of Public Service	Official		
Webber Wentzel (J Smit)	Father	JCL Smit	Beaufort West Municipality	Director: Engineering Services		
Webber Wentzel (G Truter)	Father	LC Truter	Newton Primary School	School Principal		
Webber Wentzel (G Truter)	Mother	AM Truter	West Coast Education District	Chief Education Specialist		
Webber Wentzel (T Thekiso)	Sister	N Ndebele	Melodi Primary School	School Principal		
Webber Wentzel (M Mahlangu)	Mother	BT Mahlangu	Hlolisisa Combined School	School Principal		
Webber Wentzel (B Abraham)	Mother	J Abraham	Department of Education	Secretary		
Webber Wentzel (S Dias)	Spouse	N Dias	City of Cape Town	Senior Legal Advisor		
Webber Wentzel (K Nonyane)	Spouse	K Nonyane	Petro SA	Senior Planning Technician		
Amandla GCF Construction (W Frazenburg)	Sister	U Frazenburg	National Government: Deeds Office Kimberley	Registrar of Deeds	10 374 243	9 405 085
Amandla GCF Construction (W Frazenburg)	Brother	E Frazenburg	Department of Education Western Cape	Teacher		
Amandla GCF Construction (W Frazenburg)	Sister	J Frazenburg	Department of Education Western Cape	Teacher		
Amandla GCF Construction (W Frazenburg)	Brother	B Frazenburg	City of Cape Town: Traffic Department of Health: Gauteng	Municipal Prosecutor Chief Physiotherapist	48 300	73 816
Turner and Townsend (G Bulmer)	Wife	T Bulmer	Tswane University of Technology	Head of Department		
Turner and Townsend (E Harmse)	Step mother	N Harmse	Department of Health Kwazulu Natal	Sister		
Turner and Townsend (R Singh)	Sister	B Singh	Telkom	Risk Manager		
Turner and Townsend (C Barnard)	Wife	E Barnard	Helen Joseph Hospital	Doctor		
Turner and Townsend (V Naidoo)	Wife	P Naidoo				



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Turner and Townsend (Y Naicker)	Mother	S Naicker	Department of Education: Kwazulu Natal	Head of Department		
Turner and Townsend (K Pauw)	Brother	B Pauw	Department of Health: Western Cape	Community Service Medical Officer		
Turner and Townsend (J van der Merwe)	Sister	M Wepener	Agricultural Research Council	Senior Research Veterinarian		
Turner and Townsend (P Shezi)	Sister	I Shezi	SADF	Warrant Officer		
Turner and Townsend (J Maphala)	Aunt	S Raphadu	SAPS	Forensic Analyst		
Turner and Townsend (J Louw)	Wife	M Louw	Department of Education: Gauteng	Department Head		
Turner and Townsend (N McMahon)	Sister	E Louw	Eskom	Contract Management		
Actom (S Nel)	Daughter	I Nel	City of Cape Town	Principal Professional Services	6 688 758	-
Actom (D Lubbe)	Spouse	T Lubbe	Department of Education	Teacher		
Cyote Fire Services (M Muller)	Spouse	B Muller	Department of Health	Nurse	9 695	60 960
MT Panelbeating (M Bocks)	Spouse	C Bocks	Department of Education	Teacher	16 840	3 950
Mubesko Africa (Pty) Ltd (B Saaiman)	Spouse	L Saaiman	Department of Education: Western Cape	Curriculum Advisor	1 867 068	798 399
Redhill Electronics (E Hartley)	Spouse	L Hartley	Department of Education	Teacher	34 105	94 943
Landis & Gyr (C Ngcukana)	Spouse	C Ngcukana	Department of Education		152 279	-
Landis & Gyr (C Ngcukana)	Brother	V Ngcukana	City of Cape Town			
Landis & Gyr (C Dingaana)	Sister	P Nquomo	Umhlanga Municipality			
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Spouse	H Marcus	Department of Labour	Supervisor	71 024	63 210
Swartland and West Coast Trading (Pty) Ltd (L Marcus)	Child	K Dietrich	Department of Health	Finance Clerk		
IX Engineers (M Mashegana)	Spouse	R Mashegana	Department of Health	Nurse	477 393	-
Mainstruct Project (E Isaacs)	Spouse	E Benjamin	Groote Schuur Hospital	Psychologist	306 637	320 081
IQ Vision (J Meyer)	Daughter	MD Meyer	Department of Health	Intern	1 821 364	797 023
Johan Bester Ingenieurswerke (A Jordaan)	Spouse	M Jordaan	SAPS	Clerk	828 612	897 636
Jamkay Logistics (Pty) Ltd (H Lategan)	Niece	K Andrews	Swartland Municipality	Clerk	-	26 640
Adapt IT (M Mbambo)	Spouse	MS Mbambo	SANRAL	Ops Maintenance Manager	106 570	72 235

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

GIBB (N Phizda)	Brother	FF Phizda	Gauteng Provincial Government	IT	23 000	-
GIBB (N Phizda)	Brother	R Phizda	Emfulweni Municipality	Horticulture		
GIBB (N Phizda)	Sister	T Phizda	Eskom Rotek Industries	Engineering Technician		
Innovative Transport Solutions (L Pretorius)	Son	D Pretorius	CSIR	Engineer	264 417	-
Innovative Transport Solutions (C Krogscheepers)	Daughter	M van der Merwe	City of Cape Town	Doctor		
Innovative Transport Solutions (O Rebeiro)	Spouse	N Khena	PRASA	Chief Operating Officer		
Bubbles Household Chemicals (C Pieters)	Spouse	JR Pieters	Swartland Municipality	Chief Engineering Technician	414 345	100 376
Mindspring Computing (R Hendricks)	Spouse	B Hendricks	City of Cape Town	Electrician	59 413	-
BSP Repair Centre (HS Mouton)	Father	H Mouton	Swartland Municipality	Head: Traffic Administration	-	13 625
Indecon (Pty) Ltd (T Barnard)	Spouse	L Barnard	Department of Education	Teacher	113 729	92 687
Cigicell (Pty) Ltd (M Nyawane)	Spouse	T Nyawane	Department of Education	Teacher	379 258	233 140
Ian Dickie & Co (Pty) Ltd (M Samuels)	Spouse	D Samuels	SAPS	Warrant Officer	16 216	129 620
JJJ Enterprise (J Kotze)	Spouse	S Kotze	Cederberg Municipality	Clerk	-	17 074
JVZ Construction (M Matthee)	Spouse	R Matthee	Correctional Services	Security Guard	704 766	2 400 339
Siphakame Skills Development (N Vacu)	Spouse	NS Vacu	Drakenstein Municipality	Economic Growth Officer	839 040	188 760
Melloda Project Management (LE Daniels)	Spouse	MN Daniels	Swartland Municipality	Principal Clerk: Sundries and Housing	28 875	-
Motheo Construction (LT Mashau)	Brother	N Ndhlovu	Department of Statistics	Statistician	-	8 491 187
Motheo Construction (SJ Matlhasi)	Sister	B Mantlhasi	North West Department of Cooperative Governance and Traditional Affairs	PA - HR Manager		
Motheo Construction (U Langa)	Mother	DM Langa	Department of Education	Senior Educational Specialist		
Motheo Construction (RC Diphoko)	Father	KE Monareng	SANDF	Warrant Officer		
Motheo Construction (RC Diphoko)	Spouse	M Diphoko	Transnet	Senior Construction Manager		
Motheo Construction (R Madi)	Father	R Madi	Tholomela Municipality	Environmental Manager		

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Motheo Construction (V Singh)	Spouse	R Singh	Department of Education	Teacher	
Motheo Construction (NQ Chiluvane)	Sister	N Dube	CETA	Chairperson of Evaluation Committee	
					<b>34 399 409    35 932 317</b>

### 62. Fruitless and wasteful expenditure

Due to the fiscal governance control environment of the municipality, paired with our commitment to pay creditors within 30-days from statement or invoice, no fruitless expenditure was incurred during the year.

### 63. Irregular expenditure

Opening balance as previously reported	-	334 098
<b>Opening balance as restated</b>	-	<b>334 098</b>
Add: Irregular Expenditure - prior period	435 563	-
Less: Amount written off - current	(435 563)	(334 098)
<b>Closing balance</b>	-	-

The 2021/22 balance of irregular expenditure pertains to transactions identified during the prior year audit. The balance of expenditure was reported to council at the council meeting of January 2022 where appropriate corrective action was recommended and so resolved by Council. The expenditure in question was accordingly written off by Council.

The irregular expenditure - prior period for 2022/23 pertains to a contract that fell subject to the requirements of Local production and content requirements not included in advertisement and bid documents in the 2021-2022 year. The matter was only identified during the prior year audit. Given the municipal policies the matter was only considered for investigation in the current year.

### 64. Unauthorised expenditure

Opening balance as previously reported	11 717 297	13 258 009
<b>Opening balance as restated</b>	<b>11 717 297</b>	<b>13 258 009</b>
Add: Expenditure identified - current	5 556 386	11 717 297
Less: Approved/authorised by council	(11 717 297)	(13 258 009)
<b>Closing balance</b>	<b>5 556 386</b>	<b>11 717 297</b>

### Current year Unauthorised Expenditure

The Department of Protection Services overspent by an amount of R 5 556 386 (2022: R Nil). The overspent amount is as a result of the traffic fines that appeared before the court to be issued for summons. Only the Department of Justice has through the local courts the authority to issue summons on a fine. However, due to the court rolls being full, the rolls were scrapped without due consideration (non-cash transaction). This resulted in a significant overspent for the department against bad debts. The over-spending could not reasonably have been foreseen at the time of the mid-year budget review as court processes fall outside of the ambit of control.

### Prior year Unauthorised Expenditure

The Department of Financial Services overspent their budget primarily due to an impairment on land (R 5 874 146) for which no budget was allocated. Such impairment will not result in any monetary outflows.

The Department of Civil Services overspent their budget primarily due to Retentions on the Waste Water Treatment Works for which no budget was allocated (R 1 003 956). Such retentions are also the primary reason for the overspent on the capital budget as disclosed in note 55 (Segment information). This is as a result of the deemed capital expenditure due to accrual of the retentions rather than the actual payment thereof. The retentions are included in the following financial periods budgets when such will likely become payable. This is therefore a non-cash transaction for the current year.

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 64. Unauthorised expenditure (continued)

The Department of Development Services is currently implementing Housing Projects that are funded by the Provincial Department of Human Settlements. These projects run over multiple years with a multi-year grant funded budget. Each year, the municipality budgets for equal revenue and expenditure based on the gazetted grant allocation from the department for the period 1 April 2021 to 31 March 2022. The contractor appointed to construct the housing project for the De Hoop area has met the department's performance delivery measures by 31 April. The construction however had to continue as this is a multi-year project despite the municipal annual budget having been depleted. Such resulted in an overspent of the municipal budget (which may only appropriate funding in line with the gazetted allocations per the municipal financial year ending 30 June 2022). All payments to the supplier were funded by grant receipts that were received in June 2022. The overspent is as a direct result of invoices presented for payment in July 2022, but upon verification controls, (whereby new year invoices are verified to ensure allocation within the correct period) the expense was found to relate to services being rendered in the year under review, and accordingly was journalised to "accruals" resulting in unauthorised expenditure (R 4 839 195). The expenditure is fully funded by additional grant revenue received in the year under review.

### 65. Events after the reporting date

No material events having financial implications requiring disclosure occurred subsequent to 30 June 2023.

Notwithstanding materiality, 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. On 5 September 2023, the council communicated to the MEC regarding the council resolution on the upper limits. Such resolution was acknowledged by the MEC on 8 September 2023. The acknowledgement resulted in back-pay to council members during the period ending 30 June 2024. If these upper limits were acknowledged prior to the reporting date, the council remuneration as disclosed in Note 34, would have increased by R475 015.

### 66. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 2 486 549 460 (2022: R 2 341 440 449) and that the municipality's total assets exceed its liabilities.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

In assessing whether the going concern assumption is appropriate under the current economic climate, management considered a wide range of factors including the current and expected performance of the municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

### 67. BBBEE Performance

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

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appendix A: Schedule of External Loans

<b>EXTERNAL LOANS</b>	<b>Redeemable</b>	<b>Balance at 2022/06/30</b>	<b>Received/ Transferred during the period</b>	<b>Interest capitalised during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance 2022/06/30</b>
<b>LONG- TERM LOANS</b>						
Development Bank	2028/12/29	23 767 289	-	-	2 786 229	20 981 060
Development Bank	2023/12/29	411 500	-	-	267 789	143 711
Development Bank	2031/12/31	50 206 104	-	-	3 268 097	46 938 006
Sanlam	2031/06/30	24 500 282	-	-	1 712 080	22 788 202
<b>West Coast District Municipality</b>						
West Coast District Municipality: Development Bank 6100 7028	2022/12/31	600 000	-	-	600 000	-
<b>Total Long- Term Loans</b>		<b>99 458 174</b>	<b>-</b>	<b>-</b>	<b>8 463 163</b>	<b>90 850 978</b>
<b>TOTAL EXTERNAL LOANS</b>		<b>99 458 174</b>	<b>-</b>	<b>-</b>	<b>8 463 163</b>	<b>90 850 978</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appendix B: Analysis of Property, Plant and Equipment

Asset Class / Sub-class	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation / Impairment	Disposal	Closing Balance	Book Value
<b>Heritage Assets</b>	<b>1 345 400</b>	-	-	<b>1 345 400</b>	-	-	-	-	<b>1 345 400</b>
Historic buildings	586 266	-	-	586 266	-	-	-	-	586 266
Land	225 500	-	-	225 500	-	-	-	-	225 500
Monuments	181 000	-	-	181 000	-	-	-	-	181 000
Works of art	352 634	-	-	352 634	-	-	-	-	352 634
<b>Intangible assets</b>	<b>4 489 977</b>	<b>171 730</b>	-	<b>4 661 707</b>	<b>3 986 301</b>	<b>69 006</b>	-	<b>4 055 307</b>	<b>606 400</b>
<b>Investment property</b>	<b>24 978 050</b>	-	<b>335 701</b>	<b>24 642 349</b>	<b>3 768 273</b>	<b>37 094</b>	-	<b>3 805 367</b>	<b>20 836 982</b>
<b>Property, plant and equipment</b>	<b>4 348 565 612</b>	<b>170 330 594</b>	<b>32 635 118</b>	<b>4 486 261 088</b>	<b>2 202 514 990</b>	<b>94 156 569</b>	<b>22 058 882</b>	<b>2 274 612 676</b>	<b>2 211 648 412</b>
<b>Community assets</b>	<b>254 546 742</b>	<b>4 423 576</b>	<b>1 308 412</b>	<b>257 661 905</b>	<b>153 200 818</b>	<b>5 587 975</b>	<b>785 605</b>	<b>158 003 188</b>	<b>99 658 717</b>
Community facilities	141 811 454	946 184	1 307 457	141 450 180	95 098 771	2 602 235	785 399	96 915 607	44 534 573
Sport and recreation facilities	112 735 288	3 477 392	955	116 211 725	58 102 047	2 985 740	206	61 087 581	55 124 144
<b>Infrastructure assets</b>	<b>3 710 743 204</b>	<b>142 832 184</b>	<b>26 035 770</b>	<b>3 827 539 617</b>	<b>1 864 865 386</b>	<b>78 745 445</b>	<b>17 843 581</b>	<b>1 925 767 250</b>	<b>1 901 772 367</b>
Electrical infrastructure	639 571 121	44 640 076	8 551 935	675 659 262	303 850 039	13 495 555	5 887 387	311 458 207	364 201 055
Capital spares	6 862 613	-	537	6 862 076	1 509 337	211 675	277	1 720 735	5 141 342
HV transmission conductors	1 536 705	-	-	1 536 705	426 194	28 613	-	454 807	1 081 898
LV networks	115 362 890	12 878 696	572 073	127 669 513	51 733 419	2 985 720	178 017	54 541 122	73 128 391
MV networks	368 098 635	31 306 885	1 194 401	398 211 119	193 250 782	6 961 916	942 881	199 269 818	198 941 301
MV substations	98 566 867	454 495	5 040 327	93 981 034	34 453 289	2 058 075	3 226 816	33 284 548	60 696 487
MV switching stations	49 094 434	0	1 744 596	47 349 838	22 451 569	1 246 925	1 539 396	22 159 098	25 190 740
Power plants	48 976	-	-	48 976	25 449	2 631	-	28 080	20 896
Roads infrastructure	1 008 026 716	52 067 539	15 475 132	1 044 619 123	559 410 337	24 499 851	10 430 520	573 479 668	471 139 456
Sanitation infrastructure	865 893 280	12 508 310	826 250	877 575 341	370 867 665	16 076 946	784 937	386 159 673	491 415 668
Solid waste infrastructure	67 653 870	1 855 785	-	69 509 655	27 281 295	3 999 266	-	31 280 561	38 229 094
Storm-water infrastructure	231 214 148	720 364	-	231 934 512	109 079 942	4 629 381	-	113 709 323	118 225 190
Water supply infrastructure	898 384 068	31 040 109	1 182 454	928 241 724	494 376 108	16 044 446	740 736	509 679 818	418 561 906
Boreholes	8 274 311	657 538	-	8 931 849	393 809	183 422	-	577 231	8 354 617
Bulk mains	28 229 180	27 692 828	-	55 922 008	6 528 270	1 541 400	-	8 069 670	47 852 338
Dams weirs	30 855 234	-	-	30 855 234	29 437 955	252 736	-	29 690 691	1 164 543
Distribution	663 487 160	1 708 235	1 094 656	664 100 740	371 532 337	10 629 621	655 624	381 506 334	282 594 406
Pump stations	20 490 006	981 508	20 000	21 451 515	12 658 041	647 058	19 808	13 285 290	8 166 224
Reservoirs	144 008 853	-	-	144 008 853	72 227 622	2 660 533	-	74 888 155	69 120 699
Water treatment works	3 039 323	-	67 798	2 971 525	1 598 075	129 677	65 304	1 662 448	1 309 077
<b>Land</b>	<b>95 780 130</b>	<b>877 731</b>	<b>471 238</b>	<b>96 186 623</b>	<b>8 758 213</b>	<b>76 438</b>	-	<b>8 834 651</b>	<b>87 351 972</b>
<b>Movable assets</b>	<b>124 253 237</b>	<b>21 364 809</b>	<b>4 819 698</b>	<b>140 798 348</b>	<b>62 531 167</b>	<b>7 644 942</b>	<b>3 429 696</b>	<b>66 746 412</b>	<b>74 051 937</b>
Computer Equipment	14 643 099	2 951 009	428 994	17 165 114	10 042 879	1 517 660	415 598	11 144 941	6 020 173
Furniture and Office Equipment	9 648 816	775 549	267 831	10 156 534	7 383 079	543 449	247 315	7 679 213	2 477 321
Machinery and Equipment	32 627 476	4 820 145	1 096 228	36 351 393	18 677 833	2 263 582	928 287	20 013 128	16 338 265
Transport Assets	67 333 847	12 818 106	3 026 646	77 125 307	26 427 376	3 320 250	1 838 496	27 909 129	49 216 178
<b>Other assets</b>	<b>163 242 300</b>	<b>832 294</b>	-	<b>164 074 594</b>	<b>113 159 406</b>	<b>2 101 769</b>	-	<b>115 261 175</b>	<b>48 813 419</b>
Housing	21 808 876	756 622	-	22 565 498	13 884 230	165 488	-	14 049 718	8 515 780
Operational buildings	141 433 424	75 672	-	141 509 096	99 275 176	1 936 281	-	101 211 457	40 297 640
<b>Grand Total</b>	<b>4 379 379 039</b>	<b>170 502 323</b>	<b>32 970 819</b>	<b>4 516 910 544</b>	<b>2 210 269 564</b>	<b>94 262 668</b>	<b>22 058 882</b>	<b>2 282 473 350</b>	<b>2 234 437 194</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appendix C: Segmental Analysis of Assets

Department	Opening Balance				Depreciation /				Book Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Impairment	Disposal	Closing Balance	
Administration Civil	1 122 945	70 346	20 108	1 173 183	564 917	58 201	18 847	604 271	568 912
Administration Corporate Services	11 739 893	49 458	363 168	11 426 183	2 864 963	31 850	266 779	2 630 034	8 796 149
Administration Development Services	1 150 441	17 149	122 356	1 045 234	628 031	35 850	87 669	576 213	469 021
Administration Financial Services	7 423 192	405 972	300 689	7 528 475	5 828 321	255 350	268 938	5 814 733	1 713 742
Administration Municipal Manager	75 193	9 850	1 490	83 552	58 923	4 568	1 401	62 090	21 462
Administration Protection Services	25 851	13 821	3 042	36 630	18 813	4 355	2 974	20 194	16 436
Building Control	79 554	-	978	78 576	72 459	2 607	970	74 096	4 480
Caravan Park - Yzerfontein	2 207 683	40 672	10 213	2 238 142	388 645	86 329	8 288	466 686	1 771 456
Cemeteries	6 827 075	-	216 290	6 610 785	5 088 073	184 345	115 757	5 156 661	1 454 125
Community Development	330 096	282 983	300 959	312 120	26 557	28 314	2 502	52 369	259 751
Council	512 733	767 082	69 664	1 210 151	336 661	37 010	37 902	335 770	874 381
Electricity Distribution	652 865 746	46 793 522	8 560 248	691 099 020	311 204 610	14 341 476	5 895 350	319 650 736	371 448 284
Fire Fighting	8 483 544	3 940 788	7 514	12 416 818	1 546 766	489 711	6 715	2 029 763	10 387 055
Housing	53 461 569	725 752	16 622	54 170 700	7 734 723	1 117 258	15 653	8 836 327	45 334 373
Human Resources	56 490	-	3 780	52 710	40 139	3 842	3 593	40 389	12 321
Internal Audit	27 426	-	1 073	26 353	20 622	2 127	1 059	21 689	4 664
IT Services	14 805 841	3 121 423	246 111	17 681 153	9 608 261	1 639 257	238 857	11 008 661	6 672 492
Libraries	9 975 024	64 089	53 585	9 985 527	3 926 697	394 454	47 059	4 274 091	5 711 436
Licencing and Traffic Services	2 409 291	285 478	84 092	2 610 676	1 889 033	135 629	62 045	1 962 618	648 058
Multi Purpose Centres	263 913	-	1 775	262 138	139 690	17 777	1 374	156 093	106 045
Municipal Property	401 546 721	1 820 795	1 040 833	402 326 683	225 280 959	4 186 813	179 851	229 287 921	173 038 762
Occupational Health and Safety	85 687	-	-	85 687	61 136	4 175	-	65 312	20 375
Parks and Recreational Areas	12 870 904	3 100 960	1 141 005	14 830 859	7 341 351	596 924	899 207	7 039 068	7 791 791
Planning and Valuation	94 723	-	5 341	89 382	76 158	5 391	5 028	76 520	12 862
Policing and Law Enforcement	8 532 752	81 257	24 052	8 589 957	3 262 009	768 080	19 573	4 010 516	4 579 441
Refuse Removal	85 436 061	7 661 661	2 004 644	91 093 078	33 694 514	4 896 376	1 162 169	37 428 721	53 664 357
Sewerage	868 585 363	12 728 119	855 335	880 458 146	374 522 397	16 414 351	808 172	390 128 576	490 329 570
Sportgrounds	80 893 540	440 504	43 707	81 290 336	40 719 562	2 148 962	39 060	42 829 463	38 460 874
Streets and Stormwater	1 230 320 521	54 730 562	16 236 489	1 268 814 593	675 596 713	29 341 661	11 075 837	693 862 537	574 952 056
Supply Chain Management	48 686	10 500	2 851	56 335	27 933	6 113	2 692	31 354	24 981
Swimming Pools	19 223	699 993	600	718 616	18 101	253	586	17 768	700 849
Tourism	14 436	-	2 352	12 084	14 030	152	2 282	11 900	185
Town and Community Halls	18 207 357	99 530	1 738	18 305 149	789 683	740 726	419	1 529 990	16 775 159
Water Services	898 879 565	32 540 060	1 228 115	930 191 510	496 878 116	16 282 380	780 276	512 380 221	417 811 289
<b>Grand Total</b>	<b>4 379 379 039</b>	<b>170 502 323</b>	<b>32 970 819</b>	<b>4 516 910 544</b>	<b>2 210 269 564</b>	<b>94 262 668</b>	<b>22 058 882</b>	<b>2 282 473 350</b>	<b>2 234 437 194</b>

# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appendix D: Segmental Statement of Financial Performance

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Refer note 55.



# Swartland Municipality

Annual Financial Statements for the year ended 30 June 2022

## Appendix E: Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, 56 of 2003

Grant name	Receipts				Expenditure				Grants and Subsidies delayed /withheld	Reason for delay / withholding of funds	Did your municipality comply with the grant framework in the latest Division of Revenue Act
	September	December	March	June	September	December	March	June			
CHIETA Grant	-	-	(132 300)	(396 900)	-	-	-	390 641	None	None	Yes
Comm Safety (K9 UNIT)	(2 390 000)	-	-	-	1 357 960	1 032 040	-	-	None	None	Yes
Comm Safety (K9 UNIT): Capital	(30 000)	-	-	-	406	-	-	137 079	None	None	Yes
Community Development Workers Programme	(38 000)	-	-	-	-	-	-	35 499	None	None	Yes
Expanded Public Works Programme	(469 000)	(843 000)	(561 000)	-	791 529	755 843	-	325 629	None	None	Yes
Housing Project: Malmesbury De Hoop	-	-	(13 765 762)	-	11 851 597	5 537 180	-	-	None	None	Yes
Housing project: Moorreesburg (Capital)	-	-	-	-	-	-	-	900 000	None	None	Yes
Housing Projects: Darling	-	(1 000 000)	(1 615 230)	-	-	-	-	2 615 230	None	None	Yes
Integrated National Electrification Programme	(10 000 000)	(7 600 000)	-	-	-	4 468 316	4 861 955	8 269 729	None	None	Yes
Law Enforcement Reaction Unit	(4 000 000)	-	-	-	1 358 422	1 888 932	1 575 938	505 847	None	None	Yes
LG Emergency Mun Load-Shedding Relief Grant	-	-	(10 945 000)	-	-	-	-	2 438 483	None	None	Yes
LG Financial Management Grant	(1 550 000)	-	-	-	488 636	164 412	237 200	659 752	None	None	Yes
LG Public Employment Support:	-	-	-	-	-	-	855 341	-	None	None	Yes
Library Service: Capital	(50 000)	-	-	-	-	9 614	39 965	421	None	None	Yes
Library Service: Operating	(3 825 000)	(3 874 000)	(3 874 000)	-	2 417 212	3 149 426	2 501 033	3 082 537	None	None	Yes
Maintenance of Main Road (Operating)	-	-	(4 470 000)	-	-	4 470 000	-	-	None	None	Yes
Mun Water Resilience Grant	-	-	(600 000)	-	-	-	-	600 000	None	None	Yes
Municipal Accreditation and Capacity Building	-	-	(255 124)	-	63 968	64 088	16 765	51 954	None	None	Yes
Municipal Infrastructure Grant	(23 121 000)	(10 198 000)	(491 000)	-	1 484 398	13 661 977	9 697 365	8 966 259	None	None	Yes
Regional Socio-economic Project	(1 200 000)	-	-	-	-	284 533	574 407	341 060	None	None	Yes
SETA	(34 587)	(220 377)	(99 752)	(116 438)	34 587	220 377	99 752	116 438	None	None	Yes
WC FMCG (Internal Audit)	-	-	(418 031)	-	-	-	-	-	None	None	Yes
WC FMCG (Student Bursaries)	-	-	(300 000)	-	-	-	42 557	117 443	None	None	Yes
<b>Grand Total</b>	<b>(46 707 587)</b>	<b>(23 735 377)</b>	<b>(37 527 199)</b>	<b>(513 338)</b>	<b>19 848 716</b>	<b>35 706 739</b>	<b>20 502 278</b>	<b>29 554 000</b>			