



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023**

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2023

SW van Eeden	Executive Mayor
CIlr C Steyn	Corporate Services
CIlr JG Steenkamp	Strategy & Social Development
CIlr DAT Felix	Financial Services
CIlr JCJ Coetzee	Engineering Services
CIlr RC Henn	Community Services

AUDITORS

Auditor-General of South Africa
19 Park Lane, Milnerton, Cape Town, 7441
Western Cape

BANKERS

ABSA
180 Commissioner Street, Johannesburg, 2001

REGISTERED OFFICE

28 Main Road
Ashton, Western Cape, 6715

REGISTRATION NUMBER

WC026

MUNICIPAL MANAGER

DP Lubbe

CHIEF FINANCIAL OFFICER

M Shude



30 November 2023

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to promote social and economic development;
to promote a safe and healthy environment; and
to encourage the involvement of communities and community organisations in the matters of local government above.

JURISDICTION

Greater Langeberg area which includes:

Ashton
Bonnievale
McGregor
Montagu
Robertson

LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements (Act no 66 of 1995)
Disaster Management Act (Act no 57 of 2002)
Division of Revenue Act (Act no 1 of 2005)
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Municipal Budget and Reporting Regulations, 2009
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations, 2006
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALGBC Leave Regulations, 2019
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
Income Tax Act (Act 58 of 1962)
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act (Act no 89 of 1991)
Water Services Act (Act no 108 of 1997)
Protection of Personal Information Act (Act no 4 of 2013)



30 November 2023

LANGE BERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Approval of Annual Financial Statements

MEMBERS OF THE LANGE BERG LOCAL MUNICIPALITY

Executive Mayor	Ald SW van Eeden
Deputy Executive Mayor	Cllr JG Steenkamp
Speaker	Cllr P Hess

Ward	Councillor
1	Cllr C Steyn
2	Cllr L Gxowa
3	Cllr P Hess
4	Cllr JJS January
5	Cllr MG Oostendorff-Kraukamp
6	Cllr DB Janse
7	Cllr DAT Felix
8	Ald SW Van Eeden
9	Cllr Y Siegel
10	Cllr A Ndongeni
11	Cllr JCJ Coetzee
12	Cllr CJ Pokwas
Proportional	Cllr OC Simpson
Proportional	Cllr JS Mafilika
Proportional	Cllr LL Kahla
Proportional	Cllr GD Joubert
Proportional	Cllr JG Steenkamp
Proportional	Cllr RC Henn
Proportional	Cllr TV Coetzee
Proportional	Cllr NJ Beginzel
Proportional	Cllr CJ Grootboom
Proportional	Cllr D September
Proportional	Cllr M Gertse

LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Approval of Annual Financial Statements

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 were given unrestricted access to all financial records and related data.

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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.

I, as the Accounting Officer acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set 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 of identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be 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.

I am 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.

I have 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, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Langeberg Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors. I would like to bring to your attention the following material matters to your attention :

I certify that the salaries, allowances and benefits of councillors as disclosed in note 36 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 the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements for the year ended 30 June 2023, which have been prepared on the going concern basis, were approved on 31 August 2023.

DP Lubbe
Accounting Officer

Date 31 August 2023



AUDITOR GENERAL
SOUTH AFRICA
Auditing to build public confidence
30 November 2023

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Report of the Auditor General

- Insert Audit Report -

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Note	2023 R	2022 Restated R
ASSETS			
Current Assets		448 338 187	457 050 863
Inventories	2.	13 043 832	19 074 281
Receivables from Exchange Transactions	3.	42 496 094	56 813 047
Statutory Receivables from Exchange Transactions	4.	8 147 056	2 586 256
Receivables from Non-exchange Transactions	5.	11 180 463	11 888 758
Statutory Receivables from Non-Exchange Transactions	6.	8 357 483	8 189 431
Cash and Cash Equivalents	7.	365 039 040	358 389 829
Lease Receivables	14.	74 219	109 261
Non-Current Assets		926 631 648	853 098 278
Property, Plant and Equipment	8.	896 403 006	823 065 241
Intangible Assets	9.	1 320 657	1 036 964
Investment Property	10.	28 034 849	28 183 133
Heritage Assets	11.	275 448	275 448
Non-current Investments	13.	137 205	137 205
Long-term Receivables	15.	460 483	400 287
Total Assets		1 374 969 835	1 310 149 141
LIABILITIES			
Current Liabilities		186 471 040	193 940 198
Consumer Deposits	16.	17 524 750	15 783 208
Payables from Exchange Transactions	17.	94 578 766	92 291 577
Unspent Conditional Grants and Receipts	18.	14 287 574	28 494 012
Lease Payables	19.	3 470 409	195 098
Borrowings	20.	4 079 506	4 062 325
Employee Benefit Liabilities	21.	20 102 829	24 056 510
Provisions	22.	32 427 206	29 057 468
Non-Current Liabilities		168 452 366	157 488 304
Lease Payables	19.	13 572 532	445 210
Borrowings	20.	27 977 974	31 912 840
Employee Benefit Liabilities	21.	56 520 000	60 995 000
Provisions	22.	70 381 860	64 135 254
Total Liabilities		354 923 406	351 428 502
Total Assets and Liabilities		1 020 046 429	958 720 640
NET ASSETS		1 020 046 429	958 720 636
Reserves	23.	62 920 999	62 920 999
Accumulated Surplus / (Deficit)	24.	957 125 430	895 799 637
Total Net Assets		1 020 046 429	958 720 636

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

		Actual	
	Note	2023	2022
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions		284 287 380	285 347 816
Property Rates	25.	96 635 339	92 757 614
Fines, Penalties and Forfeits	26.	11 573 886	10 710 360
Transfers and Subsidies	28.	170 826 985	177 815 768
Availability Charges	29.	3 670 443	2 979 461
Finance Income	33.	1 580 727	1 084 613
Revenue from Exchange Transactions		660 255 831	678 007 882
Licences and Permits	27.	2 162 084	2 132 063
Service Charges	29.	600 410 508	637 465 642
Sales of Goods and Rendering of Services	30.	3 696 667	6 038 475
Income from Agency Services	31.	5 341 009	5 106 265
Rental from Fixed Assets	32.	3 768 636	3 365 264
Finance Income	33.	32 678 712	18 309 708
Operational Revenue	34.	10 566 683	5 219 599
Gains on Disposal of Property, Plant and Equipment	49.	1 631 532	370 866
Total Revenue		944 543 211	963 355 698
EXPENDITURE			
		883 145 266	859 148 772
Employee Related Costs	35.	235 183 863	216 975 370
Remuneration of Councillors	36.	10 817 391	10 750 827
Depreciation and Amortisation	37.	46 992 129	36 833 454
Bad Debt Written Off	38.	16 948 478	25 808 416
Impairment Losses	39.	12 299 245	13 270 054
Finance Cost	41.	20 343 985	16 187 928
Bulk Purchases	42.	407 015 377	428 148 787
Contracted Services	43.	37 027 788	29 095 310
Inventory Consumed	44.	56 135 137	39 148 949
Transfers and Subsidies Paid	45.	2 230 418	2 501 004
Operating Leases	46.	46 892	277 912
Operational Costs	47.	37 596 256	40 150 761
Loss on Disposal of Property, Plant and Equipment	49.	508 307	-
Total Expenditure		883 145 266	859 148 772
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		61 397 945	104 206 926
OTHER REVENUE / EXPENDITURE INCURRED			
Other Operations:			
Inventory Gains/(Losses)	40.	(75 047)	30 840
Gains on Other Fair Value Adjustments	48.	-	4 289
Losses on Fair Value Adjustment	48.	-	(2 295)
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		(75 047)	32 834
SURPLUS / (DEFICIT) FOR THE YEAR		61 322 898	104 239 760

LANGE BERG LOCAL MUNICIPALITY

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

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2022			
Balance at 30 June 2021	62 920 999	791 111 871	854 032 870
Correction of Error (Note 50)	-	448 010	448 010
Restated Balance	62 920 999	791 559 881	854 480 880
Surplus / (Deficit) for the year	-	104 239 760	104 239 760
Surplus / (Deficit) as per prior 2021/22 AFS		895 799 641	895 799 641
Rounding Difference		(4)	(4)
Revenue & Expenditure Correction of Error (Note 48.)			
Balance at 30 June 2022	62 920 999	895 799 637	958 720 636
2023			
Restated Balance at 30 June 2022	62 920 999	895 799 637	958 720 636
Surplus / (Deficit) for the year	-	61 322 898	61 322 898
Balance at 30 June 2023	62 920 999	957 125 433	1 020 043 534

LANGEBERG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	Actual 2023 R	2022 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		96 467 287	89 459 561
Service Charges		590 343 738	589 267 558
Sale of goods and services		28 493 916	32 602 572
Grants		156 620 547	176 259 599
Finance Income		34 259 439	19 394 321
Payments			
Employees		(261 777 935)	(232 989 775)
Transfer and grants		(2 230 418)	(2 501 004)
Suppliers Paid		(526 884 173)	(515 013 761)
Finance Costs		(3 833 685)	(3 689 144)
NET CASH FLOWS FROM OPERATING ACTIVITIES	52.	111 458 716	152 789 927
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment		(119 836 832)	(74 890 670)
Purchase of investment property		(4 694)	-
Proceeds from sale of property,plant and equipment		1 149 420	403 540
Purchase of other intangible assets		(283 693)	(19 839)
Proceeds from investments		-	335
Decrease/(increase) in long term receivables		(60 196)	260 892
NET CASH FLOWS FROM INVESTING ACTIVITIES		(119 035 995)	(74 245 742)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in consumer deposits		1 741 542	1 502 791
Increase/Repayment of borrowings		(3 917 685)	(3 932 366)
Finance lease receipts/(payments)		16 402 633	(779 626)
NET CASH FLOWS FROM FINANCING ACTIVITIES		14 226 490	(3 209 201)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		6 649 211	75 334 984
Cash and Cash Equivalents at Beginning of Period		358 389 829	283 054 845
Cash and Cash Equivalents at End of Period	7.	365 039 040	358 389 829

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2022 TO 30 JUNE 2023

30 June 2023

Reasons have been provided for all variance above +/-10%

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL POSITION							
Current Assets							
Cash	108 574 282,00	(73 219 982)	35 354 300	178 130 090	142 775 790	404%	Funds were invested just after year end hence they still reflected on the cash balance at year end.
Call investment deposits	145 062 763	121 522 286	266 585 049	186 908 950	(79 676 099)	-30%	Additional funds were invested just after year end on short term. This is also evident in the cash balance at year end which far exceeded the budget.
Consumer debtors	60 790 768	33 526 634	94 317 402	47 615 487	(46 701 915)	-50%	The initial anticipation of the closing of the Langeberg Ashton factory which never materialised caused the difference as the Municipality anticipated a huge increase in consumer debt due to loss of jobs from the factory.
Other debtors	19 749 390	(3 506 274)	16 243 116	22 565 609	6 322 493	39%	Due to provision for impairment on fines.
Current portion of long-term receivables	(43 379)	632 415	589 036	-	(589 036)	-100%	More debt impairment was processed on long-term receivables than anticipated.
Inventory	17 010 950	10 311 897	27 322 847	13 043 832	(14 279 015)	-52%	Housing sites handed over to beneficiaries were more than anticipated.
Lease Receivables	-	-	-	74 219	74 219	100%	No lease receivables anticipated during the budget process.
Non-Current Assets							
Long-term receivables	18 933 902	(16 760 393)	2 173 509	460 483	(1 713 026)	-79%	More debt impairment was processed on long-term receivables than anticipated.
Investments	135 547	1 658	137 205	137 205	-	0%	N/A
Investment property	28 511 536	(328 403)	28 183 133	28 034 849	(148 284)	-1%	N/A
Heritage Assets	275 448	-	275 448	275 448	-	0%	N/A
Property, plant and equipment	861 728 168	77 888 967	939 617 135	896 403 006	(43 214 129)	-5%	N/A
Intangible	1 517 125	469 839	1 986 964	1 320 657	(666 307)	-34%	Old audit software was disposed of and replaced with a new system funded by the Treasury.
Other non-current assets	-	-	-	-	-	0%	N/A
Total Assets	1 262 246 500	150 538 644	1 412 785 144	1 374 969 835	(37 815 309)		
Current Liabilities							
Borrowing	52 671 585	(48 414 162)	4 257 423	7 549 915	3 292 492	77%	The current portion of borrowings on the actual outcome includes lease payables for the vehicles which were delivered just before year end.
Consumer deposits	14 280 418	1 502 791	15 783 209	17 524 750	1 741 541	11%	The variance in consumer deposits is due to additional Municipal accounts that were opened during the FY than anticipated.
Trade and other payables	112 207 191	13 875 373	126 082 564	108 866 340	(17 216 224)	-14%	There were less outstanding invoices at year end than anticipated.
Provisions	48 485 333	4 628 645	53 113 978	52 530 035	(583 943)	-1%	This is due to an increase in the estimated costs per square meter of rehabilitating the Municipal Landfill Sites.
Non-Current Liabilities							
Borrowing	36 080 457	35 676 403	71 756 860	41 550 506	(30 206 354)	-42%	The variance in borrowings is due to a planned loan for roads refurbishment that was budgeted for which was not yet finalised at year end.
Provisions	107 052 041	16 958 903	124 010 944	126 901 860	2 890 916	2%	N/A
Total Liabilities	370 777 025	24 227 953	395 004 978	354 923 406	(40 081 572)		
Total Assets and Liabilities	891 469 475	126 310 691	1 017 780 166	1 020 046 429	2 266 263		
Net Assets (Equity)							
Reserves	62 920 999	-	62 920 999	62 920 999	-	0%	N/A
Accumulated Surplus / (Deficit)	828 548 477	126 310 690	954 859 167	957 125 430	2 266 263	0%	N/A
Total Net Assets	891 469 476	126 310 690	1 017 780 166	1 020 046 429	2 266 263		



 AUDIT GENERAL

 Awaiting to build public confidence

30 November 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2022 TO 30 JUNE 2023

30 June 2023

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL PERFORMANCE							
Revenue							
Property Rates	92 081 462	4 851 495	96 932 957	96 635 339	- 297 618	0%	N/A
Service charges	695 715 500	185 012	695 900 512	604 080 951	- 91 819 561	-13%	Electricity revenue dropped due to load shedding
Rental of facilities and equipment	2 641 179	-	2 641 179	3 768 636	1 127 457	43%	A couple of rental agreements were renewed during the year. This is due to interest rates hikes on investments.
Interest earned - external investments	15 443 814	5 587 065	21 030 879	28 807 573	7 776 694	37%	
Interest earned - outstanding debtors	3 449 783	-	3 449 783	5 451 866	2 002 083	58%	This is due the increase in the CPIX.
Dividends received	-	-	-	-	-	0%	N/A
Fines, penalties and forfeits	4 407 017	84 905	4 491 922	11 573 886	7 081 964	158%	There were more traffic infringements than anticipated.
Licences and permits	803 085	2 500	805 585	2 162 084	1 356 499	168%	Conservative Budgeting was done due to extension granted as result of the lockdown restrictions.
Agency services	6 101 192	-	6 101 192	5 341 009	(760 183)	-12%	Less revenue collected on behalf of the department.
Transfers and subsidies	138 533 186	8 518 353	147 051 539	170 826 985	23 775 446	16%	Projects that were not completed in the prior year were rolled over as approved by Treasury and implemented in the 2022/2023 year, which resulted in the revenue being recognised in the 2022/2023 year.
Other revenue	6 229 661	376 902	6 606 563	14 188 303	7 581 740	115%	This is due to the contribution income from provision on landfill sites rehabilitation
Gains	-	-	-	1 631 532	1 631 532	100%	No gains were anticipated on the sale of old assets.
Total Revenue	965 405 879	19 606 232	985 012 111	944 468 164	- 40 543 947		
Expenditure							
Employee related costs	259 812 559	2 237 879	262 050 438	235 183 863	(26 866 575)	-10%	N/A
Remuneration of councillors	11 978 044	(752 737)	11 225 307	10 817 391	(407 916)	-4%	N/A
Debt impairment	20 529 775	-	20 529 775	29 247 723	8 717 948	42%	Implementation of new indigent cycle, resulting in increased debt impairment or dent write-off.
Depreciation & asset impairment	39 691 662	-	39 691 662	46 992 129	7 300 467	18%	Caused by more assets purchased than anticipated.
Finance charges	12 152 696	(536 020)	11 616 676	20 343 985	8 727 309	75%	Increase in actual Finance costs due to unwinding of Provision for landfill sites.
Bulk purchases	462 246 873	-	462 246 873	407 015 377	(55 231 496)	-12%	Due to less electricity sales consequent to implementation of loadshedding .
Inventory consumed	38 042 607	10 994 394	49 037 001	56 135 137	7 098 136	14%	Housing sites handed over to beneficiaries were more than anticipated.
Contracted services	50 683 404	5 921 232	56 604 636	37 027 788	(19 576 848)	-35%	Due to unspending on slow moving CAPEX projects.
Transfers and subsidies	3 277 733	253 237	3 530 970	2 230 418	(1 300 552)	-37%	Reduction in actual costs due to implementation of cost containment measures.
Other expenditure	56 684 102	8 359 362	65 043 464	38 151 455	(26 892 009)	-41%	Reduction in actual costs due to implementation of cost containment measures.
Total Expenditure	955 099 455	26 477 347.00	981 576 802	883 145 266	(98 431 536)		
Surplus/(Deficit) for the Year	10 306 424	(6 871 115)	3 435 309	61 322 898	57 887 589		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2022 TO 30 JUNE 2023

30 June 2023

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
CASH FLOW	R	R	R	R	R	%	
Cash Flows from/(used in) Operating Activities							
Receipts							
Property Rates	88 136 179	184 545	88 320 724	96 467 287	8 146 563	9%	N/A
Transfers and Subsidies	165 090 708	27 182 559	192 273 267	156 620 547	(35 652 720)	-19%	Budget amount includes rollover of unspent grants that have already been in the 2021/22 financial year whilst the actual amount only includes the receipts for the 2022/23 allocation.
Service Charges	637 034 301	(449 612)	636 584 689	590 343 738	(46 240 951)	-7%	N/A
Interest	5 542 555	15 478 634	21 021 189	34 259 439	13 238 250	63%	This is due to interest rates hikes on investments.
Other Receipts	20 023 352	1 280 279	21 303 631	28 493 916	7 190 285	34%	More receipts were received by municipality than anticipated. Conservative Budgeting was done.
Payments							
Suppliers and employees	(879 440 767)	26 757 510	(852 683 257)	(788 662 108)	(64 021 149)	-8%	N/A
Finance charges	-	(11 616 676)	(11 616 676)	(3 833 685)	(7 782 991)	-67%	This is due to a planned loan for Roads Refurbishment that was budgeted for which has not yet been finalised.
Transfers and Grants	(3 277 733)	(253 237)	(3 530 970)	(2 230 418)	(1 300 552)	-37%	Less transfers were done than anticipated
NET CASH FROM/(USED) OPERATING ACTIVITIES	33 108 595	58 564 002	91 672 597	111 458 716	(126 423 265)		
Cash Flows from/(used in) Investing Activities							
Receipts							
Proceeds on disposal of PPE	-	-	-	1 149 420	(1 149 420)	-100%	Land sales were not anticipated.
Decrease (increase) in non-current receivables	-	-	-	(60 196)	(60 196)	100%	No adjustment relating to Non Current Receivable was anticipated.
Decrease (increase) in non-current investments	-	-	-	-	-	100%	Investments were not taken into account in the approved budget.
Payments							
Capital assets	(126 294 002)	(29 792 355)	(156 086 357)	(120 120 525)	35 965 832	-23%	Underspending in the Capital Budget due to the roads loan that did not materialise.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(126 294 002)	(29 792 355)	(156 086 357)	(119 031 301)	37 055 056		
CASH FLOWS FROM FINANCING ACTIVITIES							
Short term loans	-	-	-	-	-	0%	N/A
Borrowing long term/refinancing	47 800 000	-	47 800 000	-	(47 800 000)	100%	This is due to a planned loan for rehabilitation of roads that was budgeted for which has not yet been finalised.
Increase (decrease) in consumer deposits	-	(2 562 807)	(2 562 807)	1 741 542	4 304 349	-247%	Increase in consumer deposit is due to additional Municipal accounts that were opened during the FY.
Repayment of borrowing	(4 063 950)	(3 961 816)	(8 025 766)	(3 917 685)	(4 108 081)	-105%	This is due to a planned loan for rehabilitation of roads that was budgeted for which has not yet been finalised.
Finance lease receipts/(payments)	-	-	-	16 402 633	16 402 633	100%	Due to planned loan for vehicles that was later finalised as a finance lease.
NET CASH FROM/(USED) FINANCING ACTIVITIES	43 736 050	(6 524 623)	37 211 427	14 226 490	(22 984 937)		
Cash and Cash Equivalents at Beginning of the Year	283 054 845	-	283 054 845	358 389 829	75 334 984		
Cash and Cash Equivalents at End of the Year	233 605 488	68 333 861	301 939 349	365 039 040	63 099 691		

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PRESENTATION

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

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

The Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

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 Presentation Currency

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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 may differ from these estimates.

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 only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and 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 Annual Financial Statements:

1.2.1 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, 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 performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

LANGE BERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.2.2 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

a) 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.

b) Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.2.3 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.2.5 Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement 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.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
The municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the municipality's asset register.
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate.
- Cost as supplied by suppliers.

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

Intangible Assets

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

Reference was made to intangibles used within the municipality and other municipalities to determine the useful life of the assets.

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

LANGE BERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

1.2.7 Pre-paid Electricity Estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

1.2.8 Post-retirement medical obligations, long service awards and ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 21 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.2.9 Provisions and Contingent Liabilities

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

1.2.10 Componentisation of Infrastructure Assets

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109. When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

1.2.11 Impairment of Loans and 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. This was performed per service-identifiable categories across all classes of debtors.

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.5 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.7, on which the municipality was required to transact for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements.

2. BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24, and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The comparison of budget and actual amounts are disclosed as a separate statement, namely Statements of Comparison of Budget and Actual amounts.

Budget information is presented on the accrual basis by nature classification. Explanatory comment is provided in the Statement of Comparison of Budget and Actual Amounts giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The approved budget covers the period from 1 July 2022 to 30 June 2023.

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise 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 manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

LANGE BERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are measured at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

The first-in-out-method is applied to maintenance material inventory items. The weighted average method is applied to compost, low-cost housing, water for distribution and the remaining inventory items which are not maintenance related.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

4. 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.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Listed Shares	Financial Assets at Fair Value
Investments – Unlisted Shares	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Unspent Conditional Grants	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

4.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the Accrual Basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. 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 through the use of an allowance account.

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts 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 provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision 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. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

4.4.2 Financial Assets at Cost

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

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires 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.

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

4.6 Derecognition of Financial Liabilities

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

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. STATUTORY RECEIVABLES

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

Statutory receivables arise from the following legislation:

- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)

5.1 Recognition and Initial Measurement

The municipality recognises statutory receivables as follows:

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

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines - Criminal procedures Act (51 of 1977)

5.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

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

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.3 Impairment

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

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

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

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

5.4 Derecognition

The municipality derecognises a statutory receivable when:

- a) The rights to the cash flows from the receivable are settled, expire or are waived.
- b) The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
- c) The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality:

- d) derecognises the receivable; and
- e) recognises separately any rights and obligations created or retained in the transfer.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

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

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

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

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

Where an asset 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 that asset on the date acquired.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7.2 Subsequent Measurement - Cost Model

Property, Plant and Equipment, excluding Buildings and Land

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

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

7.3 Depreciation and Impairment

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Asset Class	Years	Asset Class	Years
Buildings		Community	
Improvements	1 - 105	Community Facilities	5 - 50
		Recreational Facilities	7 - 100
Infrastructure		Security	5
Electricity	1 - 80	Halls	1 - 105
Roads and Paving	1 - 100	Libraries	1 - 100
Sewerage / Solid Waste	1 - 100	Parks and gardens	1 - 100
Water	1 - 125	Other assets	7 - 100
Housing	1 - 105		
		Other	
		Computer Equipment	2 - 20
		Specialised vehicles	10 - 20
		Furniture and Fittings	1 - 100
		Transport Assets	4 - 45
		Office Equipment	2 - 22
		Plant and Equipment	1 - 40
		Other Assets	2 - 22
		Quarries	25
		Landfill sites	1-15

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment charged to the Statement of Financial Performance is the difference between the carrying value and the recoverable service amount.

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

7.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

7.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset 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 that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

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

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	Indefinite		Servitudes	Indefinite

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

8.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

Investment property is recognised as an asset when and only when:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality and
- The cost or fair value of the investment property can be measured reliably.

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

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost. Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the contributing segments of the Municipal Standard Chart of Accounts (mSCOA).

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 1 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

9.3 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

	Asset Class	Years		Asset Class	Years
	Buildings	1-100		Land	Indefinite

10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

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

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

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10.3 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

11. LIVING AND NON-LIVING RESOURCES

Living Resources are defined as living organisms such as animals and plants that are used or held for the delivery or provision of goods and services, research, conservation, recreation, agricultural activities, education and training and rehabilitation or breeding processes.

Agricultural Assets are excluded from the scope of this Standard and are accounted for by the municipality in accordance with GRAP 27 (Agricultural Assets).

Living Resources are assets that undergo biological transformation and are those organisms that can grow, reproduce and degenerate. These assets include fruit trees, cattle and seed-bearing plants.

Non-living Resources are those resources, other than living resources, that occur naturally and have not been extracted from their source. These assets includes minerals, oils, etc.

Agricultural Assets are assets that are produced from living resources through agricultural activity and biological transformation through growth, degeneration and procreation. These assets are fruit from fruit-bearing plants, eggs from feathered animals and seeds from seed-bearing plants.

11.1 Initial Recognition and Measurement

A Living Resource shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and when the cost or fair value of the asset can be measured reliably.

A Living Resource that qualifies for recognition as an asset shall be recognised at its cost.

Where a Living Resource is acquired through a non-exchange transaction, its cost shall be recognised at its fair value as at the date of the acquisition.

12. IMPAIRMENT OF 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.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

12.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. An impairment loss is recognised immediately in surplus or deficit.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

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

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

LANGEBERG LOCAL MUNICIPALITY

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13. CONSUMER DEPOSITS

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

14. PROVISIONS

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

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

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

- The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or
 - the principal
 - the location,
 - the expenditures
 - when the plan
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments to the fair value of the asset, plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit 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. Any lease incentives are included as part of the net consideration agreed.

15.2 The Municipality as Lessor

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid.
If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

17.1.1 Provision for Staff Leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

17.1.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

17.1.3 Provision for Performance Bonuses

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

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17.2 Post-employment Benefits

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

17.2.1 Defined Contribution Plans

In measuring its defined benefit liability, the municipality recognises past service cost as an expense in the reporting period in which the plan is amended. For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. 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 future payments is available.

17.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

Long service awards are provided to employees who achieve certain predetermined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

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

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Ex-Gratia Pension Benefits

Ex-gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of interest cost in GRAP 25.

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

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) 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 municipality.
- 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 and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

19. REVENUE RECOGNITION

19.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2022 was written off in the 2022/2023 financial year.

Revenue from public contributions and donations 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 qualify for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and become available for use by the municipality.

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

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

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

LANGEBERG LOCAL MUNICIPALITY
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Services in-kind that are significant to the municipality's operations are recognised as assets and the related revenue when:

- It is probable that the future economic benefits or service potential will flow to the Municipality and
- The fair value of the assets can be measured reliably.

If the services in-kind are not significant to the municipality's operations or does not satisfy the above-mentioned criteria, the municipality only discloses the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the municipality controls the resource from which future economic benefits or service potential is expected to flow to the municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

19.1.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

19.1.2 Fines

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset.

19.1.3 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

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.

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 Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

19.1.4 Public Contributions

Revenue from public contributions and donations 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 qualify for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19.1.5 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.

19.1.6 Rentals Received

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

19.1.7 Tariff Charges

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

19.2 Revenue from Exchange Transactions

19.2.1 Service Charges

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

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

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.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property, a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

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

The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

19.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

19.2.3 Rentals Received

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

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

19.2.4 Interest Earned

Interest revenue is recognised using the effective interest rate method.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on Trust Funds is allocated directly to the fund.
- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

19.2.5 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

19.2.6 Royalties

Royalties are recognised on an Accrual Basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a Straight-line Basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

19.2.7 Tariff Charges

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

20. GRANTS-IN-AID

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

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

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. ACCOUNTING BY PRINCIPALS AND AGENTS

21.1 Identifying whether an entity is a principal or an agent

When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.

21.2 Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

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

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

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

The municipality is an agent for the Western Cape Provincial Department and receives a commission of 12% per signed agreement.

21.3 Recognition

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

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

22. SEGMENT REPORTING

A segment is an activity of a municipality:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

LANGE BERG LOCAL MUNICIPALITY

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22.1 Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

23. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of 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 Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

24. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. 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.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. COMMITMENTS

- Items are classified as capital commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.
- Disclosures are required in respect of unrecognised contractual future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.
- Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:
 - Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).
 - Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

27. RELATED PARTIES

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- a) Identifying related party relationships and transactions;
- b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- d) Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

A person or a close member of that person's family is related to the reporting entity if that person:

- a) has control or joint control over the reporting entity;
- b) has significant influence over the reporting entity or is a member of the management of the entity or its controlling entity.
- c) is a member of the management of the entity or its controlling entity.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

An entity is related to the reporting entity if any of the following conditions apply:

a) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

a) both entities are joint ventures of the same third party;

b) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

c) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity

Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

a) the entity is controlled or jointly controlled by a person identified in (a); and

b) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

29. EVENTS AFTER THE REPORTING DATE

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

The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

30. VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

LANGEBERG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

31. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIV

Standard of GRAP / Nature of Impending Changes / Expected Impact		Effective Date	Expected impact
• Guideline	GRAP 25 – Employee Benefits	Not yet determined	Unlikely impact will be material
• Guideline	The Application of Materiality to Financial Statements No changes expected	Not yet determined	Unlikely impact will be material
• IGRAP 21	The effect of Past Decisions on Materiality No changes expected	01 April 2023	Unlikely impact will be material
• Guideline	Accounting for Landfill Sites None, Standard not applicable to Municipality	Not yet determined	Unlikely impact will be material
• Guideline	GRAP 104 - Financial Instruments	01 April 2025	Unlikely impact will be material
• GRAP 1	Presentation of Financial Statements	01 April 2023	Unlikely impact will be material
• GRAP	Improvements to Standards of GRAP 2020	01 April 2023	Unlikely impact will be material
• GRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01 April 2023	Unlikely impact will be material

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
1. GENERAL INFORMATION		
<p>Langeberg Local Municipality is a local government institution in Ashton, Western Cape, and is one of five local municipalities under the jurisdiction of the Cape Winelands District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements 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 Municipal Finance Management Act (MFMA, Act no 56 of 2003).</p>		
2. INVENTORIES		
Consumables	3 693 325	3 807 715
Finished Goods	996 785	1 275 323
Housing Stock	-	4 859 205
Land	2 660 696	2 714 025
Materials and Supplies	5 479 628	6 236 040
Water - At Cost	213 398	181 973
Total Inventories	13 043 832	19 074 281

The cost of Inventories recognised as an expense amounted to R56 135 137 (2022: R39 148 949)

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Service Debtors:	71 411 088	30 982 932	40 428 156
Electricity	27 010 726	2 698 061	24 312 665
Refuse	11 495 546	6 863 150	4 632 396
Sewerage	14 044 575	9 288 822	4 755 753
Merchandising, Jobbing and Contracts	4 412	-	4 412
Other Service Charges	2 729 042	2 504 493	224 549
Water	16 126 787	9 628 406	6 498 381
Other Receivables	1 153 216	459 577	693 639
Other Debtors	18 667	-	18 667
Prepayments and Advances	1 355 632	-	1 355 632
Total Receivables from Exchange Transactions	73 938 603	31 442 509	42 496 094
As at 30 June 2022			
Service Debtors:	82 169 131	27 379 741	54 789 390
Electricity	36 358 469	4 092 097	32 266 372
Refuse	10 443 726	5 876 881	4 566 845
Sewerage	12 385 801	7 506 608	4 879 193
Merchandising, Jobbing and Contracts	4 412	-	4 412
Other Service Charges	7 380 836	2 130 514	5 250 322
Water	15 595 887	7 773 641	7 822 246
Other Receivables	1 271 512	730 483	541 029
Other Debtors	44 536	-	44 536
Prepayments and Advances	1 437 717	-	1 437 717
Control, Clearing and Interface	375	-	375
Total Receivables from Exchange Transactions	84 923 271	28 110 224	56 813 047

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3.1 Ageing of Receivables from

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	22 424 670	1 516 312	246 899	2 822 844	27 010 726
Less: Provision for Impairment	-	-	-	2 698 061	2 698 061
Net Balances	22 424 670	1 516 312	246 899	124 783	24 312 665
Refuse:					
Gross Balances	2 152 305	1 496 043	626 957	7 220 241	11 495 546
Less: Provision for Impairment	-	-	-	6 863 150	6 863 150
Net Balances	2 152 305	1 496 043	626 957	357 091	4 632 396
Sewerage:					
Gross Balances	2 313 132	1 693 979	717 127	9 320 337	14 044 574
Less: Provision for Impairment	-	-	-	9 288 822	9 288 822
Net Balances	2 313 132	1 693 979	717 127	31 515	4 755 752
Merchandising, Jobbing and Contracts					
Gross Balances	4 412	-	-	-	4 412
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 412	-	-	-	4 412
Other Service Charges:					
Gross Balances	121 669	72 878	72 950	2 461 544	2 729 041
Less: Provision for Impairment	-	-	-	2 504 493	2 504 493
Net Balances	121 669	72 878	72 950	(42 949)	224 548
Water:					
Gross Balances	3 705 163	2 061 818	778 530	9 581 277	16 126 787
Less: Provision for Impairment	-	-	-	9 628 406	9 628 406
Net Balances	3 705 163	2 061 818	778 530	(47 129)	6 498 381
Other Receivables:					
Gross Balances	99 335	62 531	31 262	960 087	1 153 215
Less: Provision for Impairment	-	-	-	346 293	346 293
Net Balances	99 335	62 531	31 262	613 794	806 922

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Other Debtors:

Gross Balances	18 667	-	-	-	18 667
Less: Provision for Impairment	-	-	-	-	-
Net Balances	18 667	-	-	-	18 667

Prepayments and Advances:

Gross Balances	1 355 632	-	-	-	1 355 632
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 355 632	-	-	-	1 355 632

Control, Clearing and Interface

Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	32 194 984	6 903 561	2 473 725	32 366 330	73 938 600
Less: Provision for Impairment	-	-	-	31 329 225	31 329 225
Net Balances	32 194 984	6 903 561	2 473 725	1 037 105	42 609 375

As at 30 June 2022

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Electricity:

Gross Balances	29 980 666	1 500 972	795 542	4 081 289	36 358 469
Less: Provision for Impairment	-	-	-	4 092 097	4 092 097
Net Balances	29 980 666	1 500 972	795 542	(10 808)	32 266 372

Refuse:

Gross Balances	2 923 421	761 327	684 970	6 074 007	10 443 726
Less: Provision for Impairment	-	-	-	5 876 881	5 876 881
Net Balances	2 923 421	761 327	684 970	197 126	4 566 845

Sewerage:

Gross Balances	3 174 427	860 324	776 571	7 574 479	12 385 801
Less: Provision for Impairment	-	-	-	7 506 608	7 506 608
Net Balances	3 174 427	860 324	776 571	67 871	4 879 193

Merchandising, Jobbing and Contracts:

Gross Balances	4 412	-	-	-	4 412
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 412	-	-	-	4 412

Other Service Charges:

Gross Balances	3 648 982	128 855	106 302	3 496 697	7 380 836
Less: Provision for Impairment	-	-	-	2 130 514	2 130 514
Net Balances	3 648 982	128 855	106 302	1 366 183	5 250 322

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Water:

Gross Balances	5 518 997	1 213 346	1 027 472	7 836 073	15 595 887
Less: Provision for Impairment	-	-	-	7 773 641	7 773 641
Net Balances	5 518 997	1 213 346	1 027 472	62 432	7 822 246

Other Receivables:

Gross Balances	1 271 512	-	-	-	1 271 512
Less: Provision for Impairment	730 483	-	-	-	730 483
Net Balances	541 029	-	-	-	541 029

Other Debtors:

Gross Balances	44 536	-	-	-	44 536
Less: Provision for Impairment	-	-	-	-	-
Net Balances	44 536	-	-	-	44 536

Prepayments and Advances:

Gross Balances	1 437 717	-	-	-	1 437 717
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 437 717	-	-	-	1 437 717

Control, Clearing and Interface

Gross Balances	375	-	-	-	375
Less: Provision for Impairment	-	-	-	-	-
Net Balances	375	-	-	-	375

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	48 005 045	4 464 824	3 390 857	29 062 545	84 923 271
Less: Provision for Impairment	730 483	-	-	27 379 741	28 110 224
Net Balances	47 274 562	4 464 824	3 390 857	1 682 804	56 813 047

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 municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
VAT Receivable	8 147 056	-	8 147 056
Total Statutory Receivables from Exchange Transactions	8 147 056	-	8 147 056
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
VAT Receivable	2 586 256	-	2 586 256
Total Statutory Receivables from Exchange Transactions	2 586 256	-	2 586 256

VAT is claimable on the payment basis.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Accrued Income	3 341	-	3 341
Administration Cost	91 382		91 382
Availability Charges	9 044 476	8 404 031	640 445
Other	1 364 099	-	1 364 099
Security Deposits	8 158 511	-	8 158 511
Provincial Government Housing Loans - at amortised cost	716 640	-	716 640
Staff Bursaries and Other Advances - at amortised cost	206 043	-	206 043
Total Receivables from Non-exchange Transactions	19 584 493	8 404 031	11 180 463
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Accrued Income	3 341	-	3 341
Administration Cost	258 078	-	258 078
Availability Charges	8 428 723	7 645 518	783 205
Insurance Claims	240 711	-	240 711
Other	2 198 578	-	2 198 578
Security Deposits	8 158 511	-	8 158 511
Provincial Government Housing Loans - at amortised cost	187 324	-	187 324
Staff Bursaries and Other Advances - at amortised cost	59 011	-	59 011
Total Receivables from Non-exchange Transactions	19 183 683	7 645 518	11 888 758

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2023

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Other Receivables:					
Gross Balances	2 603 843	270 008	122 602	8 426 189	11 422 641
Less: Provision for Impairment				8 404 031	8 404 031
Net Balances	2 603 843	270 008	122 602	22 158	3 018 610

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	8 158 511	-	-	-	8 158 511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	8 158 511	-	-	-	8 158 511

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	10 765 695	270 008	122 602	8 426 189	19 584 493
Less: Provision for Impairment	-	-	-	8 404 031	8 404 031
Net Balances	10 765 695	270 008	122 602	22 158	11 180 462

As at 30 June 2022

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Insurance Claims:

Gross Balances	240 711	-	-	-	240 711
Less: Provision for Impairment	-	-	-	-	-
Net Balances	240 711	-	-	-	240 711

Other Receivables:

Gross Balances	2 874 293	124 844	117 781	7 687 357	10 804 274
Less: Provision for Impairment	-	-	-	7 645 518	7 645 518
Net Balances	2 874 293	124 844	117 781	41 839	3 158 756

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	8 158 511	-	-	-	8 158 511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	8 158 511	-	-	-	8 158 511

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	11 253 702	124 844	117 781	7 687 357	19 183 683
Less: Provision for Impairment	-	-	-	7 645 518	7 645 518
Net Balances	11 253 702	124 844	117 781	41 839	11 538 165

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates	28 851 716	21 664 385	7 187 331
Fines	10 510 564	9 340 412	1 170 152
Total Statutory Receivables from Non-Exchange Transactions	39 362 280	31 004 797	8 357 483

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Property Rates	24 126 424	16 756 344	7 370 080
Fines	8 122 018	7 302 667	819 351
Total Statutory Receivables from Non-Exchange Transactions	32 248 442	24 059 011	8 189 431

6.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2023

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	9 812 696	738 812	646 639	17 653 568	28 851 716
Less: Provision for Impairment	4 908 041	-	-	16 756 344	21 664 385
Net Balances	4 904 655	738 812	646 639	897 224	7 187 331

Fines:

Gross Balances	10 510 564	-	-	-	10 510 564
Less: Provision for Impairment	9 340 412	-	-	-	9 340 412
Net Balances	1 170 152	-	-	-	1 170 152

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
All Receivables:					
Gross Balances	20 323 260	738 812	646 639	17 653 568	39 362 280
Less: Provision for Impairment	14 248 453	-	-	16 756 344	31 004 797
Net Balances	6 074 807	738 812	646 639	897 224	8 357 483

As at 30 June 2022

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	5 087 404	738 812	646 639	17 653 568	24 126 424
Less: Provision for Impairment	-	-	-	16 756 344	16 756 344
Net Balances	5 087 404	738 812	646 639	897 224	7 370 080

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Fines:

Gross Balances	8 122 018	-	-	-	8 122 018
Less: Provision for Impairment	7 302 667	-	-	-	7 302 667
Net Balances	819 351	-	-		819 351

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	13 209 422	738 812	646 639	17 653 568	32 248 442
Less: Provision for Impairment	7 302 667	-	-	16 756 344	24 059 011
Net Balances	5 906 755	738 812	646 639	897 224	8 189 431

2023
R

2022
R

7. CASH AND CASH EQUIVALENTS

Current Investments	186 908 950	266 585 050
Bank Accounts	178 120 890	91 795 579
Cash on Hand	9 200	9 200
Total Bank, Cash and Cash	365 039 040	358 389 829

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

7.1 Current Investment Deposits

Call Deposits	186 908 950	266 585 050
Total Current Investment Deposits	186 908 950	266 585 050

Call Deposits are investments with a maturity period of less than 3 months. The average interest rate for the year was 7.37% (2022:4.28 %).

7.2 Bank Accounts

Cash in Bank	178 120 890	91 795 579
--------------	-------------	------------

The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	91 795 579	96 001 974
Cash book balance at end of year	178 120 890	91 795 579

7.3 Cash and Cash Equivalents

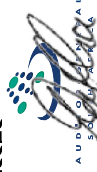
Cash Floats and Advances	9 200	9 200
Total Cash on hand in Cash Floats, Advances and Equivalents	9 200	9 200

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2023

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2022	98 832 649	617 484 600	58 969 760	20 938 591	26 155 294	684 347	823 065 241
Cost	109 854 495	897 874 810	92 103 869	54 709 514	54 368 425	2 585 641	1 211 496 754
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 829)	(13 102)	-	(13 882 936)
Accumulated Depreciation	(10 510 109)	(267 181 184)	(33 129 867)	(33 626 094)	(28 200 029)	(1 901 294)	(374 548 577)
Acquisition of Assets	3 813 788	80 094 298	6 038 348	9 491 726	20 532 466	-	119 970 626
- Capital Under Construction	-	-	137 814	103 945	972 779	-	1 214 538
Depreciation	(655 807)	(34 689 785)	(3 269 534)	(4 232 291)	(3 055 009)	(1 025 568)	(46 927 994)
Carrying value of Disposals:							
- Cost		-	-	(15 796)	(9 399)	-	(25 195)
- Accumulated Impairment Losses		-	-	(31 180)	(69 100)	-	(100 280)
- Accumulated Depreciation		-	-	-	-	-	-
Impairment Losses							
- Cost	-	-	-	-	-	-	-
- Transfers Received	(1 818 584)	(4 099 821)	1 968 483	(715 785)	(14 178 174)	17 736 417	(1 107 464)
- Transfers Made	6 134 511	104 421 989	7 420 253	10 620 441	39 325 060	17 736 417	185 658 671
- Accumulated Depreciation	(7 953 095)	(108 521 810)	(5 451 770)	(11 336 226)	(53 503 234)	-	(186 766 135)
		21 030	192 224	-	-	-	213 254
Carrying values at 30 June 2023	100 172 046	658 810 322	64 037 095	25 570 390	30 417 957	17 395 196	896 403 006
Cost	111 849 699	973 869 287	100 248 514	63 558 220	61 626 396	20 322 058	1 331 474 174
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 829)	(13 102)	-	(13 882 936)
Accumulated Depreciation	(11 165 916)	(301 849 939)	(36 207 177)	(37 843 001)	(31 195 337)	(2 926 862)	(421 188 232)


AUDITOR GENERAL
Accounting to build public confidence

LANGEBERG LOCAL MUNICIPALITY

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

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2022

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2021	98 314 102	572 634 201	56 989 083	21 076 127	25 477 285	1 135 059	775 625 857
Cost	108 704 688	831 984 572	87 463 667	50 693 268	50 964 997	4 269 936	1 134 081 128
Accumulated Impairment Losses	(511 737)	(16 900 962)	(4 242)	(86 377)	(10 910)	-	(17 514 228)
Accumulated Depreciation	(9 878 849)	(242 449 409)	(30 470 342)	(29 530 764)	(25 476 802)	(3 134 877)	(340 941 043)
Acquisition of Assets	858 887	71 972 817	3 812 843	7 070 054	3 422 124	375 425	87 512 150
- Capital Under Construction	46 500	94 925	171 280	-	-	-	312 705
Depreciation	(631 260)	(25 703 428)	(2 753 740)	(4 133 319)	(2 726 181)	(812 939)	(36 760 867)
Carrying value of Disposals:		68 492	-	(36 965)	(15 742)	(48 459)	(32 674)
- Cost		(4 595 097)	-	(74 954)	(18 696)	(2 094 981)	(6 783 728)
- Accumulated Impairment Losses	-	3 691 936	-	-	-	-	3 691 936
- Accumulated Depreciation	-	971 653	-	37 989	2 954	2 046 522	3 059 118
Impairment Losses	-	-	-	(58 452)	(2 192)	-	(60 644)
- Cost	244 420	(1 582 407)	656 079	(2 978 854)	-	35 261	(3 625 501)
- Transfers Received	1 438 104	52 415 666	5 217 500	3 673 740	3 422 124	35 261	66 202 395
- Transfers Made	(1 193 684)	(53 998 073)	(4 561 421)	(6 652 594)	(3 422 124)	-	(69 827 896)
- Accumulated Depreciation	-	-	94 215	-	-	-	94 215
Carrying values at 30 June 2022	98 832 649	617 484 600	58 969 760	20 938 591	26 155 294	684 347	823 065 241
Cost	109 854 495	897 874 810	92 103 869	54 709 514	54 368 425	2 585 641	1 211 496 754
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 829)	(13 102)	-	(13 882 936)
Accumulated Depreciation	(10 510 109)	(267 181 184)	(33 129 867)	(33 626 094)	(28 200 029)	(1 901 294)	(374 548 577)



 Auditor's Signature

30 November 2023

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R		
8. PROPERTY, PLANT AND EQUIPMENT (Continued)				
8.1 Assets pledged as security				
Leased Assets are pledged as security for the finance liability.				
8.2 Impairment of Property, Plant and Equipment				
Impairment Losses on Property, Plant and Equipment to the amount of R0 (2022:R60 644) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 39				
Other Assets	-	58 452		
Transport Assets	-	2 192		
Total Impairment of Property, Plant and Equipment	-	60 644		
8.3 Work-in-Progress				
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:				
June 2023	Infrastructure	Community	Land and Building	Total
Opening Balance	47 812 668	803 700	1 720 246	50 336 614
Additions	51 265 354	2 034 115	7 590 523	60 889 992
Completed Assets	(61 667 538)	-	(8 851 737)	(70 519 275)
Closing Balance	37 410 483	2 837 815	459 032	40 707 331
June 2022	Infrastructure	Community	Land and Building	Total
Opening Balance	18 907 185	540 153	275 706	19 723 044
Additions	55 466 500	269 460	3 459 776	59 195 736
Completed Assets	(26 561 017)	(5 913)	(2 015 236)	(28 582 166)
Closing Balance	47 812 668	803 700	1 720 246	50 336 614
8.4 Delayed Projects				
Project Details (Unspent Balance)	2023		2022	
Infrastructure Assets	43 936 096		27 868 932	
2023: Due to capital loan of R30 million for the rehabilitation of roads has not yet been received by the municipality and thus the municipality can not spend funds that are not yet available and not in the Municipality's bank account.				
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
Community Asset	3 462 643		3 373 949	
2023: Due to delay caused by conflict between the main contractor and sub-contractor.				
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
Other Assets	1 640 203		2 286 519	
2023: Due to delay in delivery of equipment.				
2022: Due to delay caused by the National Treasury Instruction to halt all SCM processes.				
Total balance at year end	49 038 942		33 529 399	

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

8.5 Expenditure incurred for Repairs and Maintenance

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

	2023 R	2022 R
Electrical Infrastructure	2 601 994	2 352 626
- Contracted Services	533 202	217 015
- Inventory Consumed	2 068 792	2 135 611
Information and Communication	153 620	154
- Contracted Services	149 761	-
- Inventory Consumed	3 859	154
Roads Infrastructure	3 806 014	3 549 017
- Contracted Services	1 373 016	464 001
- Inventory Consumed	2 432 998	3 085 016
Sanitation Infrastructure	2 655 898	3 318 451
- Contracted Services	2 345 712	3 035 574
- Inventory Consumed	310 186	282 877
Solid Waste Disposal	40 455	112 479
- Contracted Services	27 693	79 252
- Inventory Consumed	12 762	33 227
Stormwater Infrastructure	493 292	381 286
- Contracted Services	361 673	228 573
- Inventory Consumed	131 619	152 713
Water Supply Infrastructure	9 824 423	6 371 065
- Contracted Services	8 402 324	5 468 985
- Inventory Consumed	1 422 099	902 080
Community Assets	2 559 379	1 462 672
- Contracted Services	1 457 543	716 297
- Inventory Consumed	1 101 836	746 375
Computer Equipment	13 149	885
- Contracted Services	968	-
- Inventory Consumed	12 181	885
Furniture and Office Equipment	1 020 539	563 497
- Contracted Services	741 002	393 435
- Inventory Consumed	279 537	170 062
Machinery and Equipment	332 674	360 748
- Contracted Services	218 237	257 808
- Inventory Consumed	114 437	102 940
Other Assets - Buildings	793 608	735 970
- Contracted Services	595 210	542 526
- Inventory Consumed	198 398	193 444
Transport Assets	5 514 418	4 239 852
- Contracted Services	3 358 898	2 524 370
- Inventory Consumed	2 155 520	1 714 665
- Other Operational Costs	-	817
Total Expenditure related to Repairs and Maintenance Projects	29 809 463	23 448 702

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
9. INTANGIBLE ASSETS		
At Cost	<u>1 320 657</u>	<u>1 036 964</u>

The movement in Intangible Assets is reconciled as follows:

Intangible Assets

Carrying values at 01 July 2022	1 036 964	1 017 125
Opening Balance - Computer Software	983 964	964 125
Opening Balance - Servitudes	53 000	53 000
Acquisitions:	791 000	19 839
Purchased	791 000	19 839
Disposals:	(507 307)	-
At Cost	(507 307)	-
Carrying values at 30 June 2023	1 320 657	1 036 964
Closing Balance - Computer Software	1 267 657	983 964
Closing Balance - Servitudes	53 000	53 000

9.1 Significant Intangible Assets

Material intangible assets included in the carrying value:

Internal audit and risk management	-	507 307
Omron Scada software - vehicle testing	3 018	3 018
Other intangible assets	218 454	218 454
Servitude Bonnievale	53 000	53 000
Software Bytes NBD	100	100
Website costs	235 246	235 246
Sonicwall - Analytics	19 839	19 839
Internal audit and risk management software - BarnOwl	791 000	-
	<u>1 320 657</u>	<u>1 036 964</u>

9.2 Intangible Assets with Indefinite Useful Lives

The municipality regards all of its Intangible Assets as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	R	R
10. INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	<u>28 034 849</u>	<u>28 183 133</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July 2022	28 183 133	28 511 536
Cost	30 261 705	30 541 705
Accumulated Depreciation	(2 078 572)	(2 030 169)
Acquisitions during the Year	-	-
Cost	4 695	
Depreciation during the Year	(64 213)	(72 587)
Disposals during the Year:	(1 000)	-
Transfers during the Year:	(87 765)	(255 816)
At Cost	(137 000)	(280 000)
At Accumulated Depreciation	49 235	24 184
Carrying values at 30 June 2023	28 034 849	28 183 133
Cost	30 128 399	30 261 705
Accumulated Depreciation	(2 093 550)	(2 078 572)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

11. HERITAGE ASSETS

30 June 2023

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2022	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Carrying values at 30 June 2023	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)

11. HERITAGE ASSETS (continued)

30 June 2022

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2021	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)
- Cost	(389 000)	(389 000)
Acquisitions	-	-
Carrying values at 30 June 2022	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)

Assets declared as heritage assets:

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

- a) Montagu Municipal Offices - Administrative Use - Property, plant and equipment
- b) Hofmeyer Hall - Community Hall - Property, Plant and equipment
- c) McGregor Municipal Offices - Mixed Use - Investment property
- d) Robertsons Old Library - Administrative Use - Property, Plant and equipment



30 November 2023

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. LIVING AND NON-LIVING RESOURCES

The Municipality extracts the water from the following non-living resources:

NON-LIVING RESOURCES

DAM

As at 30 June 2023

TOWN	OWNER	VOLUME % 30 June 2023	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water S 71%		303 940 000	Worcester	
Dassieshoekdam	Langeberg Mun	100%	835000	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	100%	103700	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	4%	9000	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	58%	197700	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	86%	96586	33°57'13"	19°49'06"
Mcgregor Rooddam	Langeberg Mun	82%	58651	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	86%	71200	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	65%	71500	33°50'05"	20°01'59"

As at 30 June 2022

DAM

TOWN	OWNER	VOLUME % 30 June 2022	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water S 43%		194 780 000	Worcester	
Dassieshoekdam	Langeberg Mun	52%	433 333	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	83%	86 000	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	59%	139 000	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	34%	116 400	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	100%	111 343	33°57'13"	19°49'06"
Mcgregor Rooddam	Langeberg Mun	92%	65 885	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	97%	79 000	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	50%	55 000	33°50'05"	20°01'59"

As at 30 June 2023

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33°46'38"	20°07'53"

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

As at 30 June 2022

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33°46'38"	20°07'53"

RIVER ABSTRACTION

NAME	LOCATION S	LOCATION E
Ashton Breede River Pump Station	33°52'08"	19°59'13"
Bonnievale Breede River Pump Station	33°56'27"	20°04'22"

The municipality adheres to the National Water Act with regards to the dams that the municipality is a custodian of.

	2023 R	2022 R
13. INVESTMENTS		
Non-current Investments	137 205	137 205
Total Investments	137 205	137 205
13.1 Non-current Investments		
Listed		
Listed Shares	137 205	137 205
Total Non-current Portion of	137 205	137 205
Total Investments		
Non-current Portion	137 205	137 205
Total Investments	137 205	137 205

Financial assets are recognised at the following hierarchy:

Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Listed investments represent 270 Sanlam shares, 685 Distell shares.
The market value per share at year end: Sanlam shares R58.35 (2022: R52.87).
The market value per share at year end: Distell shares R180 (2022: R171.35)

Unlisted Investments comprise the following:

(i) Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

Valuations of investments supplied by council are:

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R5.00 (2022: R4.50).

The share prices are publicly available and are not appended on valuations.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
14. LEASE RECEIVABLES		
Current Lease Receivables	74 219	109 261
Total Lease Receivables	74 219	109 261
 14.1.1 Leasing Arrangements		
The Municipality as Lessor:		
All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.		
 14.1.2 Amounts receivable under Operating Leases		
At the Reporting Date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	573 918	1 116 261
2 to 5 years	547 991	1 068 441
More than 5 years	64 516	100 039
Total Operating Lease Arrangements	1 186 426	2 284 741
 15. LONG-TERM RECEIVABLES		
Non-Current Portion of Long Term Receivables	460 483	400 287
Receivable from exchange transactions	234 909	12 395
Receivable from non-exchange transactions	225 574	387 892
15.1 Non-Current Portion of Long Term Receivables	460 483	400 287
Gross amount	1 723 143	1 505 129
Provision for impairment	1 262 660	1 104 842
Net amount	460 483	400 287

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
16. CONSUMER DEPOSITS		
Electricity	6 322 470	13 196 425
Water	8 191 656	381 745
Other Deposits:-	3 010 624	2 205 038
- Land Sales	1 941 492	1 606 048
- Posters	42 222	43 201
- Refuse	335 434	208 548
- Rental Properties	320 412	116 834
- Sewer	371 064	230 407
Total Consumer Deposits	17 524 750	15 783 208
17. PAYABLES FROM EXCHANGE TRANSACTIONS		
Other Payables	5 007 886	4 762 679
Retentions	7 643 499	6 449 823
Trade Creditors	68 831 770	68 181 899
Deposits	13 095 611	12 897 176
Total Payables from Exchange Transactions	94 578 766	92 291 577
18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Total Unspent Conditional Grants and Receipts	14 287 574	28 494 012

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

Unspent conditional grants and receipts comprises of:

	2023	2022
<i>Unspent conditional grants and receipts</i>		
Municipal Infrastructure Grant	873 800	196 824
Local Government Financial Management Grant	679 620	-
Neighbourhood Development Partnership Grant	9 463 727	10 000 000
Water Services Infrastructure Grant	1 448 984	10 141 338
Development of Sport and Recreation Facilities	-	1 295 420
SMME Booster Fund 2021	-	556 337
Expanded Public Works Programme	95 189	-
Municipal Library Support Fund	-	545 304
Western Cape Financial Management Capability Grant: Financial Management	130 111	-
Human Settlements Development Grant (Title Deed Restoration)	-	3 208 411
Western Cape Financial Management Capability Grant: Bursaries	157 000	62 000
Municipal Load shedding Relief Grant	350 000	-
Municipal Electrical Master Plan Grant	-	427 391
Western Cape Financial Management Support Grant	-	550 000
Bakery Project Grant	168 875	168 875
CWDM - Community Safety	566 353	566 353
CDWM - EPWP Projects	4 484	19 730
Local Government Public Employment Support Grant	349 431	756 028
	14 287 573	28 494 011

See Note 28 for the reconciliation of Grants from Government and other sources.

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were withheld.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
19. LEASE PAYABLES		
Current Lease Payables	3 470 409	195 098
Non-current Lease Payables	13 572 532	445 210
Total Lease Payables	17 042 941	640 308
19.1 Finance Lease Payables		
Finance Lease Liability	17 042 941	640 308
Total Non-current Lease Payables	17 042 941	640 308
Less: Current Portion transferred to Current Lease Payables:- Finance Lease Liability	(3 470 409) (3 470 409)	(195 098) (195 098)
Non-Current Portion of Finance Lease Payables	13 572 532	445 210

19.1.1 Obligations under Leases

The Municipality as Lessee:

The obligations under Finance Leases are as follows:

Amounts payable under Finance leases:

	Amount Payable	2023 Future Finance Obligation	Present Value of Annuity
Payable within one year	4 982 294	1 485 661	3 470 409
Payable within two to five years	16 194 985	2 622 452	13 572 532
Payable after five years	-	-	-
	21 177 279	4 108 113	17 042 941

	Amount Payable	2022 Future Finance Obligation	Present Value of Annuity
Payable within one year	208 308	13 210	195 098
Payable within two to five years	448 284	3 074	445 210
Payable after five years	-	-	-
	656 592	16 284	640 308

The above finance leases have no escalation over the period of the lease. After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period with the exception of finance lease on vehicles. Hire purchases and leases are secured by property, plant and equipment. Leased assets are equipment which lease term that is approximately 1 to 36 months and vehicles with a lease terms of 60 months. Vehicles are pledge as security against the finance lease.

Defaults and breaches: No finance leases were in default during the financial year.
There are no finance leases which are subject to any restrictions.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
20. BORROWINGS		
Long-Term Borrowings	32 057 480	35 975 165
Annuity and Bullet Loans	32 057 480	35 975 165
Less: Current Portion transferred to Current Borrowings:-	(4 079 506)	(4 062 325)
Current Annuity Loans	(4 079 506)	(4 062 325)
Non-Current Portion of Borrowings	27 977 974	31 912 840

20.1 Summary of Arrangements

The municipality have the following annuity loans:

- a) DBSA @ 10.58% average interest rate redeemable on 31 December 2024
- b) DBSA @ 9.03% average interest rate redeemable on 31 March 2027
- c) Standard Bank @ 10.52% redeemable on 30 June 2034

Average interest rate for 2023: 9.81% (2022 : 6.80%) for DBSA loans. The Standard bank loan has a fixed interest rate.

Amounts payable under annuity loans

	2023 Amount Payable	2023 Future Finance Obligation	Present Value of Annuity
Payable within one year	7 136 948	3 057 442	4 079 506
Payable within two to five years	22 909 466	8 931 492	13 977 974
Payable after five years	18 789 290	4 789 290	14 000 000
Present value of annuity loans obligations	48 835 704	16 778 224	32 057 480

	2022 Amount Payable	2022 Future Finance Obligation	Present Value of Annuity
Payable within one year	7 336 942	3 274 617	4 062 325
Payable within two to five years	25 680 466	10 100 959	15 579 507
Payable after five years	22 784 399	6 451 066	16 333 333
Present value of annuity loans obligations	55 801 807	19 826 642	35 975 165

Assets pledged as security:

There are no assets pledged as security.

20.2 Obligations under Borrowings

Non - Current Annuity Loans	27 977 974	31 912 840
Current Portion transferred to Current Liabilities:	4 079 506	4 062 325
Total Borrowings	32 057 480	35 975 165

LANEGERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
21. EMPLOYEE BENEFIT LIABILITIES		
Employee Benefit Liabilities	76 622 829	85 051 510
Post-retirement Health Care Benefits Liability	47 846 000	51 291 000
Long Service Awards Liability	13 397 000	13 991 000
Staff Bonus	7 585 026	6 845 214
Staff Leave	7 794 803	12 924 296
Less: Current Portion of Employee Benefit Liabilities	20 102 829	24 056 510
Post-retirement Health Care Benefits Liability	2 848 000	2 773 000
Long Service Awards Liability	1 875 000	1 514 000
Staff Bonus	7 585 026	6 845 214
Staff Leave	7 794 803	12 924 296
Non-Current Portion of Employee Benefit Liabilities	56 520 000	60 995 000
21.1 Current Portion of Employee Benefit Liabilities		
The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:		
	Post-retirement Health Care Benefits Liability	Long-term Service
30 June 2023		
Balance at end of year	2 848 000	1 875 000
30 June 2022		
Balance at end of year	2 773 000	1 514 000
Staff Bonus:		
Opening Balance	6 845 214	6 485 354
Increases	12 215 219	10 385 805
Payments made	(11 475 406)	(10 025 945)
Balance at end of year	7 585 027	6 845 214
Leave Provision		
Opening Balance	12 924 296	12 161 734
Increases	8 308 480	8 102 788
Payments Made	(13 437 973)	(7 340 226)
Balance at end of year	7 794 803	12 924 296
21.2 Post-retirement Health Care Benefits Liability		
Opening Balance	51 366 000	52 256 999
Interest Cost	5 863 000	5 012 000
Current Service Cost	1 793 000	1 741 000
Actual Employer Benefit Payments	(2 688 436)	(2 652 676)
Actuarial Loss/ (Gain) recognised in the year	(8 487 564)	(5 066 323)
Balance at end of Year	47 846 000	51 291 000
Transfer to Current Provisions	2 848 000	2 773 000
Non-Current Portion Post-retirement Health Care Benefits Liability	44 998 000	48 518 000

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	229	211
In-service Non-members (Employees)	512	487
Continuation Members (Retirees, widowers and orphans)	67	70
Total Members	808	768
The liability in respect of past service has been estimated as follows:		
In-service Members	13 634 000	15 014 000
In-service Non-members	5 911 000	6 163 000
Continuation Members	28 301 000	30 114 000
Total Liability	47 846 000	51 291 000
The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:		
- Bonitas		
- Keyhealth		
- LA Health		
- Samwumed		
- Sizwe-Hosmed		
The Current-Service Cost for the year ending 30 June 2023 is estimated at R1 793 000. It is estimated to be R1 751 000 for the ensuing year.		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	12.37%	11.74%
Health Care Cost Inflation Rate	7.97%	8.37%
Net Effective Discount Rate	4.08%	3.11%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	51 291 000	52 257 000
Interest Cost	5 863 000	5 012 000
Current Service Cost	1 793 000	1 741 000
Expenditure for the year	(2 773 000)	(2 705 000)
Actuarial Losses / (Gains)	(8 328 000)	(5 014 000)
Total Recognised Benefit Liability	47 846 000	51 291 000
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1 793 000	1 741 000
Interest cost	5 863 000	5 012 000
Actuarial losses / (gains)	(8 328 000)	(5 014 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 35.)	(672 000)	1 739 000

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Tables below summarises the results of the sensitivity analysis

Sensitivity Analysis on the Accrued Liability

Assumption	Change	Eligible Employees	Continuation Members	Total	% Change
Central assumptions		19 545 000	28 301 000	47 846 000	
Health care inflation rate	+1%	21 608 000	29 822 000	51 430 000	7%
Health care inflation rate	-1%	17 057 000	26 635 000	43 692 000	-9%
Discount rate	+1%	16 552 000	26 295 000	42 847 000	-10%
Discount rate	-1%	23 327 000	30 613 000	53 940 000	13%
Post-employment mortality	+1 year	19 115 000	27 408 000	46 523 000	-3%
Post-employment mortality	- 1 year	19 961 000	29 192 000	49 153 000	3%
Average retirement age	- 1 year	21 616 000	28 301 000	49 917 000	4%
Membership continuation	-10%	17 075 000	28 301 000	45 376 000	-5%

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

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 793 000	5 863 000	7 656 000	
Health care inflation rate	+1%	1 979 000	6 315 000	8 294 000	8%
Health care inflation rate	-1%	1 548 000	5 325 000	6 873 000	-10%
Discount rate	+1%	1 483 000	5 637 000	7 120 000	-7%
Discount rate	-1%	2 195 000	6 118 000	8 313 000	9%
Post-employment mortality	+1 year	1 752 000	5 686 000	7 438 000	-3%
Post-employment mortality	- 1 year	1 831 000	6 039 000	7 870 000	3%
Average retirement age	- 1 year	1 990 000	6 107 000	8 097 000	6%
Membership continuation	-10%	1 572 000	5 551 000	7 123 000	-7%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2024

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 751 000	5 748 000	7 499 000	
Health care inflation rate	+1%	1 933 000	6 190 000	8 123 000	8%
Health care inflation rate	-1%	1 518 000	5 234 000	6 752 000	-10%
Discount rate	+1%	1 471 000	5 544 000	7 015 000	-6%
Discount rate	-1%	2 107 000	5 975 000	8 082 000	8%
Post-employment mortality	+1 year	1 714 000	5 584 000	7 298 000	-3%
Post-employment mortality	- 1 year	1 786 000	5 909 000	7 695 000	3%
Average retirement age	- 1 year	1 907 000	6 004 000	7 911 000	5%
Membership continuation	-10%	1 534 000	5 442 000	6 976 000	-7%

Refer to Note 57., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	12.37%	11.74%
Health Care Cost Inflation Rate	7.97%	8.37%
Net Effective Discount Rate	4.08%	3.11%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
21.3 Long Service Awards Liability		
Opening Balance	13 991 000	13 212 000
Current Service Cost	1 273 000	1 179 000
Interest Cost	1 485 000	1 187 000
Actuarial Gain	(1 795 922)	(391 736)
Payments Made	(1 556 078)	(1 195 264)
Balance at end of Year	13 397 000	13 991 000
Transfer to Current Provisions	1 875 000	1 514 000
Total Non-Current Long Service	11 522 000	12 477 000

The Current-Service Cost for the year ending 30 June 2023 is R 1,273,000. The Current-Service Cost for the ensuing year has been estimated to be R 1,221,000.

Long Service Award - The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	11.60%	11.21%
General salary inflation	6.81%	7.38%
Net Effective Discount Rate	4.49%	3.56%
Expected Rate of Salary Increase (Plus Additional 0.5% for employees who earn a basic salary of R 9000 or less) (Three-year salary and wage collective agreement ends on 30 June 2024)	7.00%	7.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		13 397 000	
General earnings inflation rate	+1%	14 209 000	6%
General earnings inflation rate	-1%	12 661 000	-5%
Discount rate	+1%	12 647 000	-6%
Discount rate	-1%	14 237 000	6%
Average retirement age	+2 Years	15 437 000	15%
Average retirement age	-2 Years	11 885 000	-11%
Withdrawal rates	x2	10 938 000	-18%
Withdrawal rates	x0.5	15 094 000	13%

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

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 273 000	1 485 000	2 758 000	
General earnings inflation rate	+1%	1 380 000	1 585 000	2 965 000	8%
General earnings inflation rate	-1%	1 177 000	1 395 000	2 572 000	-7%
Discount rate	+1%	1 186 000	1 517 000	2 703 000	-2%
Discount rate	-1%	1 372 000	1 447 000	2 819 000	2%
Average retirement age	+2 Years	1 415 000	1 726 000	3 141 000	14%
Average retirement age	-2 Years	1 144 000	1 303 000	2 447 000	-11%
Withdrawal rates	x2	914 000	1 180 000	2 094 000	-24%
Withdrawal rates	x0.5	1 546 000	1 698 000	3 244 000	18%

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30 June 2024

Assumption	Change	Current-Service Cost	Interest Cost	Total	% Change
Central assumptions		1 221 000	1 449 000	2 670 000	
General earnings inflation rate	+1%	1 324 000	1 543 000	2 867 000	7%
General earnings inflation rate	-1%	1 130 000	1 363 000	2 493 000	-7%
Discount rate	+1%	1 140 000	1 479 000	2 619 000	-2%
Discount rate	-1%	1 314 000	1 413 000	2 727 000	2%
Average retirement age	+2 Years	1 352 000	1 686 000	3 038 000	14%
Average retirement age	-2 Years	1 101 000	1 273 000	2 374 000	-11%
Withdrawal rates	x2	880 000	1 163 000	2 043 000	-23%
Withdrawal rates	x0.5	1 483 000	1 646 000	3 129 000	17%

22. PROVISIONS

Current Provisions	32 427 206	29 057 468
Non-current Provisions	70 381 860	64 135 254

Total Provisions	102 809 066	93 192 722
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22.1 Current Provisions

Current Portion of Non-Current	32 427 206	29 057 468
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	32 427 206	29 057 468

Total Provisions	32 427 206	29 057 468
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**Decommissioning of
Landfill
Sites**

R

30 June 2023

Opening Balance	29 057 468
Increases	3 369 738

Balance at end of year	32 427 206
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**Decommissioning of
Landfill Sites**

R

30 June 2022

Opening Balance	25 915 395
Increases	3 142 072

Balance at end of year	29 057 467
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22.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	70 381 860	64 135 254
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Total Non-current Provisions	70 381 860	64 135 254
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Decommissioning of Landfill Sites:

Opening Balance	64 135 254	46 565 270
Increase/Decrease in Asset	454 044	7 676 422
Contribution to Provision	-	6 735 850
Other Reductions	-	-
Reversals	(3 369 738)	(3 142 072)
Increases (Passage of Time/Discounted Rate)	9 162 300	6 299 784

70 381 860	64 135 254
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LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

LANDFILL SITES - USEFUL LIFE

Remaining Useful Life 30 June 2023

Montagu	Bonnievale	McGregor	Ashton
Landfill Site	Landfill Site	Transfer Station	Transfer Station
0	11.43	0	1.09

Area (m)

Actual estimated closure date

Estimated decommission date

CPI

Discount Rate

Montagu	Bonnievale	McGregor	Ashton
17 190	28 890	35 752	49 673
2015	2034	2015	2024
2041	2034	2030	2024
5.16%	5.16%	5.16%	5.16%
9.54%	11.22%	9.54%	9.54%

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year- end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
23. RESERVES		
Capital Replacement Reserve	62 920 999	62 920 999
Total Reserves	<u><u>62 920 999</u></u>	<u><u>62 920 999</u></u>
Reconciliation of the Capital Replacement Reserve:		
Opening Balance	62 920 999	62 920 999
Balance at end of year	<u><u>62 920 999</u></u>	<u><u>62 920 999</u></u>
24. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	957 125 430	895 799 637
Accumulated Surplus / (Deficit)	895 799 637	791 559 880
Accumulated Surplus as per Financial Performance	61 322 898	104 239 760
Rounding Difference as per Trial Balance	(3)	(3)
Total Accumulated Surplus	<u><u>957 125 430</u></u>	<u><u>895 799 637</u></u>

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
25. PROPERTY RATES		
Total Property Rates	96 635 339	92 757 614

The above property rates includes

Property Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2021.

Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality will be 1 July 2021.

Valuations

Rateable Land and Building

Business and Commercial Property

Municipal Properties

Residential Properties

State-owned Properties

Agricultural Properties

Other Categories

Total Value

1 846 508 160	1 861 185 660
675 129 501	571 204 361
8 611 500 493	8 405 463 993
367 717 700	364 625 700
7 499 961 650	7 943 784 250
984 490 581	513 791 981
19 985 308 085	19 660 055 945

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

Tariffs

Residential

Commercial, Industrial & Government

Public Benefit Organisation

Agriculture

2023

0.0070c

0.0040c

0.0018c

0.0018c

2022

0.0067c

0.0133c

0.0017c

0.0017c

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates. The first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

26. FINES, PENALTIES AND FORFEITS

Traffic Fines:	11 471 800	9 133 750
Other Fines:	102 086	1 576 610
Total Fines, Penalties and Forfeits	11 573 886	10 710 360

27. LICENCES AND PERMITS

Hiking Trails	188 315	213 996
Road and Transport:	1 970 669	1 914 367
Trading	3 100	3 700
Total Licences and Permits	2 162 084	2 132 063

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28. TRANSFERS AND SUBSIDIES		
Capital Grants	37 406 670	50 933 753
Allocations In-kind	-	1 351 053
Monetary Allocations	37 406 670	49 582 700
Operational Grants	133 420 315	126 882 015
Monetary Allocations	133 420 315	126 882 015
Total Transfers and Subsidies Received	170 826 985	177 815 768

28.1 Summary of Grants:

28.1.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2023	2022	2023	2022
Total Capital Grants Received	-	1 351 053	37 406 670	49 582 700

28.1.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2023	2022	2023	2022
Total Operational Grants Received	-	-	133 420 314	126 882 015

28.2 Detailed Summaries

Operating Grants

Equitable Share	97 528 000	87 617 000
Expanded Public Works Programme	2 551 811	2 210 000
Local Government Financial	870 380	1 550 000
Municipal Infrastructure Grant	3 094 330	2 977 588
Integrated National Electrification Grant	-	376 957
Community Library Services Grant	3 809 000	3 042 000
Western Cape Financial Management Capability Grant: Bursaries	205 000	188 000
Western Cape Financial Management Support Grant	550 000	-
Library Services Grant: MRF	6 866 000	7 219 494
Human Settlements Development Grant - Beneficiaries	14 210 452	13 923 409
Western Cape Financial Management Capability Grant: Financial Management	369 889	-
Neighbourhood Development Partnership Grant	722 123	-
LG SETA	511 140	575 289
Human Settlements Development Grant - Title Deed Restoration	-	19 346
Community Development Workers Grant	38 000	38 000
CWDM: EPWP Projects	15 246	480 270
Municipal Library Support Fund	545 304	758 696
Local Government Public Employment	406 597	643 972
Water Services Infrastructure Grant	1 127 042	4 037 173
Municipal Electrical Masterplan Grant	-	342 609
CDWM-Tourism Route Development	-	100 000
	133 420 315	126 099 803

Capital Grants

Municipal Infrastructure Grant	20 628 869	19 850 588
Integrated National Electrification Programme Grant	-	2 513 043
Development of sport and recreation	800 000	304 580
Fire Service Capacity Building Grant	821 000	-
Neighbourhood Development Partnership Grant	4 814 150	-
Water Services Infrastructure Grant	7 565 313	26 914 488
SMME Booster Fund	2 777 337	300 663
Library Services Grant: MRF	-	481 550
	37 406 670	50 364 912

Total Receipts for Government Grants

170 826 985	176 464 715
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LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28.2.1 Equitable Share		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	97 528 000	87 617 000
Transferred to Revenue: Operating	(97 528 000)	(87 617 000)
Unspent Balance at the End of the Year	-	-

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

28.2.2 National: Expanded Public Works Programme Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	2 647 000	2 210 000
Conditions Met - Transferred to Revenue: Operating	(2 551 811)	(2 210 000)
Unspent Balance at the End of the Year	95 189	-

The Expanded Public Works Programme Grant is used to be an incentive to the expand work creation efforts through the use of the labour intensive delivery methods.

28.2.3 National: Financial Management Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 550 000	1 550 000
Conditions Met - Transferred to Revenue: Operating	(870 380)	(1 550 000)
Unspent Balance at the End of the Year	679 620	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (eg. salary cost of the Financial Management Interns).

28.2.4 National: Municipal Infrastructure Grant

Unspent Balance at the Beginning of the Year	196 824	-
Current Year Receipts	24 597 000	23 025 000
Conditions Met - Transferred to Revenue - Operating	(3 094 330)	(2 977 588)
Conditions Met - Transferred to Revenue - Capital	(20 628 869)	(19 850 588)
Repayment	(196 824)	-
Unspent Balance at the End of the Year	873 800	196 824

The Municipal Infrastructure Grant (MIG) was used to upgrade infrastructure in previously disadvantaged areas.

28.2.5 National: Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	-	276 314
Current Year Receipts	-	2 890 000
Conditions Met - Transferred to Revenue - Operating	-	(376 957)
Conditions Met - Transferred to Revenue - Capital	-	(2 513 043)
Repayment	-	(276 314)
Unspent Balance at the End of the Year	-	-

Then National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28.2.6 National: Neighbourhood Development Partnership Grant		
Balance unspent at the beginning of the year	10 000 000	399 441
Current-year receipts	5 000 000	10 000 000
Conditions met - Transferred to revenue: Operating	(722 123)	-
Conditions met - Transferred to revenue: Capital	(4 814 150)	-
Repayment	-	(399 441)
Unspent Balance at the End of the Year	9 463 727	10 000 000

28.2.7 National: Water Services Infrastructure Grant

Balance unspent at the beginning of the year	10 141 338	21 093 000
Current year receipts	-	20 000 000
Conditions Met - Transferred to Revenue - Operating	(1 127 042)	(4 037 173)
Conditions met - Transferred to revenue: Capital	(7 565 313)	(26 914 488)
Unspent Balance at the End of the Year	1 448 984	10 141 338

28.2.8 Provincial: Development of sport and recreation facilities

Balance unspent at the beginning of the year	1 295 420	800 000
Current year receipts	-	800 000
Conditions Met - Transferred to Revenue - Capital	(800 000)	(304 580)
Repayment	(495 420)	-
Unspent Balance at the End of the Year	-	1 295 420

28.2.9 Provincial: SMME Booster Fund 2021

Balance unspent at the beginning of the year	556 337	-
Current year receipts	2 221 000	857 000
Conditions Met - Transferred to Revenue - Capital	(2 777 337)	(300 663)
Unspent Balance at the End of the Year	-	556 337

28.2.10 CWDM: Construction of Boundary Walls of Sports Fields

Balance unspent at the beginning of the year	-	32 199
Correction of prior period error	-	(32 199)
Restated Balance unspent at the beginning of the year	-	-
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	-	-

28.2.11 Provincial: Library Services Grant - MRF

Unspent Balance at the Beginning of the Year	-	970 044
Current Year Receipts	6 866 000	6 731 000
Conditions Met - Transferred to Revenue - Operating	(6 866 000)	(7 219 494)
Conditions Met - Transferred to Revenue - Capital	-	(481 550)
Unspent Balance at the End of the Year	-	-

The Community Library Services MRF grant is used to transform urban and rural community library infrastructure, facilities and service (primarily targeting previously disadvantaged communities) through a recapitalise programme at provincial level in support of local government and national initiatives. Eg (Salaries and operational costs).

28.2.12 Provincial: Community Library Services Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	3 809 000	3 042 000
Conditions Met - Transferred to Revenue - Operating	(3 809 000)	(3 042 000)
Unspent Balance at the End of the Year	-	-

The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28.2.13 Provincial: Municipal Library Support Fund		
Unspent Balance at the Beginning of the Year	545 304	-
Current Year Receipts	-	1 304 000
Conditions Met - Transferred to Revenue	(545 304)	(758 696)
Unspent Balance at the End of the Year	-	545 304

28.2.14 Provincial: Department Human Settlement (Beneficiaries)

Balance unspent at the beginning of the year	-	292 344
Current year receipts	14 210 452	13 631 065
Conditions Met - Transferred to Revenue - Operating	(14 210 452)	(13 923 409)
Repayment	-	-
Unspent Balance at the End of the Year	-	-

This grant is for the building of low cost housing. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses. No funds have been withheld. The municipality received more than what was appropriated in the extraordinary Gazette 8531 dated 15 December 2021. Approval was granted by the transferring department to spend the allocation of 2022/23 in the 2021/22 financial year.

28.2.15 Provincial: Department Human Settlement (Title Deed Restoration)

Balance unspent at the beginning of the year	3 208 411	3 227 757
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(19 346)
Repaid to Treasury Revenue Fund	(3 208 411)	-
Unspent Balance at the End of the Year	-	3 208 411

28.2.16 Provincial: Western Cape Financial Management Capability Grant: Bursaries

Unspent Balance at the Beginning of the Year	62 000	135 000
Current Year Receipts	300 000	250 000
Conditions Met - Transferred to Revenue - Operating	(205 000)	(188 000)
Repaid to Treasury Revenue Fund	-	(135 000)
Unspent Balance at the End of the Year	157 000	62 000

Provincial: Western Cape Financial Management Capability Grant: Bursaries was previously known as the Provincial: Western Cape Financial Management Capacity Building Grant.

28.2.17 Provincial: Western Cape Financial Management Capability Grant: Financial Management

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	500 000	-
Conditions Met - Transferred to Revenue - Operating	(369 889)	-
Repaid to Treasury Revenue Fund	-	-
Unspent Balance at the End of the Year	130 111	-

28.2.18 Provincial: Community Development Workers Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	38 000	38 000
Conditions Met - Transferred to Revenue - Operating	(38 000)	(38 000)
Unspent Balance at the End of the Year	-	-

28.2.19 Provincial: Municipal Electrical Masterplan Grant

Balance unspent at the beginning of the year	427 391	770 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(342 609)
Repaid to Treasury Revenue Fund	-	-
Unspent Balance at the End of the Year	-	427 391

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28.2.20 Provincial: Western Cape Financial Mangement Support Grant		
Balance unspent at the beginning of the year	550 000	-
Current year receipts	-	550 000
Conditions Met - Transferred to Revenue - Operating	(550 000)	-
Unspent Balance at the End of the Year	-	550 000

Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

28.2.21 Provincial: Local Government Public Employment Support Grant

Balance unspent at the beginning of the year	756 028	-
Current year receipts	-	1 400 000
Conditions Met - Transferred to Revenue - Operating	(406 597)	(643 972)
Unspent Balance at the End of the Year	349 431	756 028

28.2.22 Bakery Project

Balance unspent at the beginning of the year	168 875	168 875
Current-year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
Unspent Balance at the End of the Year	168 875	168 875

28.2.23 Community Safety

Balance unspent at the beginning of the year	566 353	566 353
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	566 353	566 353

The grant was used to repair the water pipelines and to detect the water pipelines by CCTV cameras.

28.2.24 CDWM: EPWP Projects

Unspent Balance at the Beginning of the Year	19 730	-
Current Year Receipts	-	500 000
Conditions Met - Transferred to Revenue - Operating	(15 246)	(480 270)
Unspent Balance at the End of the Year	4 484	19 730

28.2.25 CWDM: Tourism Route Development Project

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	100 000
Conditions Met - Transferred to Revenue - Operating	-	(100 000)
Repaid to National Treasury Revenue Fund	-	-
Unspent Balance at the End of the Year	-	-

28.2.26 Councillors Laptops

Balance unspent at the beginning of the year	-	65 217
Correction of prior period error	-	(65 217)
Restated Balance unspent at the beginning of the year	-	-
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	-	-

The grant was used to purchase the necessary electronic equipment for councillors. A Receivable from Non-Exchange transactions was raised for this amount in 2020.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
28.2.27 Fire Service Capacity Building		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	821 000	-
Conditions Met - Transferred to Revenue	(821 000)	-
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>

28.2.28 SETA Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	511 140	575 289
Conditions Met - Transferred to Revenue - Operating	(511 140)	(575 289)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>

29. SERVICE CHARGES

Availability Charges From Non-Exchange Transactions

Electricity Availability Charges	1 411 196	1 463 204
Water Availability Charges	1 216 047	511 408
Sewerage and Sanitation Availability Charges	1 043 199	1 004 849
Total Non-Exchange Service Charges	<u>3 670 443</u>	<u>2 979 461</u>

Service Charges From Exchange Transactions

Sale of Electricity	485 530 933	526 253 501
Sale of Water	52 768 144	53 774 639
Refuse Removal	32 745 352	27 726 338
Sewerage and Sanitation Charges	29 366 080	29 711 164
Total Exchange Service Charges	<u>600 410 508</u>	<u>637 465 642</u>
Total Service Charges	<u>604 080 951</u>	<u>640 445 103</u>

The above service charges includes free basic services and revenue foregone for the different services. The revenue foregone amounts to R24 016 420 (2022 : R 26 123 195).

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers

30. SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	11 922	8 598
Building Plan Approval	881 803	1 274 620
Cemetery and Burial	432 796	497 063
Cleaning and Removal	50 040	65 150
Development Charges	-	2 425 511
Encroachment Fees	69 642	65 275
Entrance Fees	257 632	338 473
Fire Services	97 230	211 063
Photocopies and Faxes	71 433	63 252
Removal of Restrictions	-	7 286
Sale of Goods	977 491	719 882
Scrap, Waste & Other Goods	133 752	51 338
Town Planning and Servitudes	400 702	-
Traffic Control	27 389	31 270
Valuation Services	284 835	279 694
Total Sales of Goods and Rendering of Services	<u>3 696 667</u>	<u>6 038 475</u>

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
31. INCOME FROM AGENCY SERVICES		
Commission on Vehicle Registration	5 341 009	5 106 265
Total Income from Agency Services	5 341 009	5 106 265

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee of 12%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

R461 738 (2022: R718 889), Revenue due to the Principal not paid over at year end is included in Payables from Exchange transactions.

Amount of revenue retained by the municipality

Income from Agency Fees	5 341 009	5 106 265
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Amount of revenue received on behalf of the principle during the reporting period

Motor vehicle licence fees	27 347 726	26 132 666
RTMC transaction fees	2 065 536	2 056 176

32. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease

Other Fixed Assets:

Property Plant and Equipment

3 659 804	3 178 764
3 659 804	3 178 764

Ad-hoc Rental Income from Other Fixed

Property Plant and Equipment

108 832	186 500
108 832	186 500

Total Rental of Facilities and

3 768 636	3 365 264
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Rental income generated are at market related premiums. All rental income recognised is therefore market related.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
33. FINANCE INCOME		
Non-exchange Receivables:		
Outstanding Billing Debtors	1 580 727	1 084 613
Total Non-exchange Finance Income	1 580 727	1 084 613
External Investments:		
Bank Account	13 003 044	5 827 676
Investments	15 804 529	9 808 873
	28 807 573	15 636 549
Outstanding Exchange Receivables:		
Long-term Debtors	18 396	15 415
Housing & Housing Selling Schemes	18 396	15 415
Outstanding Billing Debtors	3 852 743	2 657 744
Electricity	1 079 902	843 499
Property Rental Debtors	31 625	18 422
Service Charges	131 226	68 685
Waste Management	746 508	493 728
Waste Water Management	906 633	594 440
Water	956 849	638 970
	3 871 139	2 673 159
Total Exchange Finance Income	32 678 712	18 309 708
Total Finance Income	34 259 439	19 394 321
34. OPERATIONAL REVENUE		
Administrative Handling Fees	19 261	247 490
Bad Debts Recovered	-	549 045
Commission	331 102	307 141
Incidental Cash Surpluses	1 432	17 751
Insurance Refund	1 225 371	3 719 999
Merchandising, Jobbing and Contracts	60 853	54 076
Registration Fees	265 645	227 732
Request for Information	5 566	5 974
Staff Recoveries	7 362	90 391
Contribution to Provision	8 650 091	-
Total Operational Revenue	10 566 683	5 219 599

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
35. EMPLOYEE RELATED COSTS		
Salaries and Wages:		
Basic	155 795 287	145 450 495
Long Service Awards	1 352 544	1 225 776
Bonuses	702 666	702 840
Leave Payments	9 240 276	9 122 619
Overtime	14 931 989	10 372 920
Allowances:		
Acting and Post Related Allowances	175 060	145 797
Bonus Allowance	12 176 811	10 334 810
Cellular and Telephone	870 494	808 990
Fire Brigade	666 373	443 828
Housing Benefits	790 863	690 149
Standby Allowance	5 154 923	4 257 640
Travel or Motor Vehicle	6 185 821	5 302 269
Uniform/Special/Protective Clothing	-	39
Social Contributions:		
Bargaining Council	97 033	92 690
Group Life Insurance	176 306	182 236
Medical	8 004 104	7 335 428
Pension	25 760 587	23 312 068
Unemployment Insurance	1 454 689	911 836
Post-retirement Benefits:		
Current Service Cost	1 856 522	1 741 000
Actuarial Gains and Losses	(10 208 485)	(5 458 060)
Total Employee Related	235 183 863	216 975 370

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
35.1 Remuneration of Section 56 & 57 Employees:		
Remuneration of the Municipal Manager: DP Lubbe (Appointed on the 01 March 2023)		
Annual Remuneration	-	305 754
Performance Bonus	-	-
Car and Other Allowances	-	164 637
Cell Phone Allowance	-	19 636
Company Contributions to UIF and Pension Funds	-	6 780
Payments in lieu of leave	-	-
Total	-	496 807
Remuneration of the Municipal Manager: ASA de Klerk (Resigned on the 30 June 2022)		
Annual Remuneration	198 673	1 093 760
Performance Bonus	218 663	218 056
Car and Other Allowances	-	96 000
Cell Phone Allowance	-	58 909
Company Contributions to UIF and Pension Funds	20 340	196 877
Payments in lieu of leave	-	111 998
Total	437 677	1 775 600
Remuneration of the Chief Financial Officer: M Shude		
Annual Remuneration	1 063 100	912 917
Performance Bonus	178 747	151 340
Car and Other Allowances	270 834	264 625
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	40 680	-
Payments in lieu of leave	97 342	81 522
Total	1 695 448	1 455 151
Remuneration of the Director: Corporate Services - AWJ Everson		
Annual Remuneration	1 437 011	1 350 138
Performance Bonus	86 060	57 395
Car and Other Allowances	102 603	102 603
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	299 342	243 025
Payments in lieu of leave	65 222	130 444
Total	2 034 984	1 928 351
Remuneration of Director: Infrastructure and Engineering - M Johnson		
Annual Remuneration	225 910	851 320
Cell Phone Allowance	10 670	44 746
Medical Aid contributions	13 277	53 003
Car and Other Allowances	680 509	176 666
Company Contributions to UIF and Pension Funds	62 415	176 904
Performance Bonus	140 444	113 210
Payments in lieu of leave	106 437	-
Total	1 239 662	1 415 850
Remuneration of Director: Community Services - M Mgajo		
Annual Remuneration	1 133 406	1 101 092
Performance Bonus	126 507	70 282
Medical Aid Allowance	60 084	57 277
Car and Other Allowances	82 646	49 068
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	244 693	198 197
Total	1 692 082	1 520 662

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
Remuneration of Director: Strategy and Social Development - CO Matthys		
Annual Remuneration	1 441 738	1 354 722
Performance Bonus	68 962	50 957
Car and Other Allowances	100 000	100 000
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF, Medical and Pension Funds	300 193	243 850
Payments in lieu of leave	65 330	-
Total	2 020 968	1 794 275
Summary of Remuneration of Section 56 & 57 Employees:		
All Directors	9 120 821	10 386 696
Total Remuneration of Section 56 & 57 Employees	9 120 821	10 386 696

36. REMUNERATION OF COUNCILLORS

Executive Mayor	961 456	937 436
Deputy Executive Mayor	777 330	484 440
Speaker	777 330	760 196
Mayoral Committee Members	2 926 432	2 529 276
Total for All Other Councillors	5 374 843	6 039 478
Total Councillors' Remuneration	10 817 391	10 750 827

Remuneration of Councillors:

30 June 2023	Basic salary	Travel allowance	Other allowances	Pension and	Total
Executive mayor	689 721	96 440	40 800	134 496	961 456
Deputy executive mayor	616 530	120 000	40 800	-	777 330
Speaker	541 029	90 000	40 800	105 501	777 330
Executive mayoral committee members	2 355 036	360 000	163 200	48 196	2 926 432
Section 79 committee chairperson	373 908	-	40 800	-	414 708
Councillors	3 848 625	68 809	612 362	430 339	4 960 135
	8 424 849	735 248	938 762	718 531	10 817 391
30 June 2022	Basic salary	Travel allowance	Other allowances	Pension and	Total
Executive mayor	669 554	96 440	40 880	130 563	937 436
Deputy executive mayor	388 181	70 000	26 259	-	484 440
Speaker	526 624	90 000	40 880	102 692	760 196
Executive mayoral committee members	2 125 594	153 032	147 683	102 967	2 529 276
Section 79 committee chairperson	662 903	36 842	88 050	24 577	812 372
Councillors	4 085 874	117 616	607 412	416 205	5 227 108
	8 458 730	563 930	951 164	777 003	10 750 827

LANGE BERG LOCAL MUNICIPALITY

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

Initial(s) and Surname - Council Members	Designation 2023	Designation 2022	2023 Total	2022 Total
HM Jansen	-	-	-	-
Ald SW van Eeden	Mayor	Mayor	961 456	937 436
Cllr D Joubert	Deputy Mayor	Deputy Mayor	166 078	490 528
Cllr JD Burger	Member of Mayoral Committee	Member of Mayoral Committee	-	182 902
Cllr DB Janse	Member of Mayoral Committee	Member of Mayoral Committee	332 156	473 728
Cllr EMJ Scheffers	Member of Mayoral Committee	Member of Mayoral Committee	-	259 905
Cllr SW Strauss	Member of Mayoral Committee	Member of Mayoral Committee	-	-
Cllr SW van Zyl	Member of Mayoral Committee	Member of Mayoral Committee	-	259 905
NJ Beginsel	Member of Council and Section 79	Member of Council and Section 79	332 156	213 778
Cllr P Hess	Speaker	Speaker	777 330	760 196
Cllr J Kriel	Member of Council and Section 79	Member of Council and Section 79	-	147 326
Cllr DJW Kuhn	Member of Council and Section 79	Member of Council and Section 79	-	147 325
Cllr H Mangenengene	-	-	-	-
Cllr SD Beginsel	Member of Council and Section 79	Member of Council and Section 79	-	147 325
Cllr LM Swanepoel	Member of Council	Member of Council	-	117 999
Cllr JDF van Zyl	Member of Council	Member of Council	-	117 999
Cllr E Bosjan	Member of Council	Member of Council	-	117 999
S du Plessis	Member of Council	Member of Council	-	83 042
Cllr CJ Grootboom	Member of Council	Member of Council	332 156	332 043
Cllr JJS Januarie	Member of Council	Member of Council	332 156	332 432
Cllr JS Mafilika	Member of Council	Member of Council	332 156	332 156
Cllr LJ Prince	Member of Council and Section 79	Member of Council and Section 79	145 678	147 326
Cllr BH Nteta	Member of Council	Member of Council	-	117 999
Cllr AJ Shibili	Member of Council	Member of Council	-	117 999
Cllr OC Simpson	Member of Council	Member of Council	332 156	332 826
Cllr TM van der Merwe	Section 79	Member of Council and Section 79	-	150 992
Cllr EW Hohlo	Section 80	Member of Council and Section 79	-	147 326
Cllr LM Papa	Member of Council	-	-	-
Cllr SD Janse	Member of Council	-	-	17 277
Cllr L Gxowa	Member of Council	-	332 156	213 778
Cllr A Ndongeni	Member of Council	-	329 728	213 778
Cllr LL Kahlā	Member of Council	-	332 778	213 922
Cllr C Steyn	Mayco Member	-	731 608	456 641
Cllr MG Oostendorff-	Member of Council	-	332 156	213 922
Cllr DAT Felix	Mayco Member	-	731 608	456 641
Cllr Y Siegel	Member of Council	-	332 156	213 922
Cllr JCJ Coetzee	Mayco Member	-	731 608	456 641
Cllr CJ Pokwas	Member of council	-	332 156	213 922
Cllr JG Steenkamp	Deputy Mayor	-	777 330	484 440
Cllr RC Henn	Speaker	-	731 608	456 641
Cllr TV Coetzee	Member of Council	-	332 156	213 778
Cllr D September	Section 79 MPAC	-	414 708	248 730
Cllr M Gertse	Member of Council	-	332 156	199 334
Cllr HF Arendse	Member of Council	-	-	8 966
			10 817 391	10 750 826

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the municipality.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
37. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	46 927 916	36 760 867
Depreciation: Investment Property	64 213	72 587
Total Depreciation and Amortisation	46 992 129	36 833 454
38. BAD DEBT WRITTEN OFF		
Bad Debts Written Off	16 948 478	25 808 416
Total Bad Debts Written Off	16 948 478	25 808 416
Implementation of new indigent cycle, resulting in increased debt impairment or debt write-off		
39. IMPAIRMENT LOSSES		
Property, Plant and Equipment	-	60 645
Receivables from Exchange Transactions	4 456 227	4 883 349
Receivables from Non-Exchange Transactions	7 704 300	7 773 639
Reversal of Impairment	138 718	552 421
Total Impairment Losses	12 299 245	13 270 054
40. INVENTORY LOSSES		
Inventory Gains\ (Losses)	(75 047)	30 840
Total Inventory Gains\ (Losses)	(75 047)	30 840
41. Finance Cost		
Interest Paid:	20 343 985	16 187 928
Borrowings	3 468 765	3 630 348
Finance Leases	364 920	58 796
Interest costs Non-Current Provisions	9 162 300	6 299 784
Employee Benefits Interest	7 348 000	6 199 000
Overdue Accounts	-	-
Total Finance Cost	20 343 985	16 187 928
42. BULK PURCHASES		
Electricity	401 064 972	422 441 810
Water	5 950 405	5 706 977
Total Bulk Purchases	407 015 377	428 148 787
43. CONTRACTED SERVICES		
Outsourced Services	2 174 068	2 403 034
Consultants and Professional Services	8 058 619	5 043 492
Contractors	26 795 101	21 648 784
Total Contracted Services	37 027 788	29 095 310

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
43.1 Outsourced Services		
Burial Services	256 087	195 590
Business and Advisory	896 230	965 046
Cleaning Services	-	-
Connection/Dis-connection	108 620	-
Personnel and Labour	154 094	36 350
Security Services	545 865	1 123 108
Translators, Scribes and Editors	2 284	-
Transport Services	210 888	82 940
	2 174 068	2 403 034
43.2 Consultants and Professional Services		
Business and Advisory	3 416 445	2 537 196
Infrastructure and Planning	2 156 260	872 989
Laboratory Services	422 204	381 887
Legal Cost	2 063 710	1 251 420
	8 058 619	5 043 492
43.3 Contractors		
Artists and Performers	106 039	118 036
Catering Services	561	10 860
Chipping	629 610	165 726
Electrical	3 293 355	2 672 682
Event Promoters	83 985	90 099
Fire Protection	16 560	13 800
Inspection Fees	5 178	707
Maintenance of Buildings and Facilities	1 532 156	927 420
Maintenance of Equipment	482 076	672 606
Maintenance of Computer Software	13 729 025	9 699 015
Management of Informal Settlements	2 033 200	2 237 340
Medical Services	135 498	42 879
Pest Control and Fumigation	-	1 800
Photographer	-	-
Plants, Flowers and Other Decorations	-	-
Prepaid Electricity Vendors	4 716 688	4 971 901
Preservation/Restoration/Dismantling/Cleaning Services	-	-
Safeguard and Security	24 104	23 913
Sports and Recreation	1 703	-
Stage and Sound Crew	5 363	-
Transportation	-	-
	26 795 101	21 648 784
44. INVENTORY CONSUMED		
Consumables	15 822 688	11 969 598
Housing Stock	21 613 876	9 674 157
Materials and Supplies	18 698 573	17 505 194
Total Inventory Consumed	56 135 137	39 148 949

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
45. TRANSFERS AND SUBSIDIES PAID		
Operational Grants	2 230 418	2 501 004
Allocations In-kind	101 984	63 653
Monetary Allocations	2 128 434	2 437 351
Total Transfers and Subsidies Paid	2 230 418	2 501 004

46. OPERATING LEASES		
Other Assets	46 892	277 912
Total Operating Leases	46 892	277 912

47. OPERATIONAL COSTS

Included in Operational Expenses are the following:

Advertising, Publicity and Marketing	1 043 636	1 148 938
Bank Charges, Facility and Card Fees	964 312	881 854
Bursaries (Employees)	138 926	172 008
Cleaning Services	-	817
Commission	193 889	186 954
Communication	2 311 794	2 149 290
Contribution to Provisions	-	8 419 136
Courier and Delivery Services	2 086	3 167
Drivers Licences and Permits	17 830	14 658
Entertainment	-	-
External Audit Fees	4 912 169	4 538 801
External Computer Service	7 652 741	6 981 714
Full Time Union Representative	133 388	42 302
Hire Charges	990 670	1 425 146
Insurance Underwriting	4 747 127	3 573 663
Land Alienation Costs	150 448	93 355
Licences	630 386	574 370
Management Fee	-	125 000
Printing, Publications and Books	673 929	751 783
Professional Bodies, Membership and Subscription	2 726 889	2 439 549
Registration Fees	94 243	96 056
Remuneration to Ward Committees	661 525	539 015
Resettlement Cost	48 504	4 183
Roadworthy Test	6 317	5 338
Skills Development Fund Levy	2 169 199	1 920 266
System Access and Information Fees	92 373	118 890
Toll Gate Fees	6 848	5 230
Travel and Subsistence	414 891	224 636
Uniform and Protective Clothing	1 809 177	1 193 046
Wet Fuel	3 616 215	1 142 648
Workmen's Compensation Fund	1 386 744	1 378 948
Total Operational Costs	37 596 256	40 150 761

No other extraordinary expenses were incurred.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 R	2022 R
48. GAINS AND LOSSES ON OTHER OPERATIONS		
Fair Value Gains on Actuarial Assessments	-	-
Fair Value Gains on Investments	-	4 289
Total Gains on Other Operations	<u>-</u>	<u>4 289</u>
Fair Value Losses on Actuarial Assessments	-	-
Fair Value Losses on Investments	-	2 295
Total Losses on Other Operations	<u>-</u>	<u>2 295</u>
49. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS		
Intangible Assets	(507 307)	-
Investment Property	(1 000)	-
Property, Plant and Equipment	1 631 532	370 866
Total Gains / (Losses) on Disposal of Capital Assets	<u>1 123 225</u>	<u>370 866</u>

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

50. CORRECTION OF ANNUAL FINANCIAL STATEMENTS

50.1 Reclassification and Correction Error - Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Reclassification of Revenue	Correction of Error	Restated Amount 2021/2022
Property Rates	92 757 614	-	-	92 757 614
Fines, Penalties and Forfeits	10 710 360	-	-	10 710 360
Availability Charges	2 979 461	-	-	2 979 461
Transfers and Subsidies	177 815 768	-	-	177 815 768
Finance Cost - Non- Exchange	1 084 613	-	-	1 084 613
Licences and Permits - Exchange	2 132 063	-	-	2 132 063
Service Charges	637 465 642	-	-	637 465 642
Sales of Goods and Rendering of Services	6 038 475	-	-	6 038 475
Income from Agency Services	5 106 265	-	-	5 106 265
Rental from Fixed Assets	3 365 264	-	-	3 365 264
Finance Cost - Exchange	18 309 708	-	1	18 309 708
Operational Revenue	5 219 599	-	-	5 219 599
Gains on Disposal of PPE	370 866	-	-	370 866
Gains on Other Operations	4 289	-	-	4 289
	963 359 987	-	1	963 359 987

50.2 Reclassification and Correction of Error - Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Reclassification of Expenditure	Correction of Error	Restated Amount 2021/22
Employee Related Costs	216 975 370	-	-	216 975 370
Remuneration of Councillors	10 750 827	-	-	10 750 827
Depreciation and Amortisation (Note 1)	36 769 399	-	64 055	36 833 454
Inventory losses	30 840	-	-	30 840
Bad Debt Written Off	25 808 416	-	-	25 808 416
Impairment Losses	13 270 054	-	-	13 270 054
Finance Cost	16 187 928	-	-	16 187 928
Bulk Purchases	428 148 787	-	-	428 148 787
Contracted Services	29 095 310	-	-	29 095 310
Inventory Consumed	39 148 949	-	-	39 148 949
Transfers and Subsidies Paid	2 501 004	-	-	2 501 004
Operating Leases	277 912	-	-	277 912
Operational Costs	40 150 761	-	-	40 150 761
	859 113 262	-	64 055	859 177 317

Note 1: Depreciation for leased assets that were omitted from the Fixed Asset Register.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

50.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2021/22 Audited	Reclassification of Financial Position	Correction of Error	Restated Amount 2021/22
Current Assets				
Inventories	19 074 281	-	-	19 074 281
Receivables from Exchange Transactions	56 813 048	-	(1)	56 813 047
Statutory Receivables from Exchange Transactions	2 586 256	-	-	2 586 256
Receivables from Non-exchange Transactions	11 538 165	-	350 593	11 888 758
Statutory Receivables from Non-exchange Transactions	8 189 431	-	-	8 189 431
Cash and Cash Equivalents	358 389 829	-	-	358 389 829
Lease Receivables	109 261	-	-	109 261
Non-Current Assets				
Property, Plant and Equipment (Note 1)	822 753 869	-	311 372	823 065 241
Intangible Assets	1 036 964	-	-	1 036 964
Investment Property	28 183 133	-	-	28 183 133
Heritage Assets	275 448	-	-	275 448
Investments	137 205	-	-	137 205
Long-term Receivables	400 287	-	-	400 287
Current Liabilities				
Consumer Deposits	15 783 208	-	-	15 783 208
Payables from Exchange Transactions	92 291 577	-	-	92 291 577
Unspent Conditional Grants and Receipts (Note 4)	28 591 429	-	(97 417)	28 494 012
Borrowings	4 062 325	-	-	4 062 325
Employee Benefit Liabilities	24 056 510	-	-	24 056 510
Provisions	29 057 468	-	-	29 057 468
Lease Payables	195 098	-	-	195 098
Non-Current Liabilities				
Lease Payables (Note 2)	69 785	-	375 425	445 210
Borrowings	31 912 840	-	-	31 912 840
Employee Benefit Liabilities	60 995 000	-	-	60 995 000
Provisions (Note 1)	64 135 254	-	1	64 135 254
Net Assets				
Reserves	62 920 999	-	-	62 920 999
Accumulated Surplus / (Deficit) (Note 3)	895 415 683	-	383 954	895 799 637
	(1)	-	(1)	(3)

Note 1: Capitalising Leased Assets that were omitted from the Fixed Asset Register.

Note 2: Recognising lease liability for finance lease assets that were omitted from the Lease Register.

Note 3: Depreciation for leased assets that were omitted from the Fixed Asset Register.

Note 4: Grant revenue recognition is understated

51. CHANGE IN ACCOUNTING POLICY

There were no changes in accounting policies in the 2022/23 financial year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

52. CASH GENERATED BY OPERATIONS

	2023 R	2022 R
Surplus	61 322 898	104 239 760
Adjustments for:		
Depreciation and amortisation	46 992 129	36 833 454
(Gain)/loss on sale of assets and liabilities	(1 123 225)	(370 866)
Fair value adjustments	-	(1 994)
PPE - Impairment loss	-	60 645
Debtors Impairment	12 211 480	12 953 593
Bad debts written off	16 948 478	25 808 416
Movements in retirement benefit assets and liabilities	20 654 213	21 301 951
Movements in provisions	512 209	14 718 920
Impairment of movement of Investment Property	87 765	255 816
Other - Movements	(3)	1
Donated Assets - Public contributions	-	(1 351 053)
Operating lease income accrued	35 042	30 546
Inventories losses	75 047	(30 840)
Accumulated Surplus - Opening Balance adjustment	2 895	
Changes in working capital:		
Decrease/(Increase) in Inventories	5 955 402	(3 577 762)
Decrease/(Increase) in Receivables from exchange transactions	(7 138 705)	(36 977 720)
Decrease/(Increase) in Receivables from non-exchange transactions	(6 996 005)	(9 191 308)
Decrease/(Increase) in Statutory receivables from non-exchange transactions	(168 052)	(3 298 053)
Decrease/(Increase) in Payables from exchange transactions	2 287 189	15 072 106
Decrease/(Increase) in VAT statutory receivables	(5 560 800)	(1 430 756)
Decrease/(Increase) in Unspent conditional grants and receipts	(14 206 438)	(205 116)
Decrease/(Increase) in Movement in employee benefit liability	(29 082 894)	(20 366 529)
Decrease/(Increase) in Movement in provisions	8 650 091	(1 683 285)
OPERATING ACTIVITIES	111 458 716	152 789 926

53. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

53.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening Balance:	-	14 763 598
Unauthorised Expenditure Current Year:	-	-
Written-off by Council:	-	(14 763 598)
Unauthorised Expenditure awaiting authorisation	-	-

Unauthorised expenditure can be summarised as follows:

Incident

No unauthorised expenditure was incurred during the 2022/2023 financial year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

53.2 Fruitless and Wasteful Expenditure

	2023 R	2022 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance as restated:	-	54 643
Fruitless and Wasteful Expenditure Incurred	37 311	71 303
Transfers to Receivables for recovery	(37 311)	(125 946)
Closing Balance	-	-

53.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:		
Opening Balance as restated:	-	1 096 656
- As previously stated	-	1 096 656
Irregular Expenditure Incurred	-	245 184
- Identified in the current year relating to Current Year	-	125 000
- Identified in the current year relating to Prior Year	-	120 184
Written-off by Council:	-	(1 341 840)
- Current Year	-	(1 341 840)
- Prior Year	-	-
Closing Balance	-	-

54. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

54.1 MUNICIPAL FINANCE MANAGEMENT ACT

54.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	-	-
Council Subscriptions	2 706 388	2 243 610
Amount Paid - current year	(2 706 388)	(2 243 610)
Balance Unpaid (included in Creditors)	-	-

54.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	34 291 800	31 106 465
Amount Paid - current year	(34 291 800)	(31 106 465)
Balance Unpaid (included in Creditors)	-	-

54.1.3 Audit Fees

Opening Balance	696 386	693 701
Current year Audit Fees	5 648 994	5 219 621
Amount Paid - current year	(6 345 380)	(5 216 936)
Balance Unpaid (included in Creditors)	0	696 386

54.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	15 816	15 816
Current year Payroll Deductions	32 379 091	29 750 532
Amount Paid - current year	(32 394 907)	(29 750 532)
Balance Unpaid (included in Creditors)	-	15 816

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

54.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

54.1.6 Councillor's arrear Consumer Accounts

During the financial year under review one Councillor was in arrears for more than 90 days, however the property is let out to a tenant who has not paid the municipal account. No other Councillor (present or past) was in arrear with the settlement of their municipal accounts for more than 90 days.

30 June 2023	Total	Outstanding up to 90 days	Outstanding more than 90 days
L Prince	3 159	3 159	-
G Visagie	29 559	1 315	28 244
CS Steyn	451	451	-
SM Jansen	1 174	1 174	-
SW Van Eeden	1 366	1 366	-
Total Councillor Arrear Consumer Accounts	35 709	7 465	28 244

No councillors was in arrears up to or more than 90 days for the current year 2022

30 June 2022	Total	Outstanding up to 90 days	Outstanding more than 90 days
Dr GD Joubert	26 842	26 842	-
JG CD Steenkamp	681	681	-
CS Steyn	(550)	(550)	-
OC Jansen	5 140	5 140	-
AP Hess	773	773	-
SM Jansen	832	832	-
SW Van Eeden	1 510	1 510	-
Total Councillor Arrear Consumer Accounts	35 229	35 229	-

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

54.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

30 June 2023

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
3	10	2	1 017 811
6	45	11	3 071 803
9	9	8	1 897 417
6	12	7	5 242 219
7	25	12	2 810 700
3	16	6	2 474 462
4	10	6	918 143
2	18	5	856 213
3	12	4	1 177 046
5	21	7	3 160 375
4	21	8	1 408 806
2	37	12	4 428 270
54	236	88	28 463 265

30 June 2022

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
1	12	4	306 142
5	10	6	958 222
2	5	4	587 849
5	18	12	1 342 966
3	20	8	1 061 579
0	17	10	1 529 382
2	14	9	1 070 632
1	13	10	1 124 634
1	30	7	1 991 878
0	23	7	1 317 780
3	26	18	2 866 515
3	20	5	1 947 054
26	208	100	16 104 632

54.1.8)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

	Lost Units	Tariff	Value
30 June 2023	10 595 405	2.1400	22 674 167
30 June 2022	21 417 789	1.9578	41 931 747

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 process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
Volumes in kWh/year:		
System Input Volume	269 505 816	320 087 930
Billed Consumption	258 910 411	298 670 141
Unaccounted	10 595 405	21 417 789
Normal distribution losses - 8% of electricity purchases	10 595 405	21 417 789
Percentage Distribution Loss	3.93%	6.69%

Water:

	Lost Units	Tariff	Value
30 June 2023	1 019 320	8.0300	8 185 140
30 June 2022	712 510	7.5600	5 386 577

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2023	2022
Volumes in Kl/year:		
System Input Volume	7 547 120	7 644 907
Billed Consumption	(6 527 800)	(6 932 397)
Distribution Loss	1 019 320	712 510
Percentage Distribution Loss	13.51%	9.32%

54.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

55. COMMITMENTS FOR EXPENDITURE

55.1 Capital Commitments

- Already Contracted for but not provided (Incl VAT) :-

Property, Plant and Equipment
Community
Other

197 174 308	35 658 463
173 996 194	24 540 272
17 206 205	5 502 230
5 971 909	5 615 961

- Already Contracted for but not provided (Exl VAT):-

Property, Plant and Equipment
Community Assets
Other Assets

171 455 920	31 007 359
151 301 038	21 339 367
14 961 917	4 784 548
5 192 965	4 883 444

56. FINANCIAL INSTRUMENTS

56.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:

Non-current Long-term Receivables	Trading Service Debtors	460 483	400 287
Receivables from Exchange Transactions	Electricity	24 312 665	32 266 372
Receivables from Exchange Transactions	Refuse	4 632 396	4 566 845
Receivables from Exchange Transactions	Sewerage	4 755 753	4 879 193
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	4 412	4 412
Receivables from Exchange Transactions	Other Service Charges	224 549	5 250 322
Receivables from Exchange Transactions	Water	6 498 381	7 822 246
Receivables from Exchange Transactions	Companies	-	-
Receivables from Exchange Transactions	Property Rental Debtors	693 639	541 029
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Other Debtors	18 667	44 536
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	-	375
Receivables from Non-exchange Transactions	Insurance Claims	-	240 711
Receivables from Non-exchange Transactions	Wasteful Expenditure	(32 907)	(23 154)
Receivables from Non-exchange Transactions	Other Receivables	3 051 518	3 158 756
Receivables from Non-exchange Transactions	Accrued Income	3 341	3 341
Receivables from Non-exchange Transactions	Deposits	8 158 511	8 158 511
Cash and Cash Equivalents	Call Deposits	186 908 950	266 585 050
Cash and Cash Equivalents	Bank Balances	178 120 890	91 795 579
Cash and Cash Equivalents	Cash Floats and Advances	9 200	9 200
Investments	Listed Shares	137 205	137 205

Total Financial Assets

417 957 653 425 840 816

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

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

Financial Liabilities at Amortised Cost:

Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	13 572 532	445 210
Non-current Borrowings	Development Bank of South Africa	27 977 974	31 912 840
Consumer Deposits	Electricity	6 322 470	13 196 425
Consumer Deposits	Water	8 191 656	381 745
Consumer Deposits	Other Deposits	3 010 624	2 205 038
Payables from Exchange Transactions	Other Payables	5 007 886	4 762 679
Payables from Exchange Transactions	Retentions	7 643 499	6 449 823
Payables from Exchange Transactions	Trade Creditors	68 831 770	68 181 899
Unspent Conditional Grants and Receipts		14 287 574	28 494 012
Current Finance Lease Obligations	Current Finance Lease Obligations	3 470 409	195 098
Current Borrowings	Development Bank of South Africa	4 079 506	4 062 325
Total Financial Liabilities		162 395 900	160 287 094

No Financial Instruments of the municipality have been reclassified during the year.

LANGE BERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

56.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 24. and the Statement of Changes in Net Assets.

Gearing Ratio

	2023 R	2022 R
The gearing ratio at the year-end was as follows:		
Debt	49 100 421	36 615 473
Cash and Cash Equivalents	(365 039 040)	(358 389 829)
Net Debt	<u>(315 938 619)</u>	<u>(321 774 356)</u>
Equity	<u>1 020 046 429</u>	<u>958 720 636</u>
Net debt to equity ratio	<u>30.97%</u>	<u>33.56%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

56.3 Financial Risk Management Objectives

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 and controls and to monitor risks and adherence to limits.

Due to the largely 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 Department 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 risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. 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 periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

56.4 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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.

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.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 56..8 to the Annual Financial Statements.

56.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 56.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

56.5.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

56.5.2 Interest Rate Risk Management

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, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 56..8 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2023 would have increased / decreased by R904 263 (30 June 2022: R801 783). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

56.6 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

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 Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

	2023 R	2022 R
Investments	137 205	137 205
Long-term Receivables	460 483	400 287
Receivables from Exchange Transactions	42 496 094	56 813 047
Receivables from Non-exchange Transactions	11 180 463	11 888 758
Bank, Cash and Cash Equivalents	365 039 040	358 389 829
Maximum Credit and Interest Risk Exposure	419 313 285	427 629 126

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Exchange Debtors:		
- Service Debtors	76.36%	78.93%
- Other Receivables	1.23%	1.22%
- Other Debtors	0.02%	0.04%
- Prepayments and Advances	1.45%	1.38%
Non-Exchange Debtors:		
- Other not Classified	20.94%	18.43%
Total Credit Risk	100.00%	100.00%

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

Bank and Cash Balances

ABSA Bank Ltd - Primary Bank Account	178 120 890	91 795 579
Depositor Plus	25 161 718	25 087 159
ABSA Bank Ltd - Limited Call Account- 2079771230	-	80 530 849
Nedbank - Call Account- 03/7881034971/000057	-	40 292 055
Standard Bank - 72350962 - 012	-	40 459 370
Standard Bank - 72350962 - 013	-	40 189 863
Standard Bank - 72350962 - 014	-	40 025 753
ABSA - Limited Call Account- 2081025675	40 732 329	-
ABSA - Limited Call Account- 2081090888	40 376 460	-
ABSA - Limited Call Account- 2081094573	40 331 047	-
Nedbank - Call Account- 03/7881034971/000060	40 307 397	-
Cash Equivalents	9 200	9 200
Total Bank and Cash Balances	365 039 040	358 389 828

Credit quality of Financial Assets:

366 113 022

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

Total Receivables from Non-exchange Transactions

10 765 695

11 253 702

Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

56. FINANCIAL INSTRUMENTS (Continued)

56.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. 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.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2023								
Non-interest Bearing		-	113 295 479	113 295 479	-	-	-	-
Semi Floating Interest Rate Instruments		6.17%	49 100 421	49 100 421	-	-	-	-
			162 395 900	162 395 900	-	-	-	-
30 June 2022								
Non-interest Bearing		-%	123 671 621	123 671 621	-	-	-	-
Semi Floating Interest Rate Instruments		9.40%	36 615 473	36 615 473	-	-	-	-
			160 287 094	160 287 094	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
30 June 2023								
Non-interest Bearing		- %	52 790 608	52 783 608	3 000	3 000	1 000	-
Variable Interest Rate Instruments		7.96%	365 167 045	365 167 045	-	-	-	-
			417 957 653	417 950 653	3 000	3 000	1 000	-
30 June 2022								
Non-interest Bearing		-%	67 322 982	67 312 982	3 000	3 000	4 000	-
Variable Interest Rate Instruments		4.88%	358 517 834	358 517 834	-	-	-	-
			425 840 816	425 830 816	3 000	3 000	4 000	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

56.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

57. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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

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

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Pension Fund for Municipal Councillors, whilst employees belong to a variety of approved Pension and Provident Funds as described below.

57.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund (Previously Cape Joint Pension Fund):

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
LA Retirement Fund	June 2022	1 391 841.00	1 218 360.00	1		
					2023	2022
					R	R
Contributions paid recognised in the statement of financial performance						
LA Retirement Fund				52 225.56		49 785.84

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund has a funding level of 111.6% (30 June 2021: 104.9%).

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2022 disclosed an actuarial valuation amounting to R1,391,841, 000 (30 June 2021: R1, 486,856,110), with a nett accumulated surplus of R144,158,000 (2021: R69, 420,000), with a funding level of 111.6% (30 June 2021: 104.9%).

It is to be noted that :

- (i) The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- (ii) Pensioner liabilities include DB deferred member liabilities and a provision for future expenses related to these categories of membership.
- (iii) The funding level is determined by dividing the value of the assets of the pensioner account by the sum of the pensioner liabilities and the Solvency Reserve
- (v) The processing error reserve account held a positive balance of R15.938 million as at 30 June 2022 representing 1.3% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund has a funding level of 111.6% (30 June 2021 - 104.9%).

Cape Retirement Fund:

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
Cape Retirement Fund	June 2022	609 285	452 402	750		
					2023	2022
					R	R
Contributions paid recognised in the statement of financial performance						
Cape Retirement Fund				23 683 607		20 905 366

The contribution rate payable is 9% by members and 18% by Council.

LANGEBERG LOCAL MUNICIPALITY

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

57.2 DEFINED CONTRIBUTION SCHEMES

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

				2023	2022
				R	R
Contributions paid recognised in the statement of financial performance					
SALA Pension Fund				649 468	-
SAMWU National Provident Fund				-	-
	Last actuarial valuation	Total assets	Total liabilities	Contributing members	
South African Local Authorities Pension Fund	July 2018	14 298 600	14 899 800	18	
Municipal Workers Retirement fund (previously SAMWU National Provident Fund)	July 2015	7 720 948	7 569 557	55	
		<u>22 019 548</u>	<u>22 469 357</u>		

58. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

58.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management.
Refer to note 35 and 36 for key management and councillors

	2023	2022
	R	R

58.2 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company	Related	Employer and	Nature of Relationship	Purchases	Purchases
Name	Person	Capacity of person	To Member of Company	for the Year	for the Year
Advocate Ettienne Vermaak	JMC Vermaak	Pharmacist - Karl Bremmer	Spouse to Owner	341 049	150 497
Annadale Motors BK	E Wagner	Hospital	Spouse to Director	111 494	50 179
Bar Vallie Herstel & Ing. Werke	G van Loggerenberg	PA - Langeberg Municipality	Child to Owner	935 238	710 101
Berry Bright	CC Buirman	Teacher - Bonnievale High School	Spouse to Owner	-	11 500
Capital Security Services	JE Saayman	Police Officer - SAPS	Ward 6 Community Member - Worcester	8 860	-
Ludify	T Williams	Teacher - WCED	Spouse to Shareholder	556 286	28 509
Lumber & Lawn	J van Zyl	Teacher - WCED	Mother to Owner	89 993	197 846
Rob Auto Electric	AWJ Everson	Director Corporate Service	Spouse to Director	189 068	156 917
Robertson Toyota	ZG Schreder	Langeberg Municipality	Father-in-law to Owner	138 531	46 912
Van Niekerk & Linde Attorneys	S Rossow	Teacher - WCED	Spouse to Director	122 354	167 667
Red Ants Security Services	N Lesiela	Practitioner - Mogale Municipality	Spouse to Owner	2 351 767	2 572 941
Geraldine Suppliers	Bridget Cloete	Soldier SA Army - Pretoria	Father to Owner	5 736	48 030
Greenro Solutions	N Thabeng	Forensic Analyst	Spouse to Director	474 963	-
1 X ENGINEERS (PTY) LTD	RJ MAashegana	Nurse - Department of Health	Spouse to Director	199 278	-
Ducharme Consulting	L Mbekweni	Department of Rural Development and Land reform	Spouse to Director	1 124 789	190 269
IJM Civil and Construction	IJM Civil and Construction	Langeberg Municipality - Labour Relations officer	Spouse to Director	29 440	-
FELICITY DENISE AFRICA	Clint Africa	Police officer - SAPS	Son to Owner	245 764	-
Total Purchases				<u>6 924 610</u>	<u>4 331 368</u>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

59. CONTINGENT LIABILITIES

Contingent Liability arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

a) Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017 Claim against the municipality for overpaid rates (REF LAN26/0200).	269 912	269 912
b) P Kleintjies - Water pipe burst causing damage to property	25 000	507 449
c) A J Davids - Damage to vehicle by trailer of Municipality	-	13 800
d) J Williams - Motor accident claim with third party	-	13 300
e) Reality Dynamix 104 (PTY) LTD - Alleged loss of income due to sale of erven being cancelled	15 800 000	15 800 000
f) Japie Oosthuizen, Onverwacht Flora - Veld Fire McGregor - Loss of Income	2 725 037	2 725 037
g) Jaco Oosthuizen, Dwarswater - Veld Fire McGregor - Damage to Fencing / Plants	317 511	317 511
h) J J Havenga - Sewerage Spillage in Yard	-	20 200
i) D Janse v Rensburg - Damage to property (drive-way) caused by tree trunks	-	57 678
j) Deon Mouries (Wade Mouries) - A minor child fell in a manhole and drowned in Main Road Ashton on 20 June 2022 (High Court Case no 7541/23)	7 480 000	-
k) Jan Loots - Pothole Claim (notice received intention legal proceedings)	5 850	-
l) ACM Vermeulen // Gerrit Johnson CBR6932	5 465	-
m) C De Vries // Octavia Liemens CBR2344	7 789	-
	26 636 564	19 724 887

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

60. CONTINGENT ASSETS

60.1 Court Proceedings:

	<u>2 100 000</u>	<u>2 100 000</u>
a) Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.	2 100 000	2 100 000

61. IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance 2022:

In-kind donations, to the total value of R 1,351,053 have been received by the Langeberg Local Municipality 2022.

The in-kind donations are classified as followed:

Property, Plant and Equipment	-	1 351 053
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62. ANALYSIS OF AGENCY ACCOUNTING

Prepaid Electricity Vendor	4 716 688	4 971 901
Third Party Vendor	193 889	186 954
	<u>4 910 577</u>	<u>5 158 856</u>

Fees as compensation to agents (Vendors)

No resources were held by the agents on behalf of the municipality.

Terminations process will be followed per contract agreement due to non adherences of contract agreement requirements

63. EVENTS AFTER THE REPORTING DATE

Non-Adjusting Event After the Reporting Date - Flooding Incident

Nature of the Event

A significant non-adjusting event occurred after the financial reporting date of 30 June 2023. Specifically, a severe flood occurred during the long weekend of the 22nd to the 25th of September 2023, which resulted in extensive damage to Municipal Infrastructure.

Financial Impact

The financial impact of this flooding incident on Langeberg Municipality's infrastructure is estimated to be approximately R20 000 000. This estimate is based on preliminary assessments of the damage and may be subject to further adjustments as more information becomes available.

Disclosure of Non-Adjusting Event

The financial statements of Langeberg Municipality for the year ended 30 June 2023 do not reflect the effects of this flooding incident, as the event occurred after the financial reporting date. Therefore, the financial statements have not been adjusted for this non-adjusting event.

Disclosure of Materiality

In accordance with GRAP 14, Management has assessed the materiality of this event, taking into consideration its size and nature. The estimated financial impact of approximately R20 000 000 is considered material to the financial statements of the Municipality.

Events Subsequent to the Reporting Date

In compliance with GRAP 14, this event is disclosed as an event subsequent to the reporting date. It is important to note that this disclosure is made to ensure that the financial statement users are informed about significant events that occurred after the reporting date but before the issuance of the financial statements.

Uncertainty and Further Disclosures

At the time of preparing these financial statements, there may be uncertainties surrounding the exact extent of the damage and the related costs of repair or replacement of Municipal Infrastructure. Management is actively monitoring the situation, and further disclosures will be made as more information becomes available and as the impact of this event on the financial statements becomes more certain.

Going Concern Considerations

Management in assessing the implications of this non-adjusting event on the Municipality's ability to continue as a going concern has noted that the Municipality is still able to provide basic services to its residents and foresees that the Municipality will still be operating as a going concern in the foreseeable future. If the event raises concerns about the Municipality's ability to continue its operations, further disclosures may be necessary in accordance with GRAP 14.

LANGEBERG LOCAL MUNICIPALITY

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

64. COVID-19 EXPENDITURE

COVID Pandemic in South Africa

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

The table below indicates the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2023:

	2023 R	2022 R
Project Description		
Sanitisation of taxi ranks/ public facilities/ inner cities	-	52 709
PPE	-	128 493
Sanitisation of office building	-	18 234
Total COVID-19 Expenditure	-	199 436

The table below indicates the Funding Sources for the total COVID-19 response expenditure (excluding VAT) for the period ending 30 June 2023:

COVID-19 FUNDING

Funding Sources for COVID-19 Expenditure

Libraries Municipal Replacement fund	-	18 967
Own Revenue	-	180 469
Total Funding for COVID-19 Expenditure	-	199 436

For the period ending 30 June 2023, there has been no COVID-19 Expenditure incurred by the municipality

65. GOING CONCERN ASSESSMENT

Langeberg Municipality continued to generate accounting and operating surpluses in FY2023.

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term.

The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

LANGEBERG LOCAL MUNICIPALITY **NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

66. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- **The segment for Community Services:-**
This segment consists of all services for community & social development and and sport & recreation.
- **The segment for Road Transport:-**
This segment consists of all services for the providing of road transport to the community
- **The segment for Trading Services:-**
This segment consists of the following infrastructure services delivered to the community.
- - Energy Sources:-
This segment consists of all services for energy supply to the community.
- - Waste Management:-
This segment consists of all services for the management of solid waste in the municipal area.
- - Wastewater Management:-
This segment consists of all services for the management of waste water, including sewage, in the municipal area.
- - Water Management:-
This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**
This segment consists of other variance services rendered in the municipal jurisdiction area.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

LANGEBERG LOCAL MUNICIPALITY **NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

The municipality operates within the following geographical areas:

WARD	AREA
Ward 1	Robertson
Ward 2	Robertson Nkqubela
Ward 3	Robertson
Ward 4	Bonnievale (Happy Valley)
Ward 5	McGregor
Ward 6	Robertson
Ward 7	Montagu
Ward 8	Bonnievale
Ward 9	Ashton
Ward 10	Ashton Zolani
Ward 11	Ashton Rural
Ward 12	Montagu

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

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

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
REVENUE	R	R	R	R	R	R		
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	96 635 339	96 635 339
Fines, Penalties and Forfeits	26 471	-	74 606	-	-	-	11 472 809	11 573 886
Service Charges			1 411 196		1 043 199	1 216 047		3 670 443
Transfers and Subsidies	12 035 550	32 205 317	785 693	15 502 662	18 242 293	13 772 169	78 283 301	170 826 985
Surcharges and Taxes	-	-	-	-	-	-	-	
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	1 580 727	1 580 727
Revenue from Exchange Transactions								
Licences and Permits	188 315	2 280	7 871	-	-	-	1 963 618	2 162 084
Service Charges	-	-	486 942 129	32 745 352	30 409 279	53 984 191	(3 670 443)	600 410 508
Sales of Goods and Rendering of Services	554 068	-	329 299	133 752	-	-	2 679 548	3 696 667
Income from Agency Services	-	-	-	-	-	-	5 341 009	5 341 009
Rental from Fixed Assets	800 143	63	-	-	-	-	2 968 430	3 768 636
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	32 678 712	32 678 712
Operational Revenue	-	33 348	-	-	-	15 399	10 517 936	10 566 683
Gains on Other Operations	-	-	-	-	-	-	-	-
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	1 631 532	1 631 532
Inventory Losses	-	-	-	-	-	-	(75 047)	(75 047)
Total Revenue	13 604 547	32 241 008	489 550 794	48 381 766	49 694 771	68 987 806	242 007 471	944 468 164
EXPENDITURE								
Employee Related Costs	37 916 931	9 153 112	21 142 227	22 582 059	15 497 013	16 355 797	112 536 724	235 183 863
Remuneration of Councillors	-	-	-	-	-	-	10 817 391	10 817 391
Depreciation and Amortisation	3 325 078	9 288 365	5 677 282	2 400 134	4 888 934	8 098 422	13 313 914	46 992 129
Impairment Losses	-	-	(223 383)	3 236 961	4 437 425	5 633 289		
- Total Losses, Including PPE	-	-	(1 384 564)	1 124 987	1 782 215	3 081 780	7 694 827	12 299 245
- Bad Debts Written Off	-	-	1 170 653	2 111 974	2 655 210	2 551 509	8 459 132	16 948 478
Interest, Dividends and Rent on Land	-	-	2 884 401	9 162 300	460 080	124 284	7 712 920	20 343 985
Bulk Purchases	-	-	401 064 972	-	-	5 950 405	-	407 015 377
Contracted Services	2 199 444	1 747 952	974 216	2 320 040	6 365 517	6 499 095	16 921 524	37 027 788
Inventory Consumed	2 930 527	4 565 407	3 957 541	6 336 290	4 206 253	7 265 178	26 873 941	56 135 137
Transfers and Subsidies Paid	60 000	-	-	-	-	-	2 170 418	2 230 418
Operating Leases	-	-	-	-	-	-	46 892	46 892
Operational Costs	1 142 329	2 507 988	1 244 551	(6 188 491)	1 411 981	1 277 496	36 200 402	37 596 256
Loss on Disposal of Property, Plant and Equipment	-	-	9 472	-	-	-	498 835	508 307
Total Expenditure	47 574 309	27 262 824	436 740 751	39 849 293	37 267 203	51 203 966	243 246 920	883 145 266
Surplus/(Deficit) for the Year	(33 969 762)	4 978 184	52 810 043	8 532 473	12 427 568	17 783 840,41	(1 239 449)	61 322 898

LANGEBERG LOCAL MUNICIPALITY

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

LANGEBERG LOCAL MUNICIPALITY SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

Year Ended 30 June 2022

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
REVENUE								
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	92 757 614	92 757 614
Fines, Penalties and Forfeits	51 073	-	1 525 537	-	-	-	9 133 750	10 710 360
Service Charges			1 463 204	-	1 004 849	511 408	2 979 461	2 979 461
Transfers and Subsidies	12 559 334	23 029 797	3 938 458	13 882 960	28 899 564	23 156 604	72 349 052	177 815 769
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	1 084 613	1 084 613
Revenue from Exchange Transactions								
Licences and Permits	213 996	1 394 142	18 064	-	-	-	505 862	2 132 064
Service Charges	-	-	527 716 705	27 726 338	30 716 013	54 286 047	(2 979 461)	637 465 642
Sales of Goods and Rendering of Services	625 083	-	2 397 355	51 338	-	-	2 964 699	6 038 475
Income from Agency Services	-	-	-	-	-	-	5 106 265	5 106 265
Rental from Fixed Assets	661 791	-	-	-	-	-	2 703 473	3 365 264
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	18 309 708	18 309 708
Operational Revenue	-	40 010	-	-	-	3 650	5 175 939	5 219 599
Gains on Other Operations	-	-	-	-	-	-	4 289	4 289
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	370 866	370 866
Inventory Losses	-	-	-	-	-	-	30 840	30 840
Total Revenue	14 111 277	24 463 949	537 059 323	41 660 636	60 620 426	77 957 709	207 517 509	963 390 829
EXPENDITURE								
Employee Related Costs	35 338 156	9 464 461	17 674 637	21 041 321	14 318 593	14 925 950	104 212 254	216 975 372
Remuneration of Councillors	-	-	-	-	-	-	10 750 826	10 750 826
Depreciation and Amortisation	2 808 860	8 641 614	5 218 991	2 246 214	4 316 255	6 042 470	7 559 052	36 833 456
Impairment Losses	28 093	-	2 025 490	6 448 229	7 443 397	8 574 363	14 561 192	39 080 764
- Total Losses, Including PPE	28 093	-	1 684 647	1 374 170	974 000	1 421 647	7 787 497	13 270 054
- Bad Debts Written Off	-	-	346 867	5 074 059	6 469 397	7 152 716	6 765 376	25 808 415
Interest, Dividends and Rent on Land	-	-	3 130 204	6 299 784	392 470	107 674	6 257 796	16 187 928
Bulk Purchases	-	-	422 441 810	-	-	5 706 977	-	428 148 787
Contracted Services	1 312 687	1 036 338	1 302 058	1 501 304	5 170 260	5 129 664	13 642 999	29 095 310
Inventory Consumed	2 249 542	4 689 192	3 534 778	4 605 580	3 740 128	6 384 700	13 945 029	39 148 949
Transfers and Subsidies Paid	100 000	-	-	-	-	-	2 401 004	2 501 004
Operating Leases	-	-	-	-	-	-	277 912	277 912
Operational Costs	1 119 431	1 386 008	904 252	10 879 608	747 564	694 827	24 419 071	40 150 761
Loss on Disposal of Property, Plant and Equipment	-	-	6 024	-	-	-	80 289	86 313
Total Expenditure	42 956 769	25 153 557	456 238 244	53 022 040	36 128 667	47 566 625	198 099 105	896 004 486
Surplus/(Deficit) for the Year	(28 845 492)	(689 608)	80 821 079	(11 361 404)	24 491 759	30 391 084,00	9 418 404,00	67 386 343

LANGEBERG LOCAL MUNICIPALITY

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

66.2 Segmental Analysis of Capital Expenditure

2023Description	Budget Amounts	Actual Outcome
CAPITAL EXPENDITURE PER FUNCTION		
Community and Social Services	2 143 514	2 543 499
Road Transport	47 639 505	9 636 717
Energy Sources	12 335 596	11 589 025
Waste Management	22 162 415	20 709 209
Waste Water Management	23 190 249	20 649 934
Water Management	15 380 679	15 233 437
Other	30 678 378	23 573 066
Total Capital Expenditure	153 530 336	103 934 886

2022Description	Budget Amounts	Actual Outcome
CAPITAL EXPENDITURE PER FUNCTION	R	R
Community and Social Services	13 076 546	7 590 267
Road Transport	31 653 913	22 629 739
Energy Sources	8 363 043	8 259 920
Waste Management	3 353 538	2 722 388
Waste Water Management	16 000 380	13 148 100
Water Management	34 475 595	20 576 028
Other	1 710 000	1 105 505
Total Capital Expenditure	108 633 015	76 031 947

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

66.3 Segmental Analysis of Financial Position

The main components of the Financial Position that is currently considered, and management, within the defined municipal segments have been determined as follows:

66.3.1 Receivables from Exchange and Non-Exchange Transactions

2023										
Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other			
Receivables from Exchange Transactions										
Electricity	-	-	24 312 665	-	-	-	-			-
Refuse	-	-	-	4 632 396	-	-	-			-
Sewerage	-	-	-	-	4 755 753	-	-			-
Water	-	-	-	-	-	6 498 381	-			-
Other							10 443 955			
Receivables from Non-Exchange Transactions										
Property Rates	-	-	-	-	-	-	7 187 331			
Other							12 350 615			
Total Receivables from Exchange and Non-	-	-	24 312 665	4 632 396	4 755 753	6 498 381	29 981 901			

2022										
Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other			
Receivables from Exchange Transactions										
Electricity	-	-	32 266 372	-	-	-	-			-
Refuse	-	-	-	4 566 845	-	-	-			-
Sewerage	-	-	-	-	4 879 193	-	-			-
Water	-	-	-	-	-	7 822 246	-			-
Other							9 864 647			
Receivables from Non-Exchange Transactions										
Property Rates	-	-	-	-	-	-	7 370 080			
Other							12 708 109			
Total Receivables from Exchange and Non-	-	-	32 266 372	4 566 845	4 879 193	7 822 246	29 942 836			

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

66.3.2 Property, Plant and Equipment

2023	Description	Community and Social	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
	Property, Plant and Equipment	64 066 017	164 530 583	144 018 835	49 581 468	108 334 226	154 839 696	211 032 181	896 403 006

2022		Community	Road	Energy	Waste	Wastewater	Water	Other	Total for Municipality
	Property, Plant and Equipment	58 798 480	165 604 233	137 043 577	36 756 587	91 538 211	151 670 676	181 653 477	823 065 241