THEEWATERSKLOOF LOCAL MUNICIPALITY

Theewaterskloof Municipality

AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

THEEWATERSKLOOF LOCAL MUNICIPALITY

INDEX

THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Theewaterskloof Local Municipality performs the functions as set out in the Constitution of the Republic of South Africa, 1996.

LEGAL FORM

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

JURISDICTION

The Theewaterskloof Local Municipality includes the following areas:

Caledon	Greyton
Grabouw	Genadendal
Villiersdorp	Botrivier
Riviersonderend	Tesselaarsdal

MEMBERS OF THE COUNCIL

Ward 1	PJ Stander	
Ward 2	CT Cloete	
Ward 3	CA Benjamin	
Ward 4	Y van Tonder	
Ward 5	M Botes	
Ward 6	RL Mienies	
Ward 7	M Plato-Mentoor	
Ward 8	M Mpambani	
Ward 9	D Jooste	
Ward 10	C Smith	
Ward 11	DA Jacobs	
Ward 12	MS Shale	
Ward 13	MA Nomkoko	
Ward 14	S Fredericks	
Proportional	KIJ Papier	
Proportional	J Michels	
Proportional	DA Appel	
Proportional	B Mkwhibiso	
Proportional	RM Nongxaza	
Proportional	T Lesesa	
Proportional	H Syster	
Proportional	M Mathews	
Proportional	J Mckenzie	
Proportional	T Mangcayi	
Proportional	M Gana	
Proportional	T Zimmermann	
Proportional	M Koegelenberg	(resigned 28 February 2023)
Proportional	Mabulu	(inaugurated 8 March 2023, resigned 1 July 2023)
Proportional	LM De Bruyn	(inaugurated 6 July 2023)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	KIJ Papier
Deputy Executive Mayor	J Michels
Speaker	DA Appel
Executive Councillor	RL Mienies
Executive Councillor	RM Nongxaza
Executive Councillor	T Lesesa
Executive Councillor	H Syster
Executive Councillor	M Mathews

MUNICIPAL MANAGER

Mr WSE Solomons-Johannes (Acting)
Mr BM Ngubo (1 July 2022 - 12 April 2023)

CHIEF FINANCIAL OFFICER

Mr A Riddles (Acting)

AUDIT COMMITTEE

Mr E Lakey - Chairperson
Ms R Gani
Ms V Jobe
Mr B Vink (resigned 24 July 2023)

REGISTERED OFFICE

6 Plein Street
Caledon
7230

POSTAL ADDRESS

PO Box 24
Caledon
7230

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Standard Bank of South Africa Limited

ATTORNEYS

Bosman & Smit Pretorius
Fairbridges Attorneys
Stadler & Swart Incorporated
Guthrie & Theron
GJ Claugton Attorneys
Du Plessis & Hofmeyr Malan (DHM) Attorneys
Dirk Verdoes Attorneys Inc
Enderstein Malumbete Inc
Bradly Conradie Halton Cheadle
Finck Attorneys
Van der Spuy & Partners
Brasika Consulting (Pty) Ltd

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
National Environmental Management Act
Preferential Procurement Policy Framework Act, No 5 of 2000
Occupational Health and Safety Act
mSCOA Regulation

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 96 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2024 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

Mr WSE Solomons-Johannes (Acting)
Municipal Manager

31.08.2023
Date

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets		**176 248 476**	**242 325 514**
Cash and Cash Equivalents	**2**	85 916 380	165 982 321
Receivables from Exchange Transactions	**3**	40 763 571	36 818 348
Receivables from Non-Exchange Transactions	**4**	22 690 697	19 991 766
Taxes	**5**	13 106 799	4 734 131
Operating Leases	**6**	611 421	597 267
Current Portion of Long-term Receivables	**7**	702 045	1 560 573
Inventory	**8**	12 457 565	12 641 109
Non-Current Assets		**1 217 523 338**	**1 109 337 992**
Long-term Receivables	**7**	940 461	2 306 099
Investment Property	**9**	68 564 654	69 973 721
Property, Plant and Equipment	**10**	1 133 916 031	1 023 888 783
Intangible Assets	**11**	273 337	332 434
Heritage Assets	**12**	-	-
Non-current Investments	**13**	13 828 856	12 836 955
Total Assets		**1 393 771 814**	**1 351 663 506**
Current Liabilities		**194 679 018**	**138 246 007**
Current Portion of Long-term Liabilities	**14**	21 368 213	13 810 915
Consumer Deposits	**15**	5 485 970	4 968 411
Payables from Exchange Transactions	**16**	117 081 728	72 826 555
Unspent Conditional Government Grants	**17**	19 642 194	15 815 250
Unspent Public Contributions	**18**	535 677	302 018
Current Employee Benefits	**19**	30 565 237	30 522 858
Non-Current Liabilities		**361 204 073**	**289 724 907**
Long-term Liabilities	**14**	181 287 326	102 775 493
Employee Benefits	**20**	63 170 000	61 142 999
Non-Current Provisions	**21**	116 746 747	125 806 415
Total Liabilities		**555 883 091**	**427 970 914**
NET ASSETS		**837 888 723**	**923 692 592**
COMMUNITY WEALTH			
Accumulated Surplus		787 836 265	883 439 921
Reserves	**22**	50 052 458	40 252 671
		837 888 723	**923 692 592**

AUDITOR-GENERAL SOUTH AFRICA
30 November 2023
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THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**397 090 322**	**337 742 118**
Taxation Revenue		**136 353 678**	**127 714 860**
Property Rates	**23**	136 353 678	127 714 860
Transfer Revenue - Operating		**141 901 210**	**127 779 231**
Government Grants and Subsidies - Operating	**24**	141 545 752	127 049 690
Public Contributions and Donations	**25**	355 458	729 541
Transfer Revenue - Capital		**55 424 653**	**44 248 540**
Government Grants and Subsidies - Capital	**24**	53 130 137	44 214 890
Contributed Assets	**26**	2 294 517	33 650
Other Revenue		**63 410 780**	**37 999 487**
Availability Charges	**27**	4 860 111	4 735 093
Fines, Penalties and Forfeits	**28**	35 669 802	26 620 869
Actuarial Gains	**29**	5 300 514	1 682 669
Other Income (Non-Exchange)	**30**	17 580 353	4 960 856
REVENUE FROM EXCHANGE TRANSACTIONS		**319 464 785**	**308 188 037**
Operating Activities		**319 464 785**	**308 188 037**
Service Charges	**31**	268 925 953	262 935 587
Rental of Facilities and Equipment	**32**	1 854 597	2 165 371
Interest Earned - External Investments	**33**	11 469 251	10 597 842
Interest Earned - Outstanding Debtors		23 462 549	16 906 671
Agency Services	**34**	7 635 948	7 139 847
Licences and Permits	**35**	4 362	35 792
Other Income (Exchange)	**36**	5 717 167	8 406 927
Gain on disposal of Non-Monetary Assets	**48**	394 957	-
CONSTRUCTION CONTRACTS	**37**	**396 719**	**29 853**
TOTAL REVENUE		**716 951 825**	**645 960 008**
EXPENDITURE			
Employee Related Costs	**38**	248 234 622	234 022 083
Remuneration of Councillors	**39**	12 685 581	11 899 590
Debt Impairment	**40**	99 602 555	83 302 343
Depreciation and Amortisation	**41**	31 273 046	31 460 819
Impairment	**42**	1 202 995	1 558 714
Finance Charges	**43**	32 478 549	25 836 421
Bulk Purchases	**44**	108 504 079	105 003 057
Contracted Services	**45**	123 738 792	44 754 133
Transfers and Grants	**46**	8 427 139	4 716 958
Other Expenditure	**47**	136 608 336	70 160 199
Loss on disposal of Non-Monetary Assets	**48**	-	610 096
TOTAL EXPENDITURE		**802 755 695**	**613 324 412**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(85 803 869)**	**32 635 596**

THEEWATERSKLOOF LOCAL MUNICIPALITY

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

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021 - Previously Reported	**37 219 568**	**857 238 150**	**894 457 719**
Correction of error restatement - refer to note 49.4	-	(3 400 721)	(3 400 721)
Balance on 30 June 2021 - Restated	**37 219 568**	**853 837 429**	**891 056 997**
Net Surplus for the year	-	32 635 594	32 635 594
Transfer to Capital Replacement Reserve	3 653 439	(3 653 439)	-
Capital Replacement Reserve utilised for capital purchases	(620 337)	620 337	-
Balance on 30 June 2022 - Restated	**40 252 670**	**883 439 921**	**923 692 592**
Net Deficit for the year	-	(85 803 869)	(85 803 869)
Transfer to Capital Replacement Reserve	31 799 787	(31 799 787)	-
Capital Replacement Reserve utilised for capital purchases	(22 000 000)	22 000 000	-
Balance on 30 June 2023	**50 052 457**	**787 836 265**	**837 888 723**

THEEWATERSKLOOF LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		130 392 622	117 845 068
Service Charges and Interest on outstanding Debtors		228 345 017	232 458 295
Other Revenue and Receipts		17 324 374	31 868 856
Government Grants		198 018 926	177 297 925
Investment Income		10 653 028	9 226 245
Payments			
Suppliers and employees		(586 936 682)	(475 642 268)
Finance charges		(14 072 662)	(11 218 494)
Transfer and Grants		(8 427 139)	(4 716 958)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**50**	**(24 702 515)**	**77 118 669**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		1 071 565	1 239 910
Payments			
Purchase of Capital Assets		(142 504 122)	(98 208 182)
NET CASH USED INVESTING ACTIVITIES		**(141 432 557)**	**(96 968 272)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		103 715 446	34 862 548
Payments			
Loans repaid		(17 646 315)	(13 120 616)
NET CASH FROM FINANCING ACTIVITIES		**86 069 131**	**21 741 932**
NET INCREASE/(DECREASE) IN CASH HELD		**(80 065 941)**	**1 892 329**
Cash and Cash Equivalents at the beginning of the year		165 982 321	164 089 992
Cash and Cash Equivalents at the end of the year		85 916 380	165 982 321

THEEWATERSKLOOF LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	90 309 363	33 608 329	123 917 692	85 916 380	(38 001 313)
Call investment deposits	55 000 000	-	55 000 000	-	(55 000 000)
Consumer debtors	46 622 228	16 923 051	63 545 279	51 206 012	(12 339 267)
Other Receivables	13 459 178	3 537 686	16 996 863	25 966 475	8 969 612
Current portion of long-term receivables	1 895 549	(334 976)	1 560 573	702 045	(858 528)
Inventory	10 162 915	2 478 193	12 641 109	12 457 565	(183 543)
Total current assets	**217 449 234**	**56 212 282**	**273 661 516**	**176 248 477**	**(97 413 039)**
Non current assets					
Long-term receivables	3 297 617	(991 518)	2 306 099	940 461	(1 365 638)
Investments	13 106 707	757 205	13 863 912	13 828 856	(35 056)
Investment property	68 409 086	1 564 635	69 973 721	68 564 654	(1 409 067)
Property, plant and equipment	1 208 393 844	(66 185 292)	1 142 208 552	1 133 916 031	(8 292 521)
Intangible Assets	513 681	(240 344)	273 337	273 337	(1)
Total non current assets	**1 293 720 934**	**(65 095 314)**	**1 228 625 621**	**1 217 523 338**	**(11 102 283)**
TOTAL ASSETS	**1 511 170 168**	**(8 883 031)**	**1 502 287 137**	**1 393 771 815**	**(108 515 322)**
LIABILITIES					
Current liabilities					
Borrowing	13 135 711	4 514 289	17 650 000	21 368 213	3 718 213
Consumer deposits	5 328 083	(61 567)	5 266 516	5 485 970	219 454
Trade and other payables	91 253 368	54 356 484	145 609 852	137 259 599	(8 350 253)
Provisions and Employee Benefits	29 848 675	2 505 555	32 354 230	30 565 237	(1 788 993)
Total current liabilities	**139 565 837**	**61 314 760**	**200 880 597**	**194 679 018**	**(6 201 579)**
Non current liabilities					
Borrowing	201 112 816	(49 396 413)	151 716 403	181 287 326	29 570 924
Provisions and Employee Benefits	191 528 849	14 275 567	205 804 416	179 916 747	(25 887 669)
Total non current liabilities	**392 641 665**	**(35 120 847)**	**357 520 818**	**361 204 073**	**3 683 255**
TOTAL LIABILITIES	**532 207 502**	**26 193 914**	**558 401 416**	**555 883 091**	**(2 518 324)**
NET ASSETS	**978 962 666**	**(35 076 945)**	**943 885 721**	**837 888 724**	**(105 996 998)**
COMMUNITY WEALTH					
Accumulated Surplus	941 743 098	(38 110 047)	903 633 051	787 836 266	(115 796 785)
Reserves	37 219 568	3 033 102	40 252 671	50 052 458	9 799 787
TOTAL COMMUNITY WEALTH/EQUITY	**978 962 666**	**(35 076 945)**	**943 885 721**	**837 888 724**	**(105 996 998)**

Refer to note 52.2 for explanations of material variances.

Material variances are considered to be any variances greater than R6 million.

AUDITOR-GENERAL SOUTH AFRICA
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THEEWATERSKLOOF LOCAL MUNICIPALITY

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

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Property Rates	138 376 725	933 275	139 310 000	-	139 310 000	136 353 678	(2 956 322)
Service Charges - Electricity Revenue	125 982 756	(5 593 756)	120 389 000	-	120 389 001	114 036 716	(6 352 285)
Service Charges - Water Revenue	85 576 186	(7 621 186)	77 955 000	-	77 955 000	79 377 063	1 422 063
Service Charges - Sanitation Revenue	39 524 130	(31 130)	39 493 000	-	39 493 000	40 514 481	1 021 481
Service Charges - Refuse Revenue	39 642 312	(722 312)	38 920 000	-	38 920 000	39 857 804	937 804
Rental of Facilities and Equipment	2 189 248	-	2 189 248	-	2 189 248	1 854 597	(334 651)
Interest Earned - External Investments	10 200 000	-	10 200 000	-	10 200 000	11 469 251	1 269 251
Interest Earned - Outstanding Debtors	22 472 000	273 000	22 745 000	-	22 745 000	23 462 549	717 549
Fines, Penalties and Forfeits	15 354 947	22 751 314	38 106 261	-	38 106 261	35 669 802	(2 436 459)
Licences and Permits	23 320	-	23 320	-	23 320	4 362	(18 958)
Agency Services	8 848 032	-	8 848 032	-	8 848 032	7 635 948	(1 212 084)
Transfers Recognised - Operational	146 021 001	13 295 981	159 316 982	-	159 316 981	144 514 765	(14 802 216)
Other Revenue	18 682 385	217 955	18 900 340	-	18 900 339	23 652 978	4 752 639
Gains	-	2 501 543	2 501 543	-	2 501 543	5 695 471	3 193 928
Total Revenue (excluding capital transfers)	**652 893 042**	**26 004 684**	**678 897 726**	**-**	**678 897 725**	**664 099 467**	**(14 798 258)**
EXPENDITURE							
Employee Related Costs	275 055 973	(17 325 025)	257 730 948	(137 965)	257 592 983	246 990 282	(10 602 701)
Remuneration of Councillors	13 556 262	(609 142)	12 947 120	-	12 947 120	12 685 581	(261 539)
Debt Impairment	63 104 025	27 126 301	90 230 326	-	90 230 326	99 602 555	9 372 229
Depreciation and Asset Impairment	29 310 595	4 398 998	33 709 593	-	33 709 593	32 476 041	(1 233 552)
Finance Charges	25 189 113	4 086 552	29 275 665	-	29 275 665	32 478 549	3 202 884
Bulk Purchases - electricity	96 105 000	(18 950 700)	77 154 300	11 000 000	88 154 301	87 773 616	(380 685)
Inventory Consumed	37 600 024	(521 987)	37 078 037	(4 373)	37 073 663	35 230 419	(1 843 244)
Contracted Services	57 585 188	15 044 262	72 629 450	157 536	72 786 987	122 692 023	49 905 036
Transfers and Grants	8 735 000	13 272 225	22 007 225	(11 000 000)	11 007 225	8 527 581	(2 479 644)
Other Expenditure	65 361 008	17 676 563	83 037 571	(15 198)	83 022 373	126 825 049	43 802 676
Losses	-	2 000 000	2 000 000	-	2 000 000	46 293	(1 953 707)
Total Expenditure	**671 602 188**	**46 198 047**	**717 800 236**	**-**	**717 800 236**	**805 327 989**	**87 527 753**
Surplus/(Deficit)	(18 709 146)	(20 193 363)	(38 902 510)	-	(38 902 511)	(141 228 523)	(102 326 012)
Transfers and subsidies - capital (monetary) - Government	47 882 000	6 657 500	54 539 500	-	54 539 501	52 856 280	(1 683 221)
Transfers and subsidies - capital (monetary) - Other	2 000 001	(1 551 028)	448 973	-	448 975	2 568 373	2 119 398
Surplus/(Deficit) for the year	**31 172 855**	**(15 086 891)**	**16 085 964**	**-**	**16 085 965**	**(85 803 869)**	**(101 889 834)**

Refer to note 52.3 for explanations of material variances.

Material variances are considered to be any variances greater than R6 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	121 614 875	7 107 565	128 722 440	130 392 622	1 670 182
Service charges	255 509 234	(22 497 904)	233 011 330	228 345 017	(4 666 313)
Other revenue	31 182 045	2 727 723	33 909 768	16 806 814	(17 102 954)
Government Grants	195 903 000	71 513 905	267 416 905	198 018 926	(69 397 979)
Interest	29 949 922	(17 884 832)	12 065 090	10 653 028	(1 412 062)
Payments					
Suppliers and Employees	(537 052 257)	2 840 037	(534 212 219)	(586 936 682)	(52 724 463)
Finance Charges	(15 620 602)	4 838 937	(10 781 665)	(14 072 662)	(3 290 997)
Transfers and Grants	(8 735 000)	(13 272 225)	(22 007 225)	(8 427 139)	13 580 087
Net Cash from/(used) Operating Activities	**72 751 217**	**35 373 206**	**108 124 423**	**(25 220 075)**	**(133 344 498)**
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	2 501 543	2 501 543	1 071 565	(1 429 978)
Decrease/(Increase) in Other Non-Current Investments	(624 129)	(402 828)	(1 026 956)	-	1 026 956
Payments					
Capital Assets	(158 777 533)	9 035 795	(149 741 738)	(142 504 122)	7 237 616
Net Cash from/(used) Investing Activities	**(159 401 662)**	**11 134 510**	**(148 267 151)**	**(141 432 557)**	**6 834 595**
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	91 234 028	(20 854 033)	70 379 995	103 715 446	33 335 451
Increase/(Decrease) in Consumer Deposits	253 718	44 386	298 105	517 560	219 455
Payments					
Repayment of Borrowing	(18 805 150)	1 205 150	(17 600 000)	(17 646 315)	(46 315)
Net Cash from/(used) Financing Activities	**72 682 597**	**(19 604 497)**	**53 078 099**	**86 586 691**	**33 508 592**
NET INCREASE/(DECREASE) IN CASH HELD	**(13 967 848)**	**26 903 219**	**12 935 371**	**(80 065 941)**	**(93 001 312)**
Cash and Cash Equivalents at the year begin	159 277 210	6 705 110	165 982 321	165 982 321	-
Cash and Cash Equivalents at the year end	145 309 362	33 608 329	178 917 692	85 916 380	(93 001 312)

Refer to note 52.4 for explanations of material variances.

Material variances are considered to be any variances greater than R6 million.

AUDITOR-GENERAL SOUTH AFRICA
30 November 2023
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1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

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

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

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

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

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

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

1.02 TRANSITIONAL PROVISIONS

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

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

1.03 PRESENTATION CURRENCY

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

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

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

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

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

1.05.2 Amended Accounting Policies

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

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

1.06 MATERIALITY

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

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

1.07 BUDGET INFORMATION

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

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

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

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

1.08.1 Effective dates determined

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

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

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

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

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

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

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

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

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

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

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

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

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

This Interpretation addresses the following:

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

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

1.08.2 Effective dates not yet determined

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

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

1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

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

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

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

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

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

1.09 RESERVES

1.09.1 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 to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

(a) The cash funds that back up the CRR are invested until utilised.
(b) 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.
(c) 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 is credited by a corresponding amount.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

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

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

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

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

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

1.10.2 Subsequent Measurement – Cost Model

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

1.10.3 Depreciation – Cost Model

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

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

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

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

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

	YEARS
Buildings	20 - 100

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

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

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

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

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

1.11.3 Depreciation

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

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

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

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

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

	YEARS		YEARS
Land and Buildings		**Community Assets**	
Land	N/A	Parks and Gardens	15 - 20
Buildings	20 - 100	Cemeteries	30
Work in progress	N/A	**Leased Assets**	
		Office Equipment	3 - 15
Infrastructure			
Roads and Storm water	5 - 150	**Other Assets**	
Electricity Network	10 - 100	Computer Equipment	3 - 15
Sewerage Network	10 - 200	Furniture and Office Equipment	3 - 20
Water Network	10 - 200	Machinery and Equipment	2 - 35
Refuse Removal	20 - 50	Transport Assets	5 - 35
Work in progress	N/A		

1.11.4 Impairment

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

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

1.11.5 Derecognition

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

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

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

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

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

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

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

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

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

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

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

1.12.2 Subsequent Measurement - Cost Model

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

1.12.3 Amortisation

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

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

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

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

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

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

	Years
Computer Software	3 - 15

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1.12.4 Impairment

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

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

1.12.5 Derecognition

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

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

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset 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.

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

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

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

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

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

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

1.13.5 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.

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

1.14 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.14.1 Recoverable amount of Cash-generating assets

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

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.14.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.14.3 Impairment loss

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

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

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

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

1.14.4 Reversal of an impairment loss

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

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

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

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

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

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

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

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

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

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

The basis of allocating cost to inventory items is the weighted average method.

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

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

1.16 EMPLOYEE BENEFITS

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

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

1.16.1 Post-Retirement Benefits

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

1.16.1.1 Multi-employer defined benefit plans

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

1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

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

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

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

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

1.16.3 Short-term Benefits

1.16.3.1 Staff Leave

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

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

1.16.3.2 Bonuses

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

1.16.3.3 Provision for Performance Bonuses

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

1.16.3.4 Other 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:

(a) 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; and
(b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17 PROVISIONS

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

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

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

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

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

1.18 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

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

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

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

1.18.1.2 Operating leases

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

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

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

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

1.18.2.2 Operating Leases

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

1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

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

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

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- (i) derivatives;
- (ii) combined instruments that are designated at fair value;
- (iii) instruments held for trading;
- (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

1.19.3 Impairment and uncollectability of financial assets

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

1.19.3.1 Financial assets measured at amortised cost

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

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

1.19.3.2 Financial assets measured at cost

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

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

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

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

1.19.4.2 Financial liabilities

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

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

1.19.5 Offsetting of financial instruments

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

1.20 STATUTORY RECEIVABLES

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

1.20.1 Initial Recognition

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

1.20.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.20.3 Impairment and uncollectability of statutory receivables

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

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

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

1.20.4 Derecognition

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

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

1.21 CASH AND CASH EQUIVALENTS

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

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

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

1.22 RECEIVABLES

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

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

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

1.23 TAXES (VALUE ADDED TAX)

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

1.24 NON-CURRENT INVESTMENTS

Investments which include investments in listed shares and fixed deposits invested in registered commercial banks.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

1.25 PAYABLES AND ANNUITY LOANS

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

1.26 CONSUMER DEPOSITS

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

1.27 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

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

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

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

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

1.28 REVENUE

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

1.28.1 Revenue from Non-Exchange Transactions

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

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

1.28.1.1 Taxation Revenue

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

1.28.1.2 Transfer Revenue

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

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

1.28.1.3 Availability Charges

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

1.28.1.4 Fines

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

1.28.1.5 Insurance Refunds

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

1.28.1.6 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

1.28.1.8 Services in-kind

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

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

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

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

1.28.1.9 Contributed Assets

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

1.28.2 Revenue from Exchange Transactions

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

1.28.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

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

1.28.2.2 Interest earned

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

1.28.2.3 Rental income

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

1.28.2.4 Income from Agency Services

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

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

1.28.2.5 Other Tariffs

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

1.28.2.6 Sale of goods

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

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

1.28.2.7 Deferred payment

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

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

1.28.3 Construction Contracts

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

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

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

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

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

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

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

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

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

1.29 BORROWING COSTS

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

1.30 UNAUTHORISED EXPENDITURE

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

1.31 IRREGULAR EXPENDITURE

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

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

1.34 CAPITAL COMMITMENTS

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

1.35 EVENTS AFTER REPORTING DATE

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

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

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

1.36 RELATED PARTIES

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

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

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

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

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

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

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

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

1.37 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

1.38 LIVING AND NON-LIVING RESOURCES

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

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

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

1.39 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

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

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

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

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

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

1.40 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.40.1 Application of Directive 7

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

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

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

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an items of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.40.2 Impairment of Receivables

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

1.40.3 Useful lives and residual values

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

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

1.40.4 Impairment of non-monetary assets

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

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

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

1.40.5 Post-Retirement and Long-term Benefits

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

1.40.6 Provisions and Contingent Liabilities

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

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

1.40.7 Financial Instruments and Statutory Receivables

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

1.40.8 Financial assets and liabilities

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

1.40.9 Revenue Recognition

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

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

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

1.40.10 Recognition and Derecognition of Land

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

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

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

1.40.11 Materiality

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

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

(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

Figures in Rand	2023	2022

2 CASH AND CASH EQUIVALENTS

Bank Accounts	85 906 681	116 873 931
Call Investment Deposits	-	49 098 691
Cash Floats	9 699	9 699
Total	**85 916 380**	**165 982 321**

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

Cash and Cash Equivalents are held to support the following commitments:

Department of Human Settlements	1 834 148	5 334 915
Unspent Conditional Grants	19 642 194	15 815 250
Unspent Public Contributions	535 677	302 018
Capital Replacement Reserve	50 052 458	40 252 671
Available for working capital requirements	13 851 904	104 277 467
Total Cash and Cash Equivalents	**85 916 380**	**165 982 321**

2.1 Bank Accounts

Standard Bank of South Africa Limited - Account Number 072-331-348 (Current Primary Account)	85 686 164	116 727 948
Standard Bank of South Africa Limited - Account Number 072-339-713 (Traffic Account)	-	-
ABSA Bank Limited - Account Number 40-5786-6237 (Former Primary Account)	-	145 982
ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)	220 517	-
ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)	-	-
Total	**85 906 681**	**116 873 931**

Standard Bank of South Africa Limited - Account Number 072-331-348 (Current Primary Account)

Cash book balance at beginning of year	116 727 948	116 308 034
Cash book balance at end of year	85 686 164	116 727 948
Bank statement balance at beginning of year	115 941 236	115 513 106
Bank statement balance at end of year	84 879 707	115 941 236

Standard Bank of South Africa Limited - Account Number 072-339-713 (Traffic Account)

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

Traffic account is cleared daily to Primary Bank Account.

ABSA Bank Limited - Account Number 40-5786-6237 (Former Primary Account)

Cash book balance at beginning of year	145 982	242 452
Cash book balance at end of year	-	145 982
Bank statement balance at beginning of year	145 982	242 452
Bank statement balance at end of year	-	145 982

The Municipality has one guarantee of R15 000 in the name of the beneficiary, Eskom.

ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	220 517	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	220 517	-

Income account is cleared daily to Primary Bank Account.

Figures in Rand	2023	2022

2 CASH AND CASH EQUIVALENTS (CONTINUED)

ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)

	2023	2022
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Traffic account is cleared daily to Primary Bank Account.

2.2 Call Investment Deposits

Call investment deposits consist out of the following accounts:

			2023	2022
Interneuron Capital Ltd	- Notice deposit	- Account number CA 002	430 224	430 224
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5651	-	13 524 570
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5415	-	27 616 972
ABSA Bank Limited	- Notice deposit	- Account number 90-9522-5460	-	7 957 148
			430 224	**49 528 915**
Less: Provision for Impairment			(430 224)	(430 224)
Total			**-**	**49 098 691**

An amount of R 430 224 (2022: R 430 224), included in Call Investment Deposits above, is invested in an institution which is under curatorship. The curators are encashing property developments financed by the investment company before distribution of funds will continue, however it is expected significant capital losses will be incurred. The dates of any possible future cashflows are not known at the reporting date and the full amount has been impaired due to the uncertainty of collectability.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Service Receivables	**250 480 044**	**265 107 911**
Electricity	12 081 658	10 254 387
Water	55 319 365	57 333 579
Refuse	59 237 603	66 016 451
Sewerage	53 912 330	59 470 656
Interest	65 880 817	67 880 692
Other	4 048 271	4 152 146
Other Receivables	**5 338 088**	**4 616 431**
Prepayments	4 905 726	3 887 751
Accrued Interest	432 362	728 681
Total Gross Balance	**255 818 132**	**269 724 342**
Less: Allowance for Debt Impairment	(215 054 561)	(232 905 994)
Total Net Receivable	**40 763 571**	**36 818 348**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Refer to note 14.2 for receivables pledged as security for Long-term Liabilites.

Figures in Rand	2023	2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

	2023	2022
Balance at the beginning of the year	232 905 994	190 467 674
Movement in the contribution to the provision	65 095 137	57 781 951
Electricity	2 747 881	494 440
Water	18 664 503	17 616 895
Refuse	12 415 011	12 786 745
Sewerage	10 376 066	11 588 296
Interest	19 742 815	14 338 231
Other	1 148 861	957 344
Bad Debts Written off	(82 946 570)	(15 343 631)
Electricity	(424 335)	(33 109)
Water	(23 329 739)	(4 303 495)
Refuse	(19 504 466)	(4 088 688)
Sewerage	(15 998 753)	(3 216 595)
Interest	(22 344 291)	(3 558 774)
Other	(1 344 986)	(142 969)
Balance at the end of the year	**215 054 561**	**232 905 994**

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

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Electricity	12 081 658	(3 397 157)	8 684 501
Water	55 319 365	(40 062 384)	15 256 980
Refuse	59 237 603	(55 076 604)	4 160 999
Sewerage	53 912 330	(48 783 448)	5 128 882
Interest	65 880 817	(64 208 880)	1 671 937
Other	4 048 271	(3 526 088)	522 183
Other Receivables			
Prepayments	4 905 726	-	4 905 726
Accrued Interest	432 362	-	432 362
Total	**255 818 132**	**(215 054 561)**	**40 763 571**
30 June 2022			
Service Receivables			
Electricity	10 254 387	(1 073 611)	9 180 776
Water	57 333 579	(44 727 620)	12 605 959
Refuse	66 016 451	(62 166 059)	3 850 392
Sewerage	59 470 656	(54 406 135)	5 064 520
Interest	67 880 692	(66 810 356)	1 070 336
Other	4 152 146	(3 722 213)	429 933
Other Receivables			
Prepayments	3 887 751	-	3 887 751
Accrued Interest	728 681	-	728 681
Total	**269 724 342**	**(232 905 994)**	**36 81[illegible] 348**

Figures in Rand	2023	2022

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Exchange Transactions

	2023	2022
Electricity		
0 - 30 Days (Current)	7 481 924	8 163 434
1 to 3 months	1 789 586	1 452 769
4 months to 1 year	1 606 799	255 402
Over 1 year	1 203 349	382 781
Total	**12 081 658**	**10 254 387**
Water		
0 - 30 Days (Current)	13 176 803	12 179 302
1 to 3 months	7 630 602	6 403 029
4 months to 1 year	9 553 700	12 560 948
Over 1 year	24 958 260	26 190 301
Total	**55 319 365**	**57 333 579**
Refuse		
0 - 30 Days (Current)	3 635 622	4 029 306
1 to 3 months	4 955 097	4 595 910
4 months to 1 year	9 041 070	10 043 508
Over 1 year	41 605 813	47 347 726
Total	**59 237 603**	**66 016 451**
Sewerage		
0 - 30 Days (Current)	4 830 914	5 175 966
1 to 3 months	4 315 897	4 053 313
4 months to 1 year	7 883 667	10 272 625
Over 1 year	36 881 853	39 968 751
Total	**53 912 330**	**59 470 656**
Interest		
0 - 30 Days (Current)	2 261 312	2 161 977
1 to 3 months	6 280 542	5 126 376
4 months to 1 year	12 343 612	9 127 381
Over 1 year	44 995 350	51 464 958
Total	**65 880 817**	**67 880 692**
Other		
0 - 30 Days (Current)	436 679	463 089
1 to 3 months	564 380	492 768
4 months to 1 year	827 421	667 319
Over 1 year	2 219 791	2 528 970
Total	**4 048 271**	**4 152 146**
Summary Ageing of all Receivables from Exchange Transactions		
0 - 30 Days (Current)	31 823 255	32 173 075
1 to 3 months	25 536 104	22 124 166
4 months to 1 year	41 256 270	42 927 184
Over 1 year	151 864 415	167 883 486
Total	**250 480 044**	**265 107 911**

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Figures in Rand	2023	2022
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Service Receivables	**52 898 066**	**60 247 815**
Property Rates	42 413 719	48 545 414
Availability Charges	10 484 347	11 702 401
Other Receivables	**54 960 467**	**35 446 224**
Unpaid Traffic Fines	51 285 500	32 150 600
Other Receivables	145 240	462 946
Unpaid Grants	483 907	-
Deposits	3 045 820	2 832 679
Total Gross Balance	**107 858 533**	**95 694 039**
Less: Allowance for Debt Impairment	(85 167 836)	(75 702 273)
Total Net Receivable	**22 690 697**	**19 991 766**
As previously reported		17 159 087
Correction of error restatement - note 49.1		2 832 679
Restated balance		**19 991 766**

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Refer to note 14.2 for receivables pledged as security for Long-term Liabilites.

Reconciliation of Allowance for Debt Impairment

	2023	2022
Balance at the beginning of the year	75 702 273	59 120 055
Movement in the contribution to the provision	33 800 375	30 891 690
Property Rates	4 737 343	10 100 479
Availability Charges	1 646 782	909 861
Unpaid Traffic Fines	27 416 250	19 881 350
Bad Debts Written off	(24 334 812)	(14 309 472)
Property Rates	(12 092 751)	(3 845 470)
Availability Charges	(3 027 111)	(129 652)
Unpaid Traffic Fines	(9 214 950)	(10 334 350)
Balance at the end of the year	**85 167 836**	**75 702 273**

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

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the collection rate over the last 12 months.

Figures in Rand	2023	2022

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2023			
Service Receivables			
Property Rates	42 413 719	(27 311 233)	15 102 486
Availability Charges	10 484 347	(9 806 302)	678 044
Other Receivables			
Unpaid Traffic Fines	51 285 500	(48 050 300)	3 235 200
Other Receivables	145 240	-	145 240
Unpaid Grants	483 907	-	483 907
Deposits	3 045 820	-	3 045 820
Total	**107 858 533**	**(85 167 836)**	**22 690 697**
30 June 2022			
Service Receivables			
Property Rates	48 545 414	(34 666 642)	13 878 773
Availability Charges	11 702 401	(11 186 631)	515 770
Other Receivables			
Unpaid Traffic Fines	32 150 600	(29 849 000)	2 301 600
Other Receivables	462 946	-	462 946
Unpaid Grants	-	-	-
Deposits	2 832 679	-	2 832 679
Total	**95 694 039**	**(75 702 273)**	**19 991 766**

Ageing of Receivables from Non-Exchange Transactions

Property Rates	2023	2022
0 - 30 Days (Current)	8 655 336	8 329 431
1 to 3 months	5 460 724	5 698 902
4 months to 1 year	9 317 864	11 312 707
Over 1 year	18 979 796	23 204 374
Total	**42 413 719**	**48 545 414**

Availability Charges	2023	2022
0 - 30 Days (Current)	428 297	447 408
1 to 3 months	753 180	664 635
4 months to 1 year	1 503 975	1 366 941
Over 1 year	7 798 894	9 223 416
Total	**10 484 347**	**11 702 401**

5 TAXES

	2023	2022
VAT Claimable/(Payable)	4 759 582	3 179 301
VAT Input in Suspense	10 506 460	3 878 117
VAT Output in Suspense - net	(2 159 244)	(2 323 287)
VAT Output in Suspense	(22 645 004)	(24 823 201)
Less: VAT on Allowance for Debt Impairment	20 485 760	22 499 914
Total	**13 106 799**	**4 734 131**
As previously reported		6 827 192
Correction of error restatement - note 49.1		(2 093 061)
Restated balance		4 734 131

Figures in Rand	2023	2022

5 TAXES (CONTINUED)

Reconciliation of VAT on Allowance for Debt Impairment

	2023	2022
Balance at beginning of year	22 499 914	18 289 447
Debt Impairment for current year	(2 014 154)	4 210 467
Balance at the end of the year	**20 485 760**	**22 499 914**

6 OPERATING LEASES

6.1 OPERATING LEASE ASSET

	2023	2022
Operating Lease Asset	611 421	597 267

The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

	2023	2022
Balance at the beginning of the year	597 267	522 793
Movement during the year	14 153	74 475
Balance at the end of the year	**611 421**	**597 267**

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

	2023	2022
Within 1 Year	498 016	684 596
Between 1 and 5 Years	1 648 052	1 548 758
After 5 Years	999 983	1 384 293
Total operating lease payments	**3 146 051**	**3 617 648**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The Municipality leases a number of land and buildings for periods ranging from 2 to 99 years with escalations of between 0% and 20% per annum.

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

Significant lease agreements include, but are not limited to:

- Lease of Loerkop Caravan Park for a period of 20 years ending 30 September 2031 with an annual escalation of 10%.
- Lease of a portion of Farm 329 - Grabouw for a period of 9 years and 10 months ending 30 March 2029, with an annual escalation of 6%.
- Lease of erf 542 for a period of 9 years and 11 months ending 30 September 2030, with an annual escalation of 8%.

7 LONG-TERM RECEIVABLES

	2023	2022
Receivables with repayment arrangements	2 543 283	6 074 560
Less: Allowance for Debt Impairment	(900 777)	(2 207 888)
Total Net Receivable	**1 642 505**	**3 866 671**
Less: Current portion of Long-term Receivables	(702 045)	(1 560 573)
Total	**940 461**	**2 306 099**

At year-end debtors amounting to R2 543 283 (2022 - R6 074 560) arranged to settle their accounts over an re-negotiated period. Total payments to the value of R1 477 984 (2022 - R3 677 468) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Figures in Rand	2023	2022

7 LONG-TERM RECEIVABLES (CONTINUED)

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	2 207 888	3 368 719
Movement in the contribution to the provision	(1 307 111)	(1 160 831)
Balance at the end of the year	**900 777**	**2 207 888**

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

8 INVENTORY

Maintenance Materials	11 764 116	11 920 222
Water	693 449	720 887
Total	**12 457 565**	**12 641 109**

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

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	120 317	76 960
Inventory recognised as an expense during the year	12 141 996	11 728 972

9 INVESTMENT PROPERTY

Investment Property - Carrying Value	**68 564 654**	**69 973 721**

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value	**69 973 721**	**71 817 801**
Cost	77 760 554	77 965 808
Accumulated Depreciation	(1 052 372)	(950 115)
Accumulated Impairment	(6 734 461)	(5 197 893)
Additions	-	-
Impairment	(894 743)	(1 558 714)
Disposals	(427 498)	(183 109)
Cost	(435 512)	(205 254)
Accumulated Depreciation	-	-
Accumulated Impairment	8 014	22 145
Depreciation	(86 825)	(102 257)
Closing Carrying Value	**68 564 654**	**69 973 721**
Cost	77 325 042	77 760 554
Accumulated Depreciation	(1 139 198)	(1 052 372)
Accumulated Impairment	(7 621 191)	(6 734 461)

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

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

Revenue derived from the rental of Investment Property	1 620 417	1 829 947

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

Figures in Rand	2023	2022

10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2023				
Land and Buildings	134 921 210	(8 609 076)	(2 502 041)	123 810 094
Infrastructure	1 163 571 444	(218 302 568)	-	945 268 876
Community Assets	763 623	(485 611)	-	278 012
Other Assets	92 826 184	(31 429 103)	-	61 397 080
Capitalised Restoration Cost	69 287 248	(55 514 663)	(10 610 617)	3 161 968
Total	**1 461 369 710**	**(314 341 020)**	**(13 112 658)**	**1 133 916 031**
30 June 2022				
Land and Buildings	130 894 604	(7 714 934)	(2 660 710)	120 518 961
Infrastructure	1 034 927 100	(195 827 680)	-	839 099 420
Community Assets	763 623	(497 209)	-	266 415
Other Assets	81 114 488	(26 081 741)	-	55 032 748
Capitalised Restoration Cost	72 374 154	(53 259 218)	(10 143 696)	8 971 240
Total	**1 320 073 970**	**(283 380 780)**	**(12 804 406)**	**1 023 888 783**
As previously reported				1 026 117 310
Correction of error restatement - note 49.1				(484 000)
Correction of error restatement - note 49.2				(1 744 527)
Restated balance				1 023 888 783

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

10.1 Repairs and Maintenance were incurred on the following asset classes:

	2023	2022
Land and Buildings	4 782 303	6 904 239
Infrastructure	10 398 133	12 632 674
Community Assets	93 984	60 020
Other Assets	4 283 509	4 737 320
Total	19 557 929	24 334 253

10.2 Capital Restoration Cost

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

10.3 Work in Progress projects that has been halted

	2023	2022
Work in Progress projects that has been halted	345 235	345 235

The work in progress that has been halted include several projects of which the expenditure relate to environmental studies and designs. The projects have been halted due to the availability of funding. No impairment losses were recognised on the said projects.

10.4 Work in Progress projects taking a significantly longer period of time to complete than expected

	2023	2022
Work in Progress projects taking a significantly longer period of time to complete than expected	37 766 183	37 766 183

Work in progress projects taking a significantly longer period of time to complete than expected include several projects of which most are in their finalised stages. The delays are mainly due to delays in the final sign-off by the consulting engineers as snag lists are still being attended to by the contractors. No impairment losses were recognised on the said projects.

10.5 Change in estimate useful lives

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

	2023	2024	After 2024
Increase / (Decrease) in Depreciation and Amortisation	(5 063 465)	1 148 550	3 914 915
Increase / (Decrease) in Accumulated Surplus	5 063 465	(1 148 550)	(3 914 915)
Increase / (Decrease) in Property, Plant and Equipment	5 063 465	(1 148 550)	(3 914 915)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2023	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**130 894 604**	**4 026 606**	**-**	**-**	**-**	**134 921 210**	**10 375 644**	**894 142**	**(158 669)**	**-**	**11 111 116**	**123 810 094**
Land	44 523 013	-	-	-	-	44 523 013	2 660 710	-	30 522	-	2 691 232	41 831 781
Buildings	83 874 460	-	-	-	418 615	84 293 075	7 714 934	894 142	(189 191)	-	8 419 885	75 873 190
Work in progress	2 497 132	4 026 606	-	-	(418 615)	6 105 123	-	-	-	-	-	6 105 123
Infrastructure	**1 034 927 100**	**128 644 344**	**-**	**-**	**-**	**1 163 571 444**	**195 827 680**	**22 474 889**	**-**	**-**	**218 302 568**	**945 268 876**
Roads and Storm water	237 800 768	-	-	-	6 889 709	244 690 477	69 409 086	4 623 615	-	-	74 032 701	170 657 776
Electricity Network	128 294 091	-	-	-	11 920 107	140 214 198	24 994 366	3 521 553	-	-	28 515 919	111 698 279
Sewerage Network	242 854 422	-	-	-	89 330 456	332 184 878	46 553 684	5 843 118	-	-	52 396 803	279 788 075
Water Network	211 898 611	-	-	-	19 370 303	231 268 914	52 710 621	6 953 521	-	-	59 664 142	171 604 773
Refuse Removal	43 713 828	-	-	-	16 700 772	60 414 600	2 159 923	1 533 082	-	-	3 693 004	56 721 596
Work in progress	170 365 380	128 644 344	-	-	(144 211 347)	154 798 377	-	-	-	-	-	154 798 377
Community Assets	**763 623**	**-**	**-**	**-**	**-**	**763 623**	**497 209**	**(11 598)**	**-**	**-**	**485 611**	**278 012**
Parks and Gardens	517 259	-	-	-	-	517 259	250 844	22 082	-	-	272 926	244 332
Cemeteries	246 364	-	-	-	-	246 364	246 364	(33 680)	-	-	212 684	33 680
Other Assets	**81 114 488**	**9 833 172**	**(415 993)**	**2 294 517**	**-**	**92 826 184**	**26 081 741**	**5 514 246**	**-**	**(166 883)**	**31 429 103**	**61 397 080**
Computer Equipment	9 375 729	643 476	(104 026)	44 517	-	9 959 695	3 380 438	988 093	-	(52 081)	4 316 451	5 643 244
Furniture and Office Equipment	10 143 481	801 083	(98 269)	-	-	10 846 294	4 729 066	781 192	-	(39 530)	5 470 728	5 375 566
Machinery and Equipment	10 638 717	1 275 245	(165 697)	-	-	11 748 265	4 366 423	961 233	-	(68 892)	5 258 764	6 489 500
Transport Assets	50 956 563	7 113 368	(48 000)	2 250 000	-	60 271 930	13 605 813	2 783 727	-	(6 380)	16 383 160	43 888 770
Capitalised Restoration Cost	**72 374 154**	**1 589 730**	**(4 676 636)**	**-**	**-**	**69 287 248**	**63 402 914**	**2 255 445**	**466 921**	**-**	**66 125 280**	**3 161 968**
Landfill Site Rehabilitation	72 374 154	1 589 730	(4 676 636)	-	-	69 287 248	63 402 914	2 255 445	466 921	-	66 125 280	3 161 968
	1 320 073 970	**144 093 852**	**(5 092 629)**	**2 294 517**	**-**	**1 461 369 710**	**296 185 187**	**31 127 123**	**308 252**	**(166 883)**	**327 453 679**	**1 133 916 031**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.6 Reconciliation of Carrying Value

30 June 2022	Cost						Accumulated Depreciation and Impairment					Carrying Value (Restated)
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**130 431 150**	**463 454**	**-**	**-**	**-**	**130 894 604**	**9 495 554**	**880 090**	**-**	**-**	**10 375 644**	**120 518 961**
Land	44 523 013	-	-	-	-	44 523 013	2 660 710	-	-	-	2 660 710	41 862 303
Buildings	83 309 887	-	-	-	564 573	83 874 460	6 834 844	880 090	-	-	7 714 934	76 159 526
Work in progress	2 598 251	463 454	-	-	(564 573)	2 497 132	-	-	-	-	-	2 497 132
Infrastructure	**946 288 366**	**88 638 734**	**-**	**-**	**-**	**1 034 927 100**	**176 655 603**	**19 172 077**	**-**	**-**	**195 827 680**	**839 099 420**
Roads and Storm water	233 341 007	-	-	-	4 459 762	237 800 768	65 080 720	4 328 366	-	-	69 409 086	168 391 683
Electricity Network	123 296 802	-	-	-	4 997 289	128 294 091	22 402 273	2 592 093	-	-	24 994 366	103 299 725
Sewerage Network	222 727 450	-	-	-	20 126 971	242 854 422	41 134 661	5 419 023	-	-	46 553 684	196 300 737
Water Network	192 614 362	-	-	-	19 284 249	211 898 611	46 914 976	5 795 645	-	-	52 710 621	159 187 990
Refuse Removal	11 953 887	-	-	-	31 759 941	43 713 828	1 122 972	1 036 950	-	-	2 159 923	41 553 906
Work in progress	162 354 858	88 638 734	-	-	(80 628 212)	170 365 380	-	-	-	-	-	170 365 380
Community Assets	**763 623**	**-**	**-**	**-**	**-**	**763 623**	**474 817**	**22 391**	**-**	**-**	**497 209**	**266 415**
Parks and Gardens	517 259	-	-	-	-	517 259	228 453	22 391	-	-	250 844	266 415
Cemeteries	246 364	-	-	-	-	246 364	246 364	-	-	-	246 364	-
Other Assets	**75 597 531**	**8 998 105**	**(3 514 798)**	**33 650**	**-**	**81 114 488**	**24 859 963**	**3 494 297**	**-**	**(2 272 520)**	**26 081 741**	**55 032 748**
Computer Equipment	8 950 276	1 352 351	(960 548)	33 650	-	9 375 729	3 472 829	503 419	-	(595 810)	3 380 438	5 995 291
Furniture and Office Equipment	9 287 504	1 248 146	(392 169)	-	-	10 143 481	4 472 094	514 498	-	(257 526)	4 729 066	5 414 414
Machinery and Equipment	10 505 220	567 377	(433 881)	-	-	10 638 717	4 036 752	572 118	-	(242 447)	4 366 423	6 272 294
Transport Assets	46 854 532	5 830 231	(1 728 200)	-	-	50 956 563	12 878 288	1 904 263	-	(1 176 738)	13 605 813	37 350 749
Capitalised Restoration Cost	**71 211 934**	**1 575 021**	**(412 801)**	**-**	**-**	**72 374 154**	**55 742 782**	**7 660 132**	**-**	**-**	**63 402 914**	**8 971 240**
Landfill Site Rehabilitation	71 211 934	1 575 021	(412 801)	-	-	72 374 154	55 742 782	7 660 132	-	-	63 402 914	8 971 240
	1 224 292 605	**99 675 313**	**(3 927 599)**	**33 650**	**-**	**1 320 073 970**	**267 228 718**	**31 228 989**	**-**	**(2 272 520)**	**296 185 187**	**1 023 888 783**

Figures in Rand	2023	2022

11 INTAKGIBLE ASSETS

	2023	2022
Intangible Assets - Carrying Value	**273 337**	**332 434**
The carrying value of intangible Assets is reconciled as follows:		
Opening Carrying Value	**332 434**	**778 737**
Cost	622 156	1 453 516
Accumulated Amortisation	(289 722)	(674 779)
Accumulated Impairment	-	-
Additions	-	107 890
Amortisation	(59 097)	(129 573)
Disposal	-	(424 620)
Cost	-	(939 250)
Accumulated Amortisation	-	514 630
Closing Carrying Value	**273 337**	**332 434**
Cost	622 156	622 156
Accumulated Amortisation	(348 820)	(289 722)
Accumulated Impairment	-	-

The following material intangible assets are included in the carrying value above:

Description	**Remaining amortisation period**	**Carrying Value**	
Computer software/licenses	1 - 7 years	273 337	332 434

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

12 HERITAGE ASSETS

The Municipality has four registered Heritage Assets, however, the principal usage of the assets are for service delivery and to derive rental income and are therefore recognised in Property, Plant and Equipment and Investment Property. The assets are as follows:

	2023	2022
Erf 614, Caledon - utilised as the Town Hall	677 657	684 860
Erf 12, Villiersdorp - leased to Tourism Buro	113 396	114 746
Bridge at Meul Street, Caledon	0	-
Bridge at Farm 39, Genadendal	82	96
Total carrying value included under Property, Plant and Equipment	**791 135**	**799 703**

The comparative figures (previously reported as R634 408) were restated by R165 295, mainly due to subsequent capital expenditure on the town hall which was not previously included as part of the disclosure.

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

13 NON-CURRENT INVESTMENTS

	2023	2022
Listed shares	179 951	163 051
Fixed Deposits	13 648 904	12 673 904
Total	**13 828 856**	**12 836 955**

13.1 Listed shares

	2023	2022
Sanlam - Shares Investment	179 951	163 051

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

Figures in Rand	2023	2022

13 NON-CURRENT INVESTMENTS (CONTINUED)

13.2 Fixed Deposits

	2023	2022
Nedbank - Account number 03 7881715316 0000 44 - 5 year investment	13 648 904	12 673 904

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates of 9.75% per annum. The fixed deposit matures 4 October 2024.

The fixed deposit is ring-fenced for the repayment of stock loans as per note 14.2.

14 LONG-TERM LIABILITIES

	2023	2022
Annuity Loans	188 185 739	102 116 608
Stock Loans	14 469 800	14 469 800
Sub-Total	**202 655 539**	**116 586 408**
Less: Current portion of Long-term Liabilities	21 368 213	13 810 915
Annuity Loans	21 368 213	13 810 915
Stock Loans	-	-
Total	**181 287 326**	**102 775 493**
Long-term Liabilities were utilised as follow:		
Total Long-term Liabilities taken up	202 655 539	116 586 408
Used to finance Property, Plant and Equipment at cost	(202 655 539)	(116 586 408)
Unspent Borrowings	-	-

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

14.1 Annuity Loans

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

Institution and loan number	**Rate**	**Maturity Date**	**Carrying Value of Liability**	
DBSA BANK - 10 & 20 year (102807/1)	10.74%	30/06/2028	3 939 681	4 531 595
DBSA BANK - 10 & 20 year (103108/1)	11.44%	30/09/2028	4 989 857	5 614 159
DBSA BANK - 20 year (103313.1)	9.85%	31/03/2029	11 538 878	12 895 152
DBSA BANK - 15 year (103313.2)	9.97%	31/03/2024	784 650	1 496 863
DBSA BANK - 20 year (103817/3)	11.06%	31/12/2030	7 072 757	7 654 027
STANDARD BANK- 15 year (272400572)	12.22%	30/06/2026	2 958 762	3 733 380
STANDARD BANK - 4 year (000600694)	6.63%	31/12/2024	3 144 253	4 569 155
STANDARD BANK - 10 year (000600703)	8.26%	28/06/2030	4 070 191	4 485 538
STANDARD BANK - 15 year (000600712)	9.76%	29/06/2035	5 885 441	6 135 986
STANDARD BANK - 15 year (000682253)	10.79%	30/12/2036	13 624 886	14 091 133
STANDARD BANK - 5 year (000748692)	10.58%	30/06/2027	7 248 810	-
STANDARD BANK - 7 year (000748736)	10.99%	29/06/2028	4 375 285	-
STANDARD BANK - 12 year (000748754)	11.60%	30/06/3032	11 582 018	-
STANDARD BANK - 15 year (000748773)	12.27%	30/06/3037	9 519 919	-
ABSA BANK - 15 year (40-7908-8994)	10.79%	27/06/2027	5 090 816	6 064 626
ABSA BANK - 10 year (387230963)	10.63%	27/06/2024	1 262 510	2 400 975
ABSA BANK - 5 year (3050777771)	8.95%	30/06/2024	470 787	901 468
ABSA BANK - 7 year (3050777789)	9.19%	30/06/2026	1 259 228	1 607 861
ABSA BANK - 10 year (3050777763)	9.62%	30/06/2029	2 314 106	2 586 386
ABSA BANK - 7 year (3052887574)	9.19%	30/06/2027	1 943 386	2 327 944
ABSA BANK - 5 year (3054670983)	8.66%	30/10/2026	9 645 596	11 907 933
ABSA BANK - 7 year (3054671133)	9.19%	30/10/2028	4 238 504	4 805 266
ABSA BANK - 10 year (3054671256)	9.89%	30/10/2031	1 803 993	1 933 280
ABSA BANK - 5 year (3058757317)	10.53%	30/06/2028	7 679 582	-
ABSA BANK - 10 year (3058757341)	11.59%	30/06/2033	9 500 751	-
ABSA BANK - 15 year (3058757325)	12.32%	30/06/2038	49 973 646	-
NEDBANK - 15 year (05/78310356050)	10.45%	30/06/2034	2 267 446	2 373 881
Total			**188 185 739**	**102 116 608**

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Figures in Rand	2023	2022

14 LONG-TERM LIABILITIES (CONTINUED)

All annuity loans are unsecured.

Annuity loans are payable as follows:

	2023	2022
Payable within one year	41 402 260	23 530 004
Payable within two to five years	140 539 380	79 278 786
Payable after five years	135 159 019	46 246 833
Total amount payable	**317 100 660**	**149 055 624**
Less: Outstanding Future Finance Charges	(128 914 921)	(46 939 016)
Present value of annuity loans	**188 185 739**	**102 116 608**

14.2 Stock Loans

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

Institution and loan number	**Rate**	**Maturity Date**	**Carrying Value of Liability**	
DBSA BANK - 20 year (1022755)	9.29%	31/03/2027	8 469 800	8 469 800
DBSA BANK - 20 year (1014871)	9.46%	31/12/2024	6 000 000	6 000 000
Total			**14 469 800**	**14 469 800**

The following serve as security for stock loans:

	2023	2022
- Fixed Deposit as per note 13.2	13 648 904	12 673 904
- Cession on outstanding consumer debtors	6 000 000	6 000 000
Total	**19 648 904**	**18 673 904**

Stock loans are payable as follows:

	2023	2022
Payable within one year	1 358 419	1 354 582
Payable within two to five years	17 116 487	18 474 906
Payable after five years	-	-
Total amount payable	**18 474 906**	**19 829 488**
Less: Outstanding Future Finance Charges	(4 005 106)	(5 359 688)
Present value of stock loans	**14 469 800**	**14 469 800**

15 CONSUMER DEPOSITS

	2023	2022
Water and Electricity Deposits	**5 485 970**	**4 968 411**

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

16 PAYABLES FROM EXCHANGE TRANSACTIONS

	2023	2022
Trade Payables	85 583 037	32 797 253
Retentions	7 784 978	8 589 370
Payments Received in Advance	10 277 025	8 083 157
Department of Human Settlements	1 834 148	5 334 915
Unused Pre-paid Electricity	974 431	1 103 346
Sundry Deposits	9 319 568	15 638 481
Accrued Interest	640 594	709 317
Land Sales Deposits	667 948	570 717
Total	**117 081 728**	**72 826 555**
As previously reported		70 208 298
Correction of error restatement - note 49.1		1 381 046
Correction of error restatement - note 49.3		1 237 210
Restated balance		**72 826 555**

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Figures in Rand	2023	2022

16 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Payables are being recognised net of any discounts received.

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

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

Sundry deposits include wayleave, hall, builders and housing deposits.

Department of Human Settlements balance consist of the following:

	2023	2022
Advances received for the construction of housing top structures - note 37	714 704	(29 853)
Advances received in terms of principal-agent arrangments - note 60	1 119 445	5 364 768
Total	1 834 149	5 334 916

17 UNSPENT CONDITIONAL GOVERNMENT GRANTS

	2023	2022
National Government	13 005 510	9 616 504
Provincial Government	6 135 493	5 708 319
District Municipality	67 203	90 000
Other Grant Providers	433 988	400 427
Total	**19 642 194**	**15 815 250**

Detail reconciliations of all grants received and grant conditions met are included in note 24. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

18 UNSPENT PUBLIC CONTRIBUTIONS

	2023	2022
Hogeschool van Arnhem en Nijmegen (HAN)	411 300	297 868
Bursaries Fund	124 377	4 150
Total	**535 677**	**302 018**

Detail reconciliations of all public contributions received are included in note 25. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

19 CURRENT EMPLOYEE BENEFITS

	2023	2022
Bonuses	6 158 533	5 786 275
Staff Leave	18 237 628	19 361 628
Performance Bonuses	577 189	-
Pension	10 769	10 769
Group Insurance	179 951	163 051
Standby and Overtime	1 831 166	1 672 135
Current portion of Non-Current Employee Benefits - note 20	3 570 000	3 529 000
Post Retirement Medical Benefits	2 252 000	1 928 000
Long Service Awards	1 318 000	1 601 000
Total	**30 565 237**	**30 522 858**

Figures in Rand	2023	2022

19 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

19.1 Bonuses

	2023	2022
Opening Balance	5 786 275	5 637 851
Contribution during the year	12 293 023	11 530 402
Payments made	(11 920 765)	(11 381 977)
Balance at the end of the year	**6 158 533**	**5 786 275**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

19.2 Staff Leave

	2023	2022
Opening Balance	19 361 628	17 420 525
Contribution during the year	952 183	2 870 549
Payments made	(2 076 183)	(929 446)
Balance at the end of the year	**18 237 628**	**19 361 628**

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

19.3 Performance Bonuses

	2023	2022
Opening Balance	-	211 495
Contribution during the year	720 944	(7 603)
Payments made	(143 755)	(203 892)
Balance at the end of the year	**577 189**	**-**

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the Council. There is no possibility of reimbursement.

19.4 Pension

	2023	2022
Opening Balance	10 769	10 769
Payments made	-	-
Balance at the end of the year	**10 769**	**10 769**

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

19.5 Group Insurance

	2023	2022
Opening Balance	163 051	189 266
Fair Value adjustment during the year	16 900	(26 214)
Balance at the end of the year	**179 951**	**163 051**

Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. The possibility of reimbursement is being investigated.

19.6 Standby and Overtime

	2023	2022
Balance at beginning of year	1 672 135	1 128 248
Contribution during the year	1 831 166	1 672 135
Payments made	(1 672 135)	(1 128 248)
Balance at end of year	**1 831 166**	**1 672 135**

Standby and overtime worked by staff in current financial year, but paid in following financial year.

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Figures in Rand	2023	2022

20 EMPLOYEE BENEFITS

	2023	2022
Post Retirement Medical Benefits	54 352 000	52 433 000
Long Service Awards	12 388 000	12 239 000
Sub-Total	**66 740 000**	**64 671 999**
Less: Current portion of Employee Benefits	**3 570 000**	**3 529 000**
Post Retirement Medical Benefits	2 252 000	1 928 000
Long Service Awards	1 318 000	1 601 000
Total	**63 170 000**	**61 142 999**

20.1 Post Retirement Medical Benefits

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

	2023	2022
Opening Balance	52 433 000	48 610 000
Contribution during the year	8 761 000	7 286 000
Current Service Cost	2 669 000	2 493 000
Interest Cost	6 092 000	4 793 000
Payments made	(1 967 469)	(1 802 937)
Actuarial Loss/(Gain)	(4 874 531)	(1 660 063)
Total balance at year-end	54 352 000	52 433 000
Less: Current portion	(2 252 000)	(1 928 000)
Total	**52 100 000**	**50 505 000**

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

	2023	2022
In-service members	253	242
In-service non-members	386	386
Continuation members	38	35
Total	**677**	**663**

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**In-Service Members R**	**In-Service non-Members R**	**Continuation Members R**	**Total unfunded Liability R**
30 June 2023	24 309 000	5 533 000	24 510 000	**54 352 000**
30 June 2022	24 890 000	5 656 000	21 887 000	**52 433 000**
30 June 2021	22 103 000	5 082 000	21 425 000	**48 610 000**
30 June 2020	18 142 000	4 031 000	17 789 000	**39 962 000**
30 June 2019	19 925 000	4 575 000	19 323 000	**43 823 000**

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

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2023	2 132 000	-
30 June 2022	(1 065 000)	-
30 June 2021	(296 000)	-
30 June 2020	5 928 000	-
30 June 2019	(4 506 000)	-

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

Bonitas	Samwumed	Hosmed
LA Health	Keyhealth	

20 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

	2023	2022
Discount rate	12.55%	11.83%
Health care cost inflation rate	8.27%	8.44%
Net discount rate	3.95%	3.13%

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

A discount rate of 12.55% per annum has been used. The corresponding index-linked yield at this term is 4.95%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Stock Exchange of South Africa after the market close on 19 June 2023.

ii) Mortality Rates

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

iii) Normal Retirement Age

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

iv) Last Valuation

The last valuation was performed on 20 June 2023.

v) Actuarial Valuation Method

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

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	29 842 000	24 510 000	54 352 000	
Health care inflation rate (+ 1%)	35 776 000	26 762 000	62 538 000	15%
Health care inflation rate (- 1%)	25 117 000	22 553 000	47 670 000	-12%
Discount rate (+ 1%)	25 315 000	22 637 000	47 952 000	-12%
Discount rate (- 1%)	35 581 000	26 692 000	62 273 000	15%
Post-employment mortality (+ 1 year)	29 101 000	23 722 000	52 823 000	-3%
Post-employment mortality (- 1 year)	30 576 000	25 299 000	55 875 000	3%
Average retirement age (- 1 year)	32 911 000	24 510 000	57 421 000	6%
Membership continuation (- 10%)	26 054 000	24 510 000	50 564 000	-7%

Sensitivity Analysis - Future Service and Interest Cost

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2023/24	2 380 000	6 684 000	9 064 000	
Health care inflation (+ 1%)	2 923 000	7 711 000	10 634 000	17%
Health care inflation (- 1%)	1 958 000	5 846 000	7 804 000	-14%
Discount rate (+ 1%)	1 992 000	6 350 000	8 342 000	-8%
Discount rate (- 1%)	2 879 000	7 066 000	9 945 000	10%
Post-employment mortality (+ 1 year)	2 320 000	6 492 000	8 812 000	-3%
Post-employment mortality (- 1 year)	2 439 000	6 875 000	9 314 000	3%
Average retirement age (- 1 year)	2 562 000	7 069 000	9 631 000	6%
Continuation of membership at retirement (- 10%)	2 084 000	6 209 000	8 293 000	

Figures in Rand	2023	2022

20 EMPLOYEE BENEFITS (CONTINUED)

20.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2023	2022
Opening Balance	12 239 000	11 239 000
Contribution during the year	2 365 000	2 076 000
Current Service Cost	1 076 000	1 044 000
Interest Cost	1 289 000	1 032 000
Payments made	(1 790 017)	(1 053 394)
Actuarial Loss/(Gain)	(425 983)	(22 606)
Total balance at year-end	**12 388 000**	**12 239 000**
Less: Current portion	(1 318 000)	(1 601 000)
Total	**11 070 000**	**10 638 000**

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	639	628

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	**Unfunded Liability R**
30 June 2023	12 388 000
30 June 2022	12 239 000
30 June 2021	11 239 000
30 June 2020	10 429 000
30 June 2019	9 684 129

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

Experience adjustments were calculated as follows:	**Liabilities (Gain) / Loss R**	**Assets Gain / (Loss) R**
30 June 2023	294 017	-
30 June 2022	106 394	-
30 June 2021	110 973	-
30 June 2020	405 329	-
30 June 2019	142 031	-

Key Actuarial Assumptions used are as follows:

i) Interest Rates

	2023	2022
Discount rate	11.77%	11.25%
General earnings inflation rate (long-term)	7.08%	7.42%
Net discount rate	4.38%	3.56%

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

A discount rate of 11.77% per annum has been used. The corresponding liability-weighted index-linked yield is 4.89%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 19 June 2023.

ii) Last Valuation

The last valuation was performed on 20 June 2023.

iii) Actuarial Valuation Method

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

Figures in Rand	2023	2022

20 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	12 388 000	13 215 000	7%
General earnings inflation rate (- 1%)	12 388 000	11 641 000	-6%
Discount rate (+ 1%)	12 388 000	11 634 000	-6%
Discount rate (- 1%)	12 388 000	13 234 000	7%
Average retirement age (+ 2 years)	12 388 000	14 060 000	13%
Average retirement age (- 2 years)	12 388 000	10 855 000	-12%
Withdrawal rates (x 2)	12 388 000	9 851 000	-20%
Withdrawal rates (x 0.5)	12 388 000	14 140 000	14%

Sensitivity Analysis on the Current-service and Interest Costs (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Estimated for 2023/24	1 091 000	1 383 000	2 474 000	
General earnings inflation rate (+ 1%)	1 182 000	1 480 000	2 662 000	8%
General earnings inflation rate (- 1%)	1 009 000	1 295 000	2 304 000	-7%
Discount rate (+ 1%)	1 018 000	1 404 000	2 422 000	-2%
Discount rate (- 1%)	1 173 000	1 356 000	2 529 000	2%
Average retirement age (+ 2 years)	1 208 000	1 579 000	2 787 000	13%
Average retirement age (- 2 years)	977 000	1 205 000	2 182 000	-12%
Withdrawal rates (x 2)	791 000	1 084 000	1 875 000	-24%
Withdrawal rates (x 0.5)	1 315 000	1 589 000	2 904 000	17%

20.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

	2023	2022
LA Retirement Fund (Former Cape Joint Pension Fund)	122 338	116 623
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in an sound financial position with a funding level of 104.5% (30 June 2021 - 102.0%).		
Consolidated Retirement Fund (Former Cape Retirement Fund)	23 696 088	21 882 431
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).		
Total	**23 818 426**	**21 999 053**

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

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

Figures in Rand	2023	2022

20 EMPLOYEE BENEFITS (CONTINUED)

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

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

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2023	2022
Municipal Councillors Pension Fund	-	14 864
SALA Pension Fund	126 477	130 279
SAMWU National Provident Fund	2 291 057	2 328 346
National Fund for Municipal Workers	213 602	230 350
Total	**2 631 137**	**2 703 838**

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

21 NON-CURRENT PROVISIONS

	2023	2022
Provision for Rehabilitation of Landfill-sites	**116 746 747**	**125 806 415**

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

	2023	2022
Opening Balance	125 806 415	119 172 025
Contribution during the year	(9 059 668)	6 634 390
Increase/(Decrease) in estimate allocated to Capital Restoration Cost Asset	(3 086 905)	1 162 220
Decrease in estimate allocated to Statement of Financial Performance	(17 066 372)	(3 431 172)
Interest Cost	11 093 610	8 903 342
Total	**116 746 747**	**125 806 415**

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

The future obligations for rehabilitating the landfill sites has been calculated using a discount rate (SA Bond yield) between 9.18% - 11.90% depending on the remaining useful life of the landfill-sites.

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

Location	Discount Rate	Site Dimensions (m^2)	Rehabilitation cost per m^2 (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Caledon	11.90%	59 661	919	30 903 378	46 798 435
Genadendal	9.18%	20 490	1 012	18 761 173	16 431 259
Greyton	9.18%	16 887	1 060	15 141 915	14 180 185
Riviersonderend	9.18%	10 664	1 317	13 135 421	11 848 791
Villiersdorp	11.90%	28 779	934	18 164 787	18 009 312
Botrivier	9.18%	17 537	1 301	20 640 074	18 538 433
Total				**116 746 747**	**125 806 415**

Figures in Rand	2023	2022

21 NON-CURRENT PROVISIONS (CONTINUED)

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

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Caledon	2033	94 480 740	55 010 957
Genadendal	2026	24 415 487	23 039 539
Greyton	2028	23 488 564	19 060 508
Riviersonderend	2025	15 657 206	14 636 118
Villiersdorp	2030	39 355 060	22 789 257
Botrivier	2026	26 860 657	25 994 172
Total		**224 257 715**	**160 530 551**

22 RESERVES

Capital Replacement Reserve	**50 052 458**	**40 252 671**

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

23 PROPERTY RATES

Rateable Land and Buildings	136 353 678	127 714 860
Total	**136 353 678**	**127 714 860**

Property rate levied are based on the following rateable valuations:

Residential (including Residential Vacant)	6 414 084 437	6 340 245 737
Business and Commercial (Including vacant)	2 041 716 665	2 002 074 716
Industrial (Including vacant)	281 597 500	288 654 500
Mining	3 174 000	3 174 000
Public benefit Organizations	122 529 819	136 549 369
Public Service Infrastructure	66 535 000	65 161 000
Public Service Purposes (formerly included in State-owned)	571 956 192	591 812 692
Agricultural	15 705 237 467	15 870 366 672
Total Valuation	25 206 831 080	25 298 038 686

Rate that is applicable to the valuations above:

Residential (including Residential Vacant)	1.0488 c/R	0.9553 c/R
Business and Commercial (Including vacant)	2.0977 c/R	1.9106 c/R
Industrial (Including vacant)	2.0977 c/R	1.9106 c/R
Mining	2.0977 c/R	1.9106 c/R
Public Benefit Organizations	0.2623 c/R	0.2389 c/R
Public Service Infrastructure	0.0000 c/R	0.0000 c/R
Public Service Purposes (formerly included in State-owned)	2.0977 c/R	1.9106 c/R
Agricultural	0.2100 c/R	0.1913 c/R

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to include changes in property values and subdivisions. The next valuation will be implemented 1 July 2023.

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

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

Figures in Rand	2023	2022

23 PROPERTY RATES (CONTINUED)

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it. The Municipality grants the following rebates, reductions and exemptions on the valuation and/or rates of property:

	2023	2022
- Residential properties valued R200 000 or less	85 000	85 000
- Consumer older than 70 years and the residential property is valued R200 000 or less.	145 000	145 000
- Consumer older than 60 years or disabled and household income is less than R5 000 per month	100%	100%
- Consumer older than 60 years or disabled and household income is less than R10 000 per month	50%	50%
- Qualifying Non-profit organisations (NPO's)	100%	100%
- All properties valued R15 000 or less	100%	100%
- Open spaces and heritage properties	100%	100%
- Rural Areas Rebate: Residential and Business	75%	75%

24 GOVERNMENT GRANTS AND SUBSIDIES

	2023	2022
Unconditional Grants - National Government	**120 101 000**	**106 976 000**
Equitable Share	120 101 000	106 976 000
Conditional Grants - National Government	**34 731 473**	**32 572 994**
Finance Management Grant (FMG)	1 650 000	1 636 460
Municipal Infrastructure Grant (MIG)	29 088 273	21 080 186
Expanded Public Works Programme (EPWP)	2 077 000	1 721 000
Integrated National Electrification Programme (INEP)	-	2 116 146
Energy Efficiency & Demand Side Management Grant	-	3 519 202
Water Service Infrastructure Grant (WSIG)	-	2 500 000
Municipal Drought Relief	-	-
Emergency Housing Grant	1 916 200	-
Municipal Disaster Recovery Grant	-	-
Conditional Grants - Provincial Government	**39 106 267**	**31 367 825**
Housing	23 744 953	18 089 152
CDW Contribution	159 852	139 797
Thusong Multi Purpose Centre	-	-
Main Roads Subsidy	143 948	129 932
Financial Management Support Grant (FMSG)	-	1 217
Library Subsidy	10 329 130	9 723 977
Municipal Capacity Building Grant	60 910	373 146
Local Government Graduate Internship Allocation	-	-
Municipal Disaster Recovery (Water Supply Grant)	-	-
Sport and Recreation	-	-
Municipal Drought Relief (MDR)	-	112 584
Regional socio-economic projects (RSEP)	727 464	440 564
Municipal Intervention Grant	-	147 770
Municipal Service Delivery and Capacity Building Grant (MSDCB)	105 382	1 000 000
Public Employment Support Grant	390 313	1 209 687
Financial Management Capability Grant	1 260 314	-
Emergency Municipal Load-Shedding Relief Grant	1 800 000	-
Joint District and Metro Grant	384 000	-
Conditional Grants - District Municipality	192 797	-
Safety Audit and Safety Plan Grant	192 797	-
Conditional Grants - Other Grant Providers	**544 352**	**347 761**
DBSA Local Economic Development	-	-
SETA	270 495	347 761
SANRAL	273 857	-
Total	**194 675 889**	**171 264 580**

Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Disclosed as:

	2023	2022
Government Grants and Subsidies - Operating	141 545 752	127 049 690
Government Grants and Subsidies - Capital	53 130 137	44 214 890
Total	**194 675 889**	**171 264 580**

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

	2023	2022
Equitable share	120 101 000	106 976 000
Vote 1 - Directorate Finance	8 643 796	5 725 903
Vote 4 - Electricity	-	5 359 328
Vote 6 - Executive and council	-	-
Vote 6 - Office of the Municipal Manager	-	1 217
Vote 8 - Directorate Technical Services and Planning	51 260 052	38 336 036
Vote 12 - Waste management	-	-
Vote 13 - Waste water management	-	-
Vote 14 - Water	-	2 612 584
Vote 15 - Directorate Development and Community Services	14 671 040	12 253 511
Total	**194 675 889**	**171 264 580**

The movements per grant can be summarised as follows:

24.01 Equitable Share

	2023	2022
Opening Unspent Balance	-	-
Grants Received / (Repaid)	120 101 000	106 976 000
Transferred to Revenue - Operating	(120 101 000)	(106 976 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.02 Finance Management Grant (FMG)

	2023	2022
Opening Unspent Balance	13 540	-
Grants Received / (Repaid)	1 636 460	1 650 000
Transferred to Revenue - Operating	(1 650 000)	(1 610 000)
Transferred to Revenue - Capital	-	(26 460)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	13 540

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

24.03 Municipal Infrastructure Grant (MIG)

	2023	2022
Opening Unspent Balance	4 557 126	2 875 312
Grants Received / (Repaid)	25 170 873	22 762 000
Transferred to Revenue - Operating	(3 794 123)	(3 180 794)
Transferred to Revenue - Capital	(25 294 151)	(17 899 392)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	639 726	4 557 126

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

Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.04 Expanded Public Works Programme (EPWP)

	2023	2022
Opening Unspent Balance	-	6 953
Grants Received / (Repaid)	2 077 000	1 714 047
Transferred to Revenue - Operating	(2 077 000)	(1 721 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

24.05 Integrated National Electrification Programme (INEP)

	2023	2022
Opening Unspent Balance	5 003 854	-
Grants Received / (Repaid)	(5 003 854)	7 120 000
Transferred to Revenue - Operating	-	(276 019)
Transferred to Revenue - Capital	-	(1 840 127)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	5 003 854

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

24.06 Energy Efficiency & Demand Side Management Grant

	2023	2022
Opening Unspent Balance	33 535	-
Grants Received / (Repaid)	-	4 500 000
Transferred to Revenue - Operating	-	(504 885)
Transferred to Revenue - Capital	-	(3 014 317)
Transfer to / (from) Receivables	-	(947 263)
Closing Unspent Balance	33 535	33 535

Grant was utilised for the purchase and installation of street lights.

24.07 Water Service Infrastructure Grant (WSIG)

	2023	2022
Opening Unspent Balance	-	2 500 000
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	(326 087)
Transferred to Revenue - Capital	-	(2 173 913)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

Grant will be utilised for the replacement of water pipes.

24.08 Municipal Drought Relief

	2023	2022
Opening Unspent Balance	8 449	8 449
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	8 449	8 449

The grant will be utilised for boreholes.

Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.09 Emergency Housing Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	2 300 000	-
Transferred to Revenue - Operating	(1 916 200)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	383 800	-

Grant is used for temporary shelter assistance to households affected by disasters or a housing emergency or repair the damage to housing for low-income households following a disaster or housing emergency.

24.10 Municipal Disaster Recovery Grant

Opening Unspent Balance	-	-
Grants Received / (Repaid)	11 940 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	11 940 000	-

Grant is used to rehabilitate and reconstruct disaster damaged municipal infrastructure.

24.11 Housing

Opening Unspent Balance	2 241 537	277 998
Grants Received / (Repaid)	25 950 397	20 052 691
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(23 744 953)	(18 089 152)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	4 446 980	2 241 537

Housing grants was utilised for the development of erven and infrastructure.

24.12 CDW Contribution

Opening Unspent Balance	97 359	105 156
Grants Received / (Repaid)	112 000	132 000
Transferred to Revenue - Operating	(159 852)	(139 797)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	49 507	97 359

The CDW Contribution was used to finance the activities of Community Development Workers.

24.13 Thusong Multi Purpose Centre

Opening Unspent Balance	-	70 593
Grants Received / (Repaid)	-	(70 593)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

Grant is used to provide financial assistance to ensure the financial sustainability of the Thusong Service Centres.

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Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.14 Main Roads Subsidy

	2023	2022
Opening Unspent Balance	88 611	88 611
Grants Received / (Repaid)	143 948	129 932
Transferred to Revenue - Operating	(143 948)	(129 932)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	88 611	88 611

The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centres.

24.15 Financial Management Support Grant (FMSG)

	2023	2022
Opening Unspent Balance	394 634	719 079
Grants Received / (Repaid)	(394 634)	(323 228)
Transferred to Revenue - Operating	-	(1 217)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	394 634

The grant is intended to be utilised for the improvement of financial governance.

24.16 Library Subsidy

	2023	2022
Opening Unspent Balance	2 396 490	1 508 467
Grants Received / (Repaid)	8 333 537	10 612 000
Transferred to Revenue - Operating	(9 694 666)	(9 646 761)
Transferred to Revenue - Capital	(634 465)	(77 216)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	400 897	2 396 490

The subsidy is utilised for the operational costs of libraries which is a provincial function.

24.17 Municipal Capacity Building Grant

	2023	2022
Opening Unspent Balance	83 568	825 866
Grants Received / (Repaid)	-	(369 152)
Transferred to Revenue - Operating	(60 910)	(373 146)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	22 658	83 568

To develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

24.18 Municipal Disaster Recovery (Water Supply Grant)

	2023	2022
Opening Unspent Balance	-	569 425
Grants Received / (Repaid)	-	(569 425)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant will be utilised for boreholes.

Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.19 Sport and Recreation

	2023	2022
Opening Unspent Balance	6 636	6 636
Grants Received / (Repaid)	(6 636)	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	6 636

Grant is used to facilitate sport and active recreation participation and empowerment in partnership with relevant stakeholders.

24.20 Municipal Drought Relief (MDR)

	2023	2022
Opening Unspent Balance	105	263 214
Grants Received / (Repaid)	(105)	(150 525)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(112 584)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	105

Grant is used as financial assistance to augment water supply and bulk infrastructure capacity in drought stricken areas.

24.21 Regional socio-economic projects (RSEP)

	2023	2022
Opening Unspent Balance	6 836	447 400
Grants Received / (Repaid)	993 164	-
Transferred to Revenue - Operating	-	(67 110)
Transferred to Revenue - Capital	(727 464)	(373 454)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	272 536	6 836

This grant is earmarked for the erection of fencing, security gates and installation of shutter doors at the trading market.

24.22 Municipal Intervention Grant

	2023	2022
Opening Unspent Balance	2 230	-
Grants Received / (Repaid)	247 770	150 000
Transferred to Revenue - Operating	-	(147 770)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	250 000	2 230

This grant is utilised to provide financial assistance to municipalities to improve infrastructure, systems structure, corporate governance, service delivery and compliance with executive obligations.

24.23 Municipal Service Delivery and Capacity Building Grant (MSDCB)

	2023	2022
Opening Unspent Balance	-	35 582
Grants Received / (Repaid)	620 000	964 418
Transferred to Revenue - Operating	(26 932)	(391 725)
Transferred to Revenue - Capital	(78 450)	(608 275)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	514 618	-

This grant is utilised to provide financial assistance to municipalities to improve infrastructure, systems structure, corporate governance, service delivery and compliance with executive obligations.

Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.24 Public Employment Support Grant

	2023	2022
Opening Unspent Balance	390 313	-
Grants Received / (Repaid)	-	1 600 000
Transferred to Revenue - Operating	(390 313)	(1 209 687)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	390 313

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

24.25 Financial Management Capability Grant

	2023	2022
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 350 000	-
Transferred to Revenue - Operating	(1 260 314)	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	89 686	-

Grant is used to improve financial management capabilities of the Municipality.

24.26 Emergency Municipal Load-Shedding Relief Grant

	2023	2022
Opening Unspent Balance	-	-
Grants Received / (Repaid)	1 800 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(1 800 000)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

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

24.27 Joint District and Metro Grant

	2023	2022
Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(384 000)	-
Transfer to / (from) Receivables	384 000	-
Closing Unspent Balance	-	-

This grant is used to implement catalytic projects to improve infrastructure, systems, structures and service delivery

24.28 Safety Audit and Safety Plan Grant

	2023	2022
Opening Unspent Balance	90 000	-
Grants Received / (Repaid)	170 000	90 000
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(192 797)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	67 203	90 000

This grant will be used to conduct a safety audit and draft a safety plan with the aim to establish a Community Safety Forum (CSF) for the Municipality as outlined in the National Crime Prevention Strategy and White Paper on Safety and Security.

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Figures in Rand	2023	2022

24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.29 DBSA Local Economic Development

Opening Unspent Balance	226 477	226 477
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	226 477	226 477

This grant is utilised for the replacement of bulk sewerage line between Caledon and Myddleton.

24.30 SETA

Opening Unspent Balance	-	-
Grants Received / (Repaid)	478 006	347 761
Transferred to Revenue - Operating	(270 495)	(347 761)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	207 511	-

This grant is for the training and development of municipal officials.

24.31 SANRAL

Opening Unspent Balance	173 950	173 950
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(273 857)	-
Transfer to / (from) Receivables	99 907	-
Closing Unspent Balance	-	173 950

This grant will be utilised for the construction of a taxi rank / bus stop in Grabouw.

24.32 Total Grants

Opening Unspent Balance	15 815 251	10 709 168
Grants Received / (Repaid)	198 018 926	177 317 926
Transferred to Revenue - Operating	(141 545 752)	(127 049 690)
Transferred to Revenue - Capital	(53 130 137)	(44 214 890)
Transfer to / (from) Receivables	483 907	(947 263)
Closing Unspent Balance	19 642 195	15 815 251

25 PUBLIC CONTRIBUTIONS AND DONATIONS

Hogeschool van Arnhem en Nijmegen (HAN)	355 458	729 541
Bursaries Fund	-	-
Total	**355 458**	**729 541**

The movements per grant can be summarised as follows:

25.01 Hogeschool van Arnhem en Nijmegen (HAN)

Opening Unspent Balance	297 868	329 439
Grants Received	468 890	697 970
Transferred to Revenue - Operating	(355 458)	(729 541)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	**411 300**	**297 868**

The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.

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Figures in Rand	2023	2022

25 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)

25.02 Bursaries Fund

	2023	2022
Opening Unspent Balance	4 150	-
Grants Received	120 227	4 150
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	**124 377**	**4 150**

Contributions are made by contractors in terms of the service level agreements with the Municipality. The funds are to be utilised for bursary schemes towards the community.

26 CONTRIBUTED ASSETS

	2023	2022
Property, Plant and Equipment	2 294 517	33 650
Total	**2 294 517**	**33 650**

Contributed Assets consists out of the following:

	2023	2022
- Computer and Office Equipment	44 517	33 650
- Waste Compactor Truck	2 250 000	-
Total	2 294 517	33 650

The contributed assets were received from the following parties:

	2023	2022
- Insurance company replaced the assets rather than paying a refund	44 517	33 650
- Department of Forestry, Fisheries and Environment	2 250 000	-
Total	2 294 517	33 650

27 AVAILABILITY CHARGES

	2023	2022
Electricity	1 365 907	1 310 984
Water	1 914 557	1 830 394
Refuse Removal	710 412	718 767
Sewerage and Sanitation	869 235	874 948
Total	**4 860 111**	**4 735 093**

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

28 FINES, PENALTIES AND FORFEITS

	2023	2022
Traffic	33 004 300	24 541 000
Pound Fees	315 995	430 517
Unclaimed Money	2 344 936	1 642 754
Overdue Books	4 571	6 598
Total	**35 669 802**	**26 620 869**

In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year are recognised as revenue.

Figures in Rand	2023	2022

29 ACTUARIAL GAINS

	2023	2022
Post Retirement Medical Benefits	4 874 531	1 660 063
Long Service Awards	425 983	22 606
Total	**5 300 514**	**1 682 669**

The actuarial gains mainly originated as a result of a increase in the net discount rate being used by the actuaries to calculate the employee benefits.

30 OTHER INCOME (NON-EXCHANGE)

	2023	2022
Landfill Sites - iGRAP 2 adjustments	17 066 372	3 431 172
Insurance Refund	513 980	1 529 684
Total	**17 580 353**	**4 960 856**

Landfill Sites - iGRAP2 adjustments relate to a decrease in the landfill site's rehabilitation provision of which the decrease is in excess of the carrying value of the related asset.

The rehabilitation provision of the Caledon landfill site significantly decreased due to an increase in the estimated useful life and decommissioning date of the site. In the prior year it was estimated that the site would be decommissioned in 2024. However, during the current, year a topographical survey was conducted on the total airspace usage. Based on the surveys, it is estimated that the site will have sufficient airspace until August 2028, and accordingly decommissioning will only be required by 2033.

31 SERVICE CHARGES

	2023	2022
Electricity	117 826 521	118 368 896
Water	89 331 866	86 907 199
Refuse Removal	54 226 626	51 791 925
Sewerage and Sanitation	53 094 846	49 311 037
Total Revenue	**314 479 860**	**306 379 056**
Less: Rebates	(45 553 907)	(43 443 469)
Electricity	(5 155 713)	(5 054 905)
Water	(11 869 360)	(10 359 461)
Refuse Removal	(15 079 234)	(14 824 479)
Sewerage and Sanitation	(13 449 601)	(13 204 624)
Total	**268 925 953**	**262 935 587**

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

32 RENTAL OF FACILITIES AND EQUIPMENT

	2023	2022
Buildings and Commonage	1 623 649	2 049 607
Halls and Sportfields	230 948	115 764
Total	**1 854 597**	**2 165 371**

33 INTEREST EARNED - EXTERNAL INVESTMENTS

	2023	2022
Primary Bank Accounts	5 872 264	2 970 684
Investment Deposits	5 476 346	7 571 705
Eskom Deposits	120 641	55 453
Total	**11 469 251**	**10 597 842**
As previously reported		10 542 388
Correction of error restatement - note 49.1		55 453
Restated balance		10 597 842

Figures in Rand		2023	2022
34	**AGENCY SERVICES**		
	Drivers Licences	1 252 161	1 151 543
	Duplicate Registration	101 871	106 334
	Instructor Certificate	330	825
	Learners	165 434	167 837
	Roadworthy Applications	222 626	230 346
	Roadworthy Certificates	57 171	45 276
	Special Permits	36 963	32 832
	Temporary Permits	63 330	37 188
	Vehicle Licences	4 120 705	3 887 743
	Vehicle Registration	1 615 357	1 479 922
	Total	**7 635 948**	**7 139 847**

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 60 for additional disclosure in this regard.

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

		2023	2022
35	**LICENCES AND PERMITS**		
	Trading	4 362	16 543
	Filming Fees	-	19 250
	Total	**4 362**	**35 792**
36	**OTHER INCOME (EXCHANGE)**		
	Building Plan Approval	1 466 599	1 512 325
	Building Plans Clause Levy	142 936	116 795
	Cemetery and Burial	686 124	910 348
	Clearance Certificates	230 810	247 530
	Collection Charges	1 335 050	1 182 490
	Development Charges	797 006	1 278 945
	Escort Fees	36 574	72 431
	Photocopies and Faxes	74 852	59 604
	Sub-division and Consolidation Fees	374 726	422 968
	Sundry Income	214 685	377 457
	Tender Documents	259 276	352 316
	Wayleave Charges	98 530	1 873 718
	Total	**5 717 167**	**8 406 927**
37	**CONSTRUCTION CONTRACTS**		
	Construction of Housing Top Structures	396 719	29 853
	Total	**396 719**	**29 853**

The Municipality has assessed that it acts as the Developer for the Department of Human Settlements for the construction of top structures.

As the contracts with the Department of Human Settlements are non-commercial contracts with no profit margins, the revenue recognised is based on the amount of expenditure incurred by the Municipality for the construction of the top structures, which is in terms of the stage of completion determined by the progress payments claimed by the respective sub-contractors.

Reconciliation for the year

	2023	2022
Opening balance	(29 853)	-
Payments / Advances received	1 141 275	-
Expenditure incurred / Revenue Recognised	(396 719)	(29 853)
Gross amount due to Department of Human Settlements	714 704	(29 853)

Figures in Rand	2023	2022

38 EMPLOYEE RELATED COSTS

	2023	2022
Basic Salaries and Wages	154 028 827	150 309 696
Pension and UIF Contributions	27 889 222	25 922 223
Medical Aid Contributions	9 453 667	8 816 039
Overtime	12 751 134	9 692 072
Motor Vehicle Allowances	10 628 038	9 091 531
Cell Phone Allowances	990 973	870 375
Housing Allowances	1 011 769	914 566
Other benefits and allowances	12 525 502	9 327 374
Acting Allowances	2 703 278	1 185 248
Bargaining Council	85 709	80 480
Group Life Insurance	2 340 773	2 194 995
Standby Allowances	7 395 742	5 866 652
Contributions to Employee Benefits	17 711 150	17 930 347
Bonuses	12 293 023	11 530 402
Staff Leave	952 183	2 870 549
Performance Bonuses	720 944	(7 603)
Long Service Awards	1 076 000	1 044 000
Post Retirement Medical Benefits	2 669 000	2 493 000
Workmen's Compensation	1 244 340	1 147 860
Total	**248 234 622**	**234 022 083**

38.01 Remuneration of Management Personnel

Municipal Manager - BM Ngubo (9 Nov 2022 - 12 Apr 2023)

	2023	2022
Annual Remuneration	487 386	-
Travelling Allowance	47 333	-
Cell Phone Allowances	1 635	-
Contributions to UIF, Medical and Pension Funds	80 808	-
Leave Payout	110 046	-
Total	727 208	-

Interim Municipal Manager - BM Ngubo (20 Jun 22 - 8 Nov 22)

	2023	2022
Annual Remuneration	488 636	-
Cell Phone Allowances	6 540	-
Contributions to UIF, Medical and Pension Funds	708	-
Total	495 884	-

Interim Municipal Manager - JJ Jonkers (17 Jan 22 - 19 Jun 22)

	2023	2022
Annual Remuneration	-	638 510
Contributions to UIF, Medical and Pension Funds	1 148	-
Performance Bonus	97 065	-
Total	98 212	638 510

Municipal Manager - DP Lubbe (8 Apr 21 - 30 Nov 21)

	2023	2022
Annual Remuneration	-	943 322
Travelling Allowance	-	360 526
Contributions to UIF, Medical and Pension Funds	1 203	-
Performance Bonus	-	38 860
Leave Payout	102 557	-
Severance Package	370 097	-
Total	473 856	1 342 708

Interim Director: Financial Services - BM Ngubo (4 Apr 22 - 19 Jun 22)

	2023	2022
Annual Remuneration	-	284 877
Total	-	284 877

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Figures in Rand	2023	2022

38 EMPLOYEE RELATED COSTS (CONTINUED)

Director: Financial Services - D Louw (resigned 31 Jul 22)

	2023	2022
Annual Remuneration	134 265	859 797
Travelling Allowance	9 000	108 000
Contributions to UIF, Medical and Pension Funds	19 526	211 004
Performance Bonus	-	165 032
Leave Payout	194 479	-
Severance Package	3 161 985	-
Total	3 519 255	1 343 834

Interim Director: Technical and Infrastructure - NL Baliso (1 Feb 2023 - 30 Jun 2023)

	2023	2022
Annual Remuneration	356 690	-
Cell Phone Allowances	7 412	-
Contributions to UIF, Medical and Pension Funds	886	-
Total	364 987	-

Director: Technical and Infrastructure - DD Damons (1 Aug 21 - 31 May 22)

	2023	2022
Annual Remuneration	-	780 583
Travelling Allowance	-	100 000
Total	-	880 583

Interim Director: Development and Planning - MH Gxoyiya (24 Jan 22 - 7 Jun 23)

	2023	2022
Annual Remuneration	1 094 474	477 741
Cell Phone Allowances	18 992	-
Travelling Allowance	3 155	19 092
Contributions to UIF, Medical and Pension Funds	80 175	-
Total	1 196 796	496 833

Director: Community Services - WSE Solomons-Johannes
(Interim appointed 24 Jan 22 - 30 Sep 2022 / Full-Time appointed from 1 Oct 2022)

	2023	2022
Annual Remuneration	928 598	504 369
Travelling Allowance	90 000	-
Cell Phone Allowance	19 619	-
Performance Bonus	46 690	-
Acting Allowance	7 500	-
Contributions to UIF, Medical and Pension Funds	118 255	-
Total	1 210 663	504 369

Director: Corporate Services - WF Hendricks (26 Sep 2022 - 2 Jan 2023)

	2023	2022
Annual Remuneration	255 712	-
Cell Phone Allowance	5 283	-
Contributions to UIF, Medical and Pension Funds	43 122	-
Leave Payout	20 835	-
Total	324 952	-

38.02 Employees acting in management positions

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

		Duration (days)			
Employee	**Acting Position**	**2023**	**2022**		
WSE Solomons-Johannes	Municipal Manager	36	0	7 500	-
D Louw	Municipal Manager	-	34	-	33 954
A Riddles	Director: Finance Services	248	57	285 912	17 122
J Amansure	Director: Corporate Services	191	261	484 726	24 486
Total				778 139	75 562

Figures in Rand	2023	2022

39 REMUNERATION OF COUNCILLORS

	2023	2022
Executive Mayor	959 548	888 632
Deputy Executive Mayor	781 802	606 573
Speaker	788 436	717 262
Mayoral Committee Members	3 696 091	3 365 425
Other Councillors	6 459 704	6 321 698
Total	**12 685 581**	**11 899 590**

In-kind Benefits

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

Councillors may utilize municipal transportation when engaged in official duties.

40 DEBT IMPAIRMENT

	2023	2022
Receivables from Exchange Transactions	65 095 137	57 781 951
Receivables from Non-Exchange Transactions	33 800 375	30 891 690
Long-term Receivables	(1 307 111)	(1 160 831)
Total Debt Impairment	**97 588 401**	**87 512 810**
Movement in VAT included in debt impairment	2 014 154	(4 210 467)
Total	**99 602 555**	**83 302 343**

41 DEPRECIATION AND AMORTISATION

	2023	2022
Property, Plant and Equipment	31 127 123	31 228 989
Investment Property	86 825	102 257
Intangible Assets	59 097	129 573
Total	**31 273 046**	**31 460 819**
As previously reported		30 091 921
Correction of error restatement - note 49.2		1 368 898
Restated balance		**31 460 819**

42 IMPAIRMENT

	2023	2022
Investment Property	894 743	1 558 714
Property, Plant and Equipment	(158 669)	-
Capitalised Restoration Cost	466 921	-
Total	**1 202 995**	**1 558 714**

Impairment movements on Investment Property and Property, Plant and Equipment relate to a change in market values of land and buildings as determined by the new valuation roll to be implemented 1 July 2023.

Impairment on Capitalised Restoration Cost relates to an increase in the landfill site rehabilitation provision of which the corresponding asset is no longer in use. In terms of iGRAP 2, the increase in the provision will result in an increase in the corresponding asset, but as the asset is no longer in use, the said increase in the asset is impaired in full.

Figures in Rand	2023	2022

43 FINANCE CHARGES

Cash	14 003 939	11 108 079
Long-term Liabilities	14 003 939	11 108 079
Non-cash	18 474 610	14 728 342
Post Retirement Medical Benefits	6 092 000	4 793 000
Long Service Awards	1 289 000	1 032 000
Rehabilitation of Landfill Sites	11 093 610	8 903 342
Total	**32 478 549**	**25 836 421**

44 BULK PURCHASES

Electricity	87 773 616	85 631 654
Water	20 730 463	19 371 402
Total	**108 504 079**	**105 003 057**
As previously reported		105 610 057
Correction of error restatement - note 49.1		(607 000)
Restated balance		105 003 057

Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including Department of Water and Sanitation, Overberg Water and a number of private suppliers.

45 CONTRACTED SERVICES

Alien Vegetation Control	124 529	362 176
Business and Financial Management	5 467 295	4 347 578
Clearing and Grass Cutting Services	5 637 823	249 848
Construction of Housing Top Structures	2 312 919	29 853
Copier Costs	154 161	156 780
Drivers Licence Cards	498 203	564 929
Electrical Contractors	2 028 913	2 404 287
Engineering - Civil	536 470	1 005 421
Fire Services	2 392 477	2 358 208
Legal Advice	795 956	2 196 658
Maintenance Services	16 441 929	12 800 652
Management of Informal Settlements	2 088 786	86 480
Refuse Haulage	4 104 151	3 932 276
Research and Advisory	60 164	195 929
Personnel and Labour	17 952 071	7 185 615
Security Services	58 010 028	4 523 852
Translators, Scribes and Editors	52 949	42 154
Valuation Services	1 561 949	175 828
Water Tests	367 511	495 760
Other Contracted Services	3 150 510	1 639 853
Total	**123 738 792**	**44 754 133**

Other Contracted Services consist out of a variety of services, including but not limited to animal care, catering services, human resources and audit committee.

Figures in Rand	2023	2022

46 TRANSFERS AND GRANTS

	2023	2022
Indigent Subsidies - Electricity	4 784 770	4 103 314
Mayoral Charity Fund	400 908	213 644
Local Economic Development	-	100 000
Visitors Information Centre	-	200 000
Small Enterprise Development Agency (SEDA)	-	100 000
Severance Package	3 161 985	-
SMME Support Grant	79 475	-
Total	**8 427 139**	**4 716 958**

47 OTHER EXPENDITURE

	2023	2022
Advertising, Publicity and Marketing	667 870	523 724
Audit Fees	4 166 456	3 971 782
Bank Charges	694 773	623 442
Commission Paid (Electricity)	1 266 149	1 986 026
Electricity - Eskom	13 149 124	13 997 384
Computer Services and Licences	9 980 816	9 739 502
Dumping fees (Karwyderskraal)	2 213 037	1 669 823
Fuel Cost	12 387 928	7 038 530
Full Time Union Representative	185 341	252 745
Hire Charges	62 213 592	3 463 103
Insurance	4 311 389	3 062 174
Maintenance Materials	8 102 562	9 424 647
Material and protective clothing	1 766 816	1 315 803
Membership fees	2 581 954	2 380 261
Postage	108 308	81 798
Printing and stationery	965 347	816 742
Refuse bags	333 986	490 822
Skills development levy	2 212 917	1 950 929
Telephone	699 479	967 265
Training	716 887	523 362
Travel and subsistence	1 803 730	532 710
Ward Committees	145 400	6 400
Water Purification	3 186 560	2 141 594
Sundries and Other Consumables	2 747 912	3 199 630
Total	**136 608 336**	**70 160 199**

48 LOSS ON DISPOSAL OF NON-MONETARY ASSETS

	2023	2022
Proceeds	1 071 565	1 239 910
Less: Carrying value of Investment Property disposed	(427 498)	(183 109)
Less: Carrying value of Property, Plant and Equipment disposed	(249 110)	(1 242 278)
Less: Carrying value of Intangible Assets disposed	-	(424 620)
Total	**394 957**	**(610 096)**

Figures in Rand	2023	2022

49 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

49.1 Receivables

The following errors were noted:

- Deposits made towards Eskom amounting to R2 832 679 were incorrectly accounted for as either capital or operating expenditure, rather then being recognised as a Receivable. The interest earned on the said deposits were also not accounted for.
- An imbalance between the general ledger and debtors listing was noted on Output VAT in Suspense amounting to R2 093 061, which emanated from the previous Abakus accounting system.
- Property Rates amounting to R1 381 046 was incorrectly levied on a property which was transferred to the Municipality during 2017.

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

- Receivables from Non-Exchange Transactions - note 3	Understated	2 832 679
- Taxes - note 5	Overstated	(2 093 061)
- Property, Plant and Equipment - note 10	Overstated	(484 000)
- Payables from Exchange Transactions - note 16	Understated	1 381 046
- Interest Earned - External Investments - note 33	Understated	55 453
- Bulk Purchases - note 44	Overstated	(607 000)
- Accumulated Surplus - note 49.4	Overstated	(1 787 882)

49.2 Property, Plant and Equipment

The following errors were noted:

- It was noted during the physical verifications of assets that movable assets with a carrying value amounting to R76 768 were not recorded on the asset register.
- Completed projects were incorrectly included as work in progress which resulted that depreciation amounting to R1 821 284 was not recognised on the said projects.

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

- Property, Plant and Equipment - note 10	Overstated	(1 744 527)
- Depreciation and Amortisation - note 41	Understated	1 368 898
- Accumulated Surplus - note 49.4	Overstated	(375 629)

49.3 Payables from Exchange Transactions

Accruals amounting to R1 237 210 pertaining to Office of the Compensation Commissioner were not recognised as on 30 June 2022.

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

- Payables from Exchange Transactions - note 16	Understated	1 237 210
- Accumulated Surplus - note 49.4	Overstated	(1 237 210)

49.4 Accumulated Surplus

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

- Receivables - note 49.1	(1 787 882)
- Property, Plant and Equipment - note 49.2	(375 629)
- Payables from Exchange Transactions - note 49.3	(1 237 210)
Total	(3 400 721)

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Figures in Rand	2023	2022
50 NET CASH FROM/(USED) OPERATING ACTIVITIES		
Net Surplus/(Deficit) for the year	(85 803 869)	32 635 596
Adjusted for:		
Non-cash revenue included in Net Surplus	(24 675 556)	(5 221 967)
Actuarial Gains	(5 300 514)	(1 682 669)
Contributed Assets	(2 294 517)	(33 650)
Rental of Facilities and Equipment - decrease in operating lease asset	(14 153)	(74 475)
Change in Provisions for Restoration of Landfill Site	(17 066 372)	(3 431 172)
Non-cash expenditure included in Net Surplus	169 717 466	151 236 582
Employee Related Costs - Contributions towards	19 559 217	19 576 268
Post Retirement Medical Benefits	2 669 000	2 493 000
Long Service Awards	1 076 000	1 044 000
Bonuses	12 293 023	11 530 402
Staff Leave	952 183	2 870 549
Performance Bonuses	720 944	(7 603)
Group Insurance	16 900	(26 214)
Standby and Overtime	1 831 166	1 672 135
Debt Impairment	99 602 555	83 302 343
Depreciation and Amortisation	31 273 046	31 460 819
Impairment	1 202 995	1 558 714
Finance Charges	18 474 610	14 728 342
Post Retirement Medical Benefits	6 092 000	4 793 000
Long Service Awards	1 289 000	1 032 000
Provision for Rehabilitation of Landfill-sites	11 093 610	8 903 342
Loss on disposal of Non-Monetary Assets	(394 957)	610 096
Cash expenditure not included in Net Surplus	(19 570 324)	(16 499 894)
Post Retirement Medical Benefits	(1 967 469)	(1 802 937)
Long Service Awards	(1 790 017)	(1 053 394)
Bonuses	(11 920 765)	(11 381 977)
Staff Leave	(2 076 183)	(929 446)
Performance Bonuses	(143 755)	(203 892)
Pension	-	-
Standby and Overtime	(1 672 135)	(1 128 248)
Operating Surplus before changes in working capital	39 667 717	162 150 316
Movement in working capital	(64 370 231)	(85 031 648)
Long-term Receivables	3 531 277	2 487 325
Receivables from Exchange Transactions	(69 040 360)	(59 329 697)
Receivables from Non-Exchange Transactions	(36 499 305)	(32 637 474)
Taxes	(10 386 822)	3 938 192
Inventory	183 543	(2 478 193)
Consumer Deposits	517 560	135 684
Payables from exchange transactions	44 255 173	(1 257 359)
Unspent Conditional Government Grants	3 826 944	5 086 082
Unspent Public Contributions	233 659	(27 421)
Non-current Investments	(991 900)	(948 786)
Cash Flow from Operating Activities	**(24 702 515)**	**77 118 669**

Figures in Rand	2023	2022

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

Cash and Cash Equivalents comprise out of the following:

	2023	2022
Primary Bank Account	85 906 681	116 873 931
Call and Notice Deposits	-	49 098 691
Cash Floats	9 699	9 699
Total	**85 916 380**	**165 982 321**

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

52 BUDGET COMPARISONS

52.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats. The following items are affected by these classification differences:

Statement of Financial Position

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

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

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

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

Statement of Financial Performance

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

Item	**GRAP Classification**	**Budget Classification**	**Amount**
Revenue			
SANRAL	Government Grants and Subsidies - Capital	Transfers and subsidies - capital (monetary) - Other	273 857
Property, Plant and Equipment	Contributed Assets	Transfers and subsidies - capital (monetary) - Other	2 294 517
Expenditure			
Workmen's Compensation	Employee Related Costs	Other Expenditure	1 244 340
Employee Benefits	Finance Charges	Employee Related Costs	-
Water	Bulk Purchases	Inventory Consumed	20 730 463
Construction of Housing Top Structures	Contracted Services	Transfers and Grants	2 312 919
Indigent Subsidies - Electricity	Transfers and Grants	Other Expenditure	4 784 770
Commission Paid (Electricity)	Other Expenditure	Contracted Services	1 266 149
Sundries and Other Consumables	Other Expenditure	Inventory Consumed	2 105 778
Sundries and Other Consumables	Other Expenditure	Losses	46 293
Printing and stationery	Other Expenditure	Inventory Consumed	771 069
Maintenance Materials	Other Expenditure	Inventory Consumed	8 102 562
Refuse bags	Other Expenditure	Inventory Consumed	333 986
Water Purification	Other Expenditure	Inventory Consumed	3 186 560

52 BUDGET COMPARISONS (CONTINUED)

The treatment of the funding received from the Department of Human Settlements (DoHS) for the Peoples Housings Project (PHP) has different treatment for GRAP and budget purposes. For budget purposes, revenue is budgeted as part of "Transfers recognised - Operational" and the respective expenditure is budgeted as Transfers and Grants, but for GRAP purposes it is treated as an agent function and accordingly no revenue or expenditure is reflected in the Statement of Financial Performance. In order to align the actuals to the budgeted amounts, the following reclassification of revenue and expenditure is required:

Item	GRAP Classification	Budget Classification	Amount
Funding received from DoHS	None	Transfers Recognised - Operational	2 572 295
Expenditure incurred on behalf of DoHS	None	Transfers and Grants	2 572 295

Reconciliation of Actuals	Actuals per Statement of Financial Performance R	Reclassification due to mSCOA versus GRAP classification R	Actuals per Budget Comparison R
REVENUE			
Property Rates	136 353 678	-	136 353 678
Service Charges - Electricity Revenue	114 036 716	-	114 036 716
Service Charges	112 670 809		
Availability Charges	1 365 907		
Service Charges - Water Revenue	79 377 063	-	79 377 063
Service Charges	77 462 506		
Availability Charges	1 914 557		
Service Charges - Sanitation Revenue	40 514 481	-	40 514 481
Service Charges	39 645 246		
Availability Charges	869 235		
Service Charges - Refuse Revenue	39 857 804	-	39 857 804
Service Charges	39 147 392		
Availability Charges	710 412		
Rental of Facilities and Equipment	1 854 597	-	1 854 597
Interest Earned - External Investments	11 469 251	-	11 469 251
Interest Earned - Outstanding Debtors	23 462 549	-	23 462 549
Fines	35 669 802	-	35 669 802
Licences and Permits	4 362	-	4 362
Agency Services	7 635 948	-	7 635 948
Transfers and Subsidies - operating	141 942 471	2 572 295	144 514 765
Government Grants and Subsidies - Operating	141 545 752		
Construction Contracts	396 719		
Other Revenue	23 652 978	-	23 652 978
Public Contributions and Donations	355 458		
Other Income (Non-Exchange)	17 580 353		
Other Income (Exchange)	5 717 167		
Gains	5 695 471	-	5 695 471
Actuarial Gains	5 300 514		
Gain on disposal of Non-Monetary Assets	394 957		
Total Revenue (excluding capital transfers)	**661 527 172**	**2 572 295**	**664 099 467**

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52 BUDGET COMPARISONS (CONTINUED)

EXPENDITURE

Employee Related Costs	248 234 622	(1 244 340)	246 990 282
Remuneration of Councillors	12 685 581	-	12 685 581
Debt Impairment	99 602 555	-	99 602 555
Depreciation and Asset Impairment	32 476 041	-	32 476 041
Depreciation and Amortisation	31 273 046		
Impairment	1 202 995		
Finance Charges	32 478 549	-	32 478 549
Bulk Purchases - electricity	108 504 079	(20 730 463)	87 773 616
Inventory consumed	-	35 230 419	35 230 419
Contracted Services	123 738 792	(1 046 769)	122 692 023
Transfers and Grants	8 427 139	100 443	8 527 581
Other Expenditure	136 608 336	(9 783 287)	126 825 049
Losses	-	46 293	46 293
Total Expenditure	**802 755 695**	**2 572 295**	**805 327 989**
Surplus/(Deficit)	**(141 228 523)**	**-**	**(141 228 523)**
Transfers and subsidies - capital (monetary) - Government	53 130 137	(273 857)	52 856 280
Transfers and subsidies - capital (monetary) - Other	-	2 568 373	2 568 373
Transfers and subsidies - capital (in-kind)	2 294 517	(2 294 517)	-
Surplus/(Deficit) for the year	**(85 803 869)**	**-**	**(85 803 869)**

<u>Cash Flow Statement</u>

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

52.2 Statement of Financial Position

<u>Adjustments to Original Budget</u>

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2021/22.

Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.

<u>Actual Amounts vs Final Budget</u>

Cash and Call Investment Deposits	Actuals were less than budget due to the water distribution crises that emerged as a result of load shedding, resulting in additional expenditure which included security services for the protection of hired generators, plant hire such as water trucks and fuel cost to run the generators.
Consumer debtors	Actuals were less than budget due to a lower debtors collection rate than anticipated, which resulted in an increase in the debt impairment provision.
Property, plant and equipment	Actuals less than budget, as capital expenditure budget was not spent in full (96% of capital budget was spent).
Trade and other payables	Actuals were less than budget are more creditors were paid at year-end than anticipated.
Borrowing	Actuals were more than budget as borrowings taken on in the first semester was in respect capital expenditure relating to the prior year. The second take on in second semester relates capital expenditure of the current year.
Provisions and Employee Benefits	Actuals were less than budget, mainly as a result of the iGRAP 2 adjustment relating to the Caledon landfill site as explained in note 30.
Accumulated Surplus	Accumulated Surplus was less than budget as a result of variances as noted under the budget comparison of the Statement of Financial Performance.

52 BUDGET COMPARISONS (CONTINUED)

52.3 Statement of Financial Performance

Adjustments to Original Budget

Service Charges - Electricity Revenue	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Service Charges - Water Revenue	Decreased as less water was being used by one of the bigger water consumers.
Fines, Penalties and Forfeits	Traffic Fines were increased due to the Provincial Traffic Department issuing more fines than in the past.
Transfers Recognised - Operational	Budget was increased due to the approval of roll-over grant funds as well as an additional allocation from the Department of Human Settlements.
Employee Related Costs	Finance charges relating to Post Retirement Medical Benefits and Long Service Awards were originally budgeted as part of Employee Related Costs. Management decided that due to the nature of the expense, it would be more appropriate to budget for it as part of Finance Charges. Both budget scenario's are within the framework of mSCOA. In addition, the in-service cost for Post Retirement Medical Benefits was incorrectly budgeted for, resulting it in being over budgeted by R6.3 million.
Debt Impairment	Increased due to the increase in traffic fine revenue of which the collection rate is relatively low.
Bulk Purchases - electricity	Decreased due to an increase in load-shedding and more consumers making use of alternative electricity resources.
Contracted Services	Due to loadshedding, a water distribution crises emerged, resulting in additional expenditure which included security services for the protection of generators and plant hire such as water trucks.
Transfers and Grants	Expenditure budget was increased due to additional funding received from the Department of Human Settlements.
Other Expenditure	Due to loadshedding, a water distribution crises emerged, resulting in additional expenditure which included the hire of generators and the associated fuel cost to run the generators.
Transfers and subsidies - capital (monetary) - Government	Budget was increased due to the approval of roll-over grant funds as well as an additional allocation from the Department of Human Settlements.

Virements

The Virement Policy as approved by Council gives authority to the Chief Financial Officer to approve transfers or adjustments falling outside the ambit of this policy. This includes virements between any vote to comply with GRAP requirements. These entries in the final virement passed is within the allowed exception of said policy.

Actual Amounts vs Final Budget

Service Charges - Electricity Revenue	Actuals less than budget as more consumers are making use of alternative electricity resources than initially anticipated.
Transfers Recognised - Operational	Actuals were less than budget mainly as a result of Department of Human Settlements allocation which was only gazetted during the latter part of the financial year. Due to extreme weather conditions all projects could not be implemented.
Employee Related Costs	Actuals less than budget as budgeted positions were still vacant at year-end.
Debt Impairment	Actuals more than budget due to a lower collection rate than anticipated.
Contracted Services Other Expenditure	Actuals were more than budget due to the water distribution crises that emerged as a result of load shedding, resulting in additional expenditure which included security services for the protection of hired generators, plant hire such as water trucks and fuel cost to run the generators.

52.4 Cash Flow Statement

Adjustments to Original Budget

Net Cash from/(used) Operating Activities	Budget was increased due to an additional allocation from the Department of Human Settlements.
Net Cash from/(used) Investing Activities	Budget was increased mainly due to an additional allocation from the Department of Human Settlements.
Net Cash from/(used) Financing Activities	Decrease due to less loans anticipated to be taken up relating to capital expenditure for the current year.

Actual Amounts vs Final Budget

Net Cash from/(used) Operating Activities	Actuals were less than budget mainly due to the water distribution crises that emerged as explained under budget reasons for "Statement of Financial Position".
Net Cash from/(used) Investing Activities	Actuals were less than budget mainly as a result of capital budget not spent in full (96% of capital budget was spent)
Net Cash from/(used) Financing Activities	Actuals more than budget as two year's of loans were taken up as explained under budget reasons for "Statement of Financial Position".

53 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

53.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

	2023	2022
Opening balance	-	-
Unauthorised expenditure current year - operating	104 357 068	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting further action	**104 357 068**	**-**

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

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Directorate Finance	79 789 609	80 216 530	-	-
Vote 4 - Electricity	115 261 444	115 551 623	-	-
Vote 6 - Office of the Municipal Manager	9 868 597	10 052 494	-	-
Vote 8 - Directorate Technical Services and Planning	41 035 836	43 663 386	-	-
Vote 12 - Waste management	65 096 573	69 178 172	-	-
Vote 13 - Waste water management	50 530 170	52 089 531	-	-
Vote 14 - Water	192 448 305	88 091 237	104 357 068	-
Vote 15 - Directorate Development and Community Servi	251 297 456	258 957 263	-	-
Total	**805 327 989**	**717 800 236**	**104 357 068**	**-**
Unauthorised expenditure - Capital				
Vote 1 - Directorate Finance	3 311 998	3 316 273	-	-
Vote 4 - Electricity	23 175 224	23 900 289	-	-
Vote 6 - Office of the Municipal Manager	18 245	18 245	-	-
Vote 8 - Directorate Technical Services and Planning	26 362 530	27 064 724	-	-
Vote 12 - Waste management	6 765 904	6 996 442	-	-
Vote 13 - Waste water management	31 056 343	32 585 706	-	-
Vote 14 - Water	36 270 633	36 462 533	-	-
Vote 15 - Directorate Development and Community Servi	17 837 762	19 397 549	-	-
Total	**144 798 638**	**149 741 761**	**-**	**-**

Figures in Rand	2023	2022

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

53.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

	2023	2022
Opening balance	-	1 850
Fruitless and wasteful expenditure incurred - current year	18 386	-
Approved by Council	-	(1 850)
Fruitless and wasteful expenditure awaiting further action	**18 386**	**-**

Details of fruitless and wasteful expenditure incurred:

	2023	2022
(a) Cashier losses. Investigation finalised and no liability for employees. No further prosecution as per disciplinary outcome.	13 954	-
(b) Overpayment of supplier	4 432	-
Total	**18 386**	**-**

Details of fruitless and wasteful expenditure awaiting further action:

	2023	2022
(a) Cashier losses. Investigation finalised and no liability for employees. No further prosecution as per disciplinary outcome.	13 954	-
(b) Overpayment of supplier	4 432	-
Total	**18 386**	**-**

53.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

	2023	2022
Opening balance	755 639	2 690 071
Irregular expenditure incurred - current year	191 842 211	1 980 693
Irregular expenditure incurred - prior year	5 036 073	-
Approved by Council	(97 396 047)	(3 915 125)
Irregular expenditure awaiting further action	**100 237 876**	**755 639**

Details of irregular expenditure incurred

	2023	2022
(a) Non-compliance with Preferential Procurement Regulations 2017	-	197 695
(b) Deviations not considered to be impractical or exceptional circumstances	7 842 625	155 471
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	20 666 002	305 616
(d) Services rendered without a contract, order or quotation.	-	12 900
(e) Non-compliance with Regulations on Appointment and Conditions of Employment of Senior Managers, as per Government Gazette No. 37245; and Upper Limits for Senior Managers' Remuneration, as per Government Gazette No. 43122.	-	394 056
(f) No reasons documented and approved by delegated official for not obtaining at least three quotations in terms of regulation 17(1)(a) of the Municipal supply chain regulations	375 759	233 683
(g) SCM Reg 43 Suppliers tax matters not compliant	-	150 839
(h) SCM Reg 36 (1) (v) Deviation Impractical - extension of contract due to new service provider not delivering	-	530 433
(i) Non-compliance with SCM Reg 29(b)(2) - Bid Adjudication Committees	9 840 576	-
(j) Non compliance with section 112 (1) (a) to (g) of the MFMA	142 060 954	-
(k) Section 52 of the SCM policy not followed	5 400	-
(l) Service rendered and invoice paid of which section 36 deviation was subsequently rejected	2 280	-
(m) NGO appointed to organise event without approaching any other event organisation to make such an offering	179 895	-
(n) Non compliance with cost containment policy	1 540	-
(o) Non-compliance with PPR 2017 8(2): Local production and content	9 258 759	-
(p) Deviations not considered to be an emergency	2 802 524	-
(q) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	3 841 970	-
Total	**196 878 284**	**1 980 693**

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

Details of irregular expenditure awaiting further action:

	2023	2022
(a) Non-compliance with Preferential Procurement Regulations 2017	-	-
(b) Deviations not considered to be impractical or exceptional circumstances	7 957 625	115 000
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	20 666 002	-
(d) Services rendered without a contract, order or quotation.	12 900	12 900
(e) Non-compliance with Regulations on Appointment and Conditions of Employment of Senior Managers, as per Government Gazette No. 37245; and Upper Limits for Senior Managers' Remuneration, as per Government Gazette No. 43122.	-	394 056
(f) No reasons documented and approved by delegated official for not obtaining at least three quotations in terms of regulation 17(1)(a) of the Municipal supply chain regulations	609 442	233 683
(g) SCM Reg 43 Suppliers tax matters not compliant	-	-
(h) SCM Reg 36 (1) (v) Deviation Impractical - extension of contract due to new service provider not delivering	-	-
(i) Non-compliance with SCM Reg 29(b)(2) - Bid Adjudication Committees	1 075 990	-
(j) Non compliance with section 112 (1) (a) to (g) of the MFMA	54 010 688	-
(k) Section 52 of the SCM policy not followed	-	-
(l) Service rendered and invoice paid of which section 36 deviation was subsequently rejected	-	-
(m) NGO appointed to organise event without approaching any other event organisation to make such an offering	436	-
(n) Non compliance with cost containment policy	1 540	-
(o) Non-compliance with PPR 2017 8(2): Local production and content	9 258 759	-
(p) Deviations not considered to be an emergency	2 802 524	-
(q) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	3 841 970	-
Total	**100 237 876**	**755 639**

Incidents/cases identified in the current year include:

	2023	2022
(a) Non-compliance with Preferential Procurement Regulations 2017	-	14
(b) Deviations not considered to be impractical or exceptional circumstances	4	6
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	1	3
(d) Services rendered without a contract, order or quotation.	-	2
(e) Non-compliance with Regulations on Appointment and Conditions of Employment of Senior Managers, as per Government Gazette No. 37245; and Upper Limits for Senior Managers' Remuneration, as per Government Gazette No. 43122.	-	2
(f) No reasons documented and approved by delegated official for not obtaining at least three quotations in terms of regulation 17(1)(a) of the Municipal supply chain regulations	4	2
(g) SCM Reg 43 Suppliers tax matters not compliant	-	1
(h) SCM Reg 36 (1) (v) Deviation Impractical - extension of contract due to new service provider not delivering	-	1
(i) Non-compliance with SCM Reg 29(b)(2) - Bid Adjudication Committees	3	-
(j) Non compliance with section 112 (1) (a) to (g) of the MFMA	45	-
(k) Section 52 of the SCM policy not followed	1	-
(l) Service rendered and invoice paid of which section 36 deviation was subsequently rejected	1	-
(m) NGO appointed to organise event without approaching any other event organisation to make such an offering	1	-
(n) Non compliance with cost containment policy	1	-
(o) Non-compliance with PPR 2017 8(2): Local production and content	1	-
(p) Deviations not considered to be an emergency	3	-
(q) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	391	-

No irregular expenditure incurred has been recovered.

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

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54 MATERIAL LOSSES

54.1 Water distribution losses

Kilo litres disinfected/purified/purchased	6 166 465	5 189 890
Kilo litres sold and free basic services	4 328 773	3 431 679
Kilo litres lost during distribution	1 837 691	1 758 211
Percentage lost during distribution	29.80%	33.88%

Normal pipe bursts, field leakages and unmetered connections are responsible for water losses.

54.2 Electricity distribution losses

Units purchased (Kwh)	53 918 870	60 798 092
Units sold, free basic services and standard friction losses	51 007 528	56 801 157
Units lost during distribution (Kwh)	2 911 342	3 996 935
Percentage lost during distribution	5.40%	6.57%

55 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

55.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	(2 416 499)	(2 370 736)
Expenditure incurred	2 416 499	2 370 736
Payments	(2 926 970)	(2 416 499)
Payments in advance	**(2 926 970)**	**(2 416 499)**

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

Opening balance	-	-
Expenditure incurred	4 791 424	4 567 549
External Audit - Auditor-General	4 166 456	3 971 782
VAT on External Audit	624 968	595 767
Payments	(4 791 424)	(4 567 549)
Outstanding Balance	**-**	**-**

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

Opening balance	3 270 937	2 437 411
Net amount claimed/(declared) during the year	18 041 564	6 930 843
Net amount paid/(received) during the year	(16 817 298)	(6 097 318)
Outstanding Balance Receivable/(Payable)	**4 495 203**	**3 270 937**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

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

Opening balance	-	-
Payroll deductions and Council Contributions during the year	43 784 759	36 283 560
Payments	(43 784 759)	(36 283 560)
Outstanding Balance	**-**	**-**

Figures in Rand	2023	2022

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

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

	2023	2022
Opening balance	-	-
Payroll deductions and Council Contributions during the year	59 442 614	55 221 271
Payments made to pension and medical fund	(59 442 614)	(55 221 271)
Outstanding Balance	**-**	**-**

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

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2023	2022
MS Shale	13 256	25 945
MA Nomkoko	35 264	48 691
S Fredericks	-	2 394
M Gana	-	17 044
DA Appel	234	13 255
B Mkwhibiso	2 114	14 195
PJ Stander	1 367	-
DA Jacobs	933	-
Total	**53 168**	**121 524**

Payment arrangements have been undertaken by Councillors listed below:

MS Shale
MA Nomkoko
B Mkwhibiso

55.7 Deviations from Supply Chain Management Regulations

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

	2023	2022
Section 36(1)(a)(i) - Emergencies	6 215 741	5 363 530
Section 36(1)(a)(ii) - Single provider	123 711	198 131
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical to follow official procurement process	26 315 136	13 715 286
Total	**32 654 588**	**19 276 947**

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

	2023	2022
MM Office	29 996	343 275
Financial Services	2 282 771	6 077 648
Corporate Services	1 830 570	1 900 134
Development Services and Community Services	20 437 683	8 638 553
Economic Development and Planning	7 267 856	1 742 348
Technical and Infrastructure and Implementation	805 711	574 988
Total	**32 654 588**	**19 276 947**

Deviations from Supply Chain Management Regulations were identified on the quotation/tender categories:

	2023	2022
Less than R30 000	1 959 867	2 357 783
Between R30 001 and R200 000	5 627 770	7 605 674
Between R200 001 and R2 000 000	10 475 277	7 100 474
More than R2 000 001	14 591 674	2 213 016
Total	**32 654 588**	**19 276 947**

Figures in Rand	2023	2022

56 CAPITAL COMMITMENTS

	2023	2022
Approved and contracted for	**31 752 885**	**48 014 951**
Infrastructure	31 097 302	48 014 951
Community Assets	655 583	-
This expenditure will be financed from:		
External Loans	15 383 756	24 633 674
Government Grants	11 800 282	19 126 647
Own Resources	4 568 847	4 254 630
Total	**31 752 885**	**48 014 951**

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

57 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

57.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	2023	2022
Cash and Cash Equivalents	85 906 681	165 972 622
Receivables from exchange transactions	35 857 844	32 930 597
Receivables from non-exchange transactions	678 044	515 770
Long-term Receivables	1 642 505	3 866 671
Non-current Investments	13 828 856	12 836 955
Total	**137 913 931**	**216 122 615**

Cash and Cash Equivalents and Non-current Investments

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

There are no restrictions on the cash deposits held, except for the fixed deposit that serve as security for stock loans as disclosed in note 13.2 and 14.2.

Receivables from Exchange Transactions

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

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

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

Figures in Rand	2023	2022

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

No collateral is held from any consumers (other than consumer deposits).

Refer to note 14.2 for receivables pledged as security for Long-term Liabilities.

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

	2023	2022
Electricity	1 403 587	1 243 752
Water	4 028 061	2 278 751
Refuse	1 815 014	1 437 184
Sewerage	1 484 482	1 246 754
Interest	1 485 280	892 591
Other	293 743	246 259
Availability Charges	451 973	285 904
Total	**10 962 140**	**7 631 195**

Past due receivables are aged as follow:

	2023	2022
1 to 3 months overdue	7 584 847	4 544 950
4 months to 1 year overdue	2 021 272	1 850 958
1 year overdue	1 356 021	1 235 287
Total	**10 962 140**	**7 631 195**

57.2 Currency risk (Market Risk)

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

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

57.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

	2023	2022
Cash and Cash Equivalents (excluding cash on hand)	85 906 681	165 972 622
Long-term Liabilities (including current portion)	-	-
Net balance exposed	**85 906 681**	**165 972 622**

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

	2023	2022
0.5% (2022 - 0.5%) increase in interest rates	429 533	829 863
0.5% (2022 - 0.5%) decrease in interest rates	(429 533)	(829 863)

57.4 Liquidity risk

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

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

57 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2023				
Annuity Loans	41 402 260	140 539 380	135 159 019	317 100 660
Stock Loans	1 358 419	17 116 487	-	18 474 906
Payables from exchange transactions	105 162 324	-	-	105 162 324
Total	**147 923 004**	**157 655 867**	**135 159 019**	**440 737 890**
30 JUNE 2022				
Annuity Loans	23 530 004	79 278 786	46 246 833	149 055 624
Stock Loans	1 354 582	18 474 906	-	19 829 488
Payables from exchange transactions	63 069 335	-	-	63 069 335
Total	**87 953 922**	**97 753 693**	**46 246 833**	**231 954 448**

57.5 Other price risk (Market Risk)

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

The following balance is exposed to price risk:

	2023	2022
Non-current Investments - Listed shares	179 951	163 051

58 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

	2023	2022
Cash and Cash Equivalents	85 906 681	165 972 622
Bank Accounts	85 906 681	116 873 931
Call Investment Deposits	-	49 098 691
Receivables from Exchange Transactions	35 857 844	32 930 597
Electricity	8 684 501	9 180 776
Water	15 256 980	12 605 959
Refuse	4 160 999	3 850 392
Sewerage	5 128 882	5 064 520
Interest	1 671 937	1 070 336
Other	522 183	429 933
Accrued Interest	432 362	728 681
Receivables from Non-Exchange Transactions	678 044	515 770
Availability Charges	678 044	515 770
Long-term Receivables	1 642 505	3 866 671
Receivables with repayment arrangements	1 642 505	3 866 671
Non-current Investments	13 648 904	12 673 904
Fixed Deposits	13 648 904	12 673 904
Total	**137 733 979**	**215 959 564**

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Figures in Rand	2023	2022

58 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities

Payables from Exchange Transactions	105 162 324	63 069 335
Trade Payables	85 583 037	32 797 253
Retentions	7 784 978	8 589 370
Department of Human Settlements	1 834 148	5 334 915
Sundry Deposits	9 319 568	15 638 481
Accrued Interest	640 594	709 317
Long-Term Liabilities	202 655 539	116 586 408
Annuity Loans	188 185 739	102 116 608
Stock Loans	14 469 800	14 469 800
Total	**307 817 863**	**179 655 743**

The Municipality recognised the following financial instruments at fair value:

Financial Assets

Non-current Investments		
Listed shares	**179 951**	**163 051**

59 STATUTORY RECEIVABLES

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

Receivables from Non-Exchange Transactions	18 337 686	16 180 373
Property Rates	15 102 486	13 878 773
Unpaid Traffic Fines	3 235 200	2 301 600
Taxes - VAT Claimable from SARS	4 759 582	3 179 301
Total	**23 097 268**	**19 359 674**

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

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 23 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 28 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

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

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

Property Rates		
- Past due at the reporting date, and which have been impaired	26 017 931	33 416 355
- Past due that have not been impaired	7 740 453	6 799 628

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Figures in Rand	2023	2022

60 PRINCIPAL-AGENT ARRANGEMENTS

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

60.1 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

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

	2023	2022
Collections payable to the Department at beginning of year	314 444	599 075
Revenue collected from third parties	38 287 274	35 838 863
Commission earned on collections included in note 34	(5 938 226)	(5 498 510)
VAT on commission earned payable to the South African Revenue Services	(890 779)	(824 777)
Collections paid over to The Department	(31 379 355)	(29 800 208)
Collections payable to the Department at year-end	**393 358**	**314 444**

60.2 Department of Human Settlements

The Municipality acts as an agent for the Department of Human Settlements for the Peoples Housing Project (PHP) and to facilitate the deed transfers to qualifying beneficiaries.

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

	2023	2022
Balance at beginning of year	5 364 768	5 447 327
Payments received from / (funds returned to) the Department	(1 673 029)	1 201 560
Expenditure incurred on behalf of the Department	(2 572 295)	(1 284 118)
Balance at year-end	**1 119 445**	**5 364 768**

60.3 Other Arrangements

The Municipality has entered into arrangements with prepaid electricity vendors to provide services to the public on behalf of the Municipality. Various prepaid electricity vendors sell electricity on the Municipality's behalf. The software used results in all transactions being recorded in the Municipality's sub-system. The Municipality collects the cash receipts from the vendors on a daily basis and therefore collects the revenue in full. Prepaid vendors earn commission on the value of each transaction. The nature of these arrangements were assessed and the transactions are not considered to fall within the scope of GRAP 109.

61 EVENTS AFTER REPORTING DATE

The following events after reporting date are noted:

- The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils was issued on 18 August 2023, which stipulate that the notice takes effect from 1 July 2022. As on reporting date, this notice has been adopted by the Council, but has not yet been approved by the MEC. The financial impact is calculated at R477 571.

62 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 26 were donated to the Municipality.

63 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

Figures in Rand	2023	2022

64 CONTINGENT LIABILITIES

The Municipality were not exposed to any contingent liabilities at year end.

65 COVID-19

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

	2023	2022
Personal Protective Equipment and Sanitizers	-	72 238
Total	**-**	**72 238**

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

	2023	2022
Own Revenue	-	72 238
Total	**-**	**72 238**

66 RELATED PARTIES

66.1 Related Party Loans

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

66.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 38 and 39.

66.3 Current Employee Benefits

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

		2023	2022
Mr WSE Solomons-Johannes	- Director: Community Services	151 789	-
Mr D Louw	- Director: Financial Services	-	187 126
Total		**151 789**	**187 126**

66.4 Remuneration payable to Council

The Government Gazette for the determination of upper limits of the salaries, allowances and benefits of different members of municipal councils were issued on 2 June 2022, Notice no 2126 of Government Gazette no 46470, which stipulate that the notice takes effect from 1 July 2021. The notice was implemented after year-end of which payment was made on 25 August 2022.

	2023	2022
Remuneration payable to Council in terms of the notice	**-**	**351 522**

66.5 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

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

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

Company	Relationship	Position of person in service of the state	2023	2022
Finck Attorneys	Owner Ronald Finck is the spouse Gail Finck	TWK Senior Clerk Clearances	8 000	-
Petrol & Diesel Enjin Sentrum	Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius	TWK Chief Clerk	1 210 286	1 232 765
Adenco Construction	Director Victor Machimana is the parent of Helen Machimana; Director Vuyo Machimana is the parent of Busisiwe Skosana and Director Daniel Jackson is the parent of Adele Kassner	Helen Machimana, Department of Welfare Limpopo Social Worker; Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Adele Kassner, Department of Education Teacher	1 064 500	3 860 999
WAM Technology	Director Willem Botes is the spouse of Stella Botes and Maria le Roux is his daughter	Spouse - Department of Education Teacher Daughter - Employee at City of Cape Town (Manager of Coastal Engineering Department)	-	29 662
Zutari (Pty) Ltd. (Aurecon SA - Professional Services)	Parent of R Mehlala and Son of G Saaiman; Heather Ahlschalger spouse of Richard Ahlschalger; Shanaaz Seegers, Nadiema Allie, Mariam Gasant brother and sister of Ismail Gasant; Krishnavenie Nadasen spouse of Kevin Nadasen; Maria Marques spouse of Ermis Marques; Tlou Ndala spouse of Joseph Ndala	R Mehlala, CFO: Eastern Cape Arts and Culture Council and G Saaiman, Auditor General; Heather Ahlschalager Special Investigation Unit(independent statutory body that is accountable to Parliament and the president; Shanaaz Seegers City of Cape Town; Nadiema Allie South African Revenue Services; Mariam Gasant South African Revenue Services; Krishanvenie Nadasen National Department of Public Works; Maria MArques Department of Home Affairs; Tlou Ndala Gauteng Department of Education	740 770	3 038 361
Fairbridges Attorneys	Director Waheeda Shreef is the spouse of Mohammed Jawodeen; Director Adela Petersen is the sister of Shaheed Hofmeester and Director Diane-Maree Rauch is the daughter-in-law of Henk Rauch	Mohammed Jawodeen, Non-Executive Director of the Central Energy Fund; Shaheed Hofmeester, a Teacher and Henk Rauch, Programme Manger at Petrosa.	72 970	916 294
Suid-Kaap Waardeerders	Owner Stephanus de Swardt is the spouse of Anna de Swardt	Professional Nurse at the Provincial Adminstration of Western Cape	-	69 283

67 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS (CONTINUED)

Company	Relationship	Position of person in service of the state	2023	2022
FCR Abrahams	Owner Frank Abrahams is the spouse of Berdine Abrahams, Father in-law of Anarood Plaatjies	Berdine Abrahams- TWK Debtors Clerk Anarood Plaatjies- Accountant Saldanha Municipality	60 617	117 773
Transoverberg Management Solutions	Owner Carlynn Cloete daughter of Sydney Armoed, Sister to Enslin Armoed	Enslin Armoed-Knysna Municipality Supervisor Sydney Armoed- Technical Officer Twk	139 060	77 334
Conlog (Pty) Ltd	Director Logandhren Moodley is the spouse of Nirvasha Moodley	Department of Health Director	148 822	-
Reginald du Plessis	Owner Reginald du Plessis is the spouse of Cerhal du Plessis and the son-in-law of Caroline Wood	Cerhal du Plessis, TWK General Worker; Caroline Wood, TWK Councillor	1 900	3 400
Bosman Smit Pretorius Inc	Owner Marriette Pretorius is the spouse of Gavin Brink	SAPS Police Officer	14 207	-
Shyzac 01 Security Solutions & Maintenance	Director Bjorn Africa is the second cousin of Annielle Martin	TWK - Senior Administrator	225 440	1 005 570
Neil Lyners and Associates	Director Neil Lyners is the brother of HG Lyners	Department of Transport and Public Works - Director	3 324 045	643 865
Lipus Goods and Services (Pty) Ltd.	The spouse of Templeton Tando Maku (Director) is a Chief Registry Clerk at the Department of Community Safety	Chief Registry Clerk	-	313 630
Mad Bulldogz Distributors	The spouse of Hein Erasmus (Director) is a Principle Clerk Salaries at TWK Mun.	Principle Clerk Salaries	-	1 944
AmandlaGCF Construction CC	Wendell Frazenberg, Director of AmandlaGCF Construction CC, is the brother-in-law of John Jacobs who is employed at the National Government Employment & Labour Department. Wendell Frazenberg is the brother of Unita Frazenberg, Eben Frazenberg, Jaqueline Frazenberg and Bryan Frazenberg who is employed at the National Government Deeds office, Education Department, Education Department and City of Cape Town - Traffic Department.	Teachers and Traffic Department	6 814 952	13 238 038
JVZ Construction (Pty) Ltd.	Marisa Matthee, Director of JVZ Construction (Pty) Ltd., is the spouse of RE Matthee whom is employed at the Department of Correctional Services.	Security Officer	3 512 873	20 315 837
Lit Technics	Jan Petrus Barnard, Director of LIT Technics (Pty) Ltd., is the independent child of Jan Barnard who works at TWK Mun.	Dep. Dir. Community Services	168 105	1 199
Royal Haskoning DHV	Salani Sithole, Director of Royal Haskoning DHV, is the spouse of Tryphosa Sithole who is employed at the City of Johannesburg.	Associate Director	354 252	172 073

67 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS (CONTINUED)

Company	Relationship	Position of person in service of the state	2023	2022
Abe Rewinds t/a Delta Rewinds	Abduragman Daniels, Director of Abe Rewinds t/a Delta Rewinds, is the independent child of Mischa Human who is employed by the City of Cape Town.	Clerk	-	444 978
Groenland Motor Truck & Bakkie	Mina Snyders, Director of Groenland Motor Truck & Bakkie, is the sister-in-law of Morrizlin Josephs and Cornelius Josephs who is employed at TWK Mun. and SAPD.	Traffic Officer and Police Officer	200 357	158 768
Renco Advisory Services	Renco Theunissen, Director of Renco Advisory Services. Ranver Theunissen is the brother of Renco, Inge Theunissen is the sister-in-law of Renco, Kassandra Theunissen is the sister of Renco, Kallie Papier is the uncle of Renco, Christolene Theunissen, Melanie Fisher and Daniel papier is the cousin of Renco.	Department of Health - Temp. Worker, Assistant Director, SCM Clerk. TWK Mun. - Deputy Mayor, Administrator - Income, Administrator, Operator	-	90 150
Element Consulting Engineers (Pty) Ltd.	P Rossouw, Director of Element Consulting Engineers (Pty) Ltd., is the spouse of R Rossouw who is employed by the Education Department. M Shezi, Director of Element Consulting Engineers (Pty) Ltd., is the spouse of E Shezi also employed by the Education Department.	Teachers	1 210 356	4 965 630
JLA Logistics (Pty) Ltd.	Janine Cupido, Director of JLA Logistics (Pty) Ltd., is the daughter of A Cupido who is employed at the Department of Correctional Services.	Warden	94 340	101 282
Dick Whittington Shoes (Pty) Ltd.	Dr Z.L Mkhize spouse of MM.Mkhize director of Dick Whiitington Shoes	Minister of Health	-	40 365
JPCE (Pty) Ltd.	J.Minnie spouse of Jorina Minnie director of JPCE	Head:Operation Centre and System Integration Disaster Risk Management Centre, Safety and Security Directorate	1 866 239	1 327 363
Ez Projects	K.Piquer spouse of E.Piquer director of EZ Projects	Department of Health(Professional Nurse Tulbagh Clinic)	-	94 055
EJ'S Auto and Mechanical Services (Pty) Ltd	Spouse of Sue-Ellen Januarie	Sergeant Traffic Officer	49 570	58 690
Confrank (Pty) Ltd.	Owner F. Benson spouse L.Benson	Teacher (WCED) Villiersdorp	25 050	-
Zweni Energy (Pty) Ltd	Spouse of Michell Everol Thomas	Senior Clerk/Cashier	-	153 990
Kemanzi (Pty) Ltd.	JN du Toit spouse of H du Toit director of Kemanzi (Pty) Ltd	Inspector Traffic Services: City of Cape Town	1 086 097	-
Can Marketing Solutions (Pty) Ltd.	Maarman spouse of C Maarman director of Can Marketing Solutions (Pty) Ltd	Transnet	165 000	-
Total			**22 557 807**	**52 473 297**

68 NON-LIVING RESOURCES

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

- Botrivier
- Caledon
- Genadendal
- Greyton
- Tesselaarsdal
- Villiersdorp

69 SEGMENT REPORTING

69.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 59 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and Administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Tourism, Sportfields, Housing, Informal Settlements, Parks, Cemeteries, Halls and Cemeteries
3	Public Safety	Traffic control, animal control and pounds
4	Planning and Development	Town planning, local economic development and building control
5	Roads and Stormwater	Construction and maintenance of roads and storm water
6	Environmental Affairs	Disaster management, air pollution control and nature reserve
7	Electricity Services	Electricity Services
8	Water Services	Water Services
9	Sewerage Services	Sewerage Services
10	Refuse Services	Refuse Services

69.2 Reporting on segment assets and liabilities

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

69.3 Geographic Segment Reporting

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

69.4 Measurement of specific segment information

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

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

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

69	SEGMENT REPORTING (CONTINUED)	Governance and Administration	Community Services	Public Safety	Planning and Development	Roads and Stormwater	Environmental Affairs	Electricity Services	Water Services	Sewerage Services	Refuse Services	Total
69.5	**Specific Segment Reporting**	R	R	R	R	R	R	R	R	R	R	R
	2023											
	REVENUE											
	External Revenue from Non-Exchange Transactions	**225 510 738**	**41 679 369**	**33 513 092**	**28 488 927**	**417 805**	**-**	**6 521 619**	**13 783 917**	**14 318 836**	**32 856 018**	**397 090 322**
	Property Rates	136 353 678	-	-	-	-	-	-	-	-	-	136 353 678
	Government Grants and Subsidies - Operating	81 769 719	11 610 866	-	2 467 313	143 948	-	5 155 713	11 869 360	13 449 601	15 079 234	141 545 752
	Public Contributions and Donations	355 458	-	-	-	-	-	-	-	-	-	355 458
	Government Grants and Subsidies - Capital	1 878 450	24 763 418	192 797	26 021 615	273 857	-	-	-	-	-	53 130 137
	Contributed Assets	2 294 517	-	-	-	-	-	-	-	-	-	2 294 517
	Availability Charges	-	-	-	-	-	-	1 365 907	1 914 557	869 235	710 412	4 860 111
	Fines, Penalties and Forfeits	2 344 936	4 571	33 320 295	-	-	-	-	-	-	-	35 669 802
	Actuarial Gains	-	5 300 514	-	-	-	-	-	-	-	-	5 300 514
	Other Income (Non-Exchange)	513 980	-	-	-	-	-	-	-	-	17 066 372	17 580 353
	External Revenue from Exchange Transactions	**37 395 299**	**799 768**	**7 676 885**	**4 546 239**	**-**	**-**	**112 791 450**	**77 462 506**	**39 645 246**	**39 147 392**	**319 464 785**
	Service Charges	-	-	-	-	-	-	112 670 809	77 462 506	39 645 246	39 147 392	268 925 953
	Rental of Facilities and Equipment	-	37 081	-	1 817 517	-	-	-	-	-	-	1 854 597
	Interest Earned - External Investments	11 348 610	-	-	-	-	-	120 641	-	-	-	11 469 251
	Interest Earned - Outstanding Debtors	23 462 549	-	-	-	-	-	-	-	-	-	23 462 549
	Agency Services	-	-	7 635 948	-	-	-	-	-	-	-	7 635 948
	Licences and Permits	-	-	4 362	-	-	-	-	-	-	-	4 362
	Other Income (Exchange)	2 189 183	762 687	36 574	2 728 723	-	-	-	-	-	-	5 717 167
	Gain on disposal of Non-Monetary Assets	394 957	-	-	-	-	-	-	-	-	-	394 957
	Construction Contracts	**-**	**396 719**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**396 719**
	TOTAL REVENUE	**262 906 037**	**42 875 855**	**41 189 977**	**33 035 167**	**417 805**	**-**	**119 313 070**	**91 246 423**	**53 964 082**	**72 003 410**	**716 951 825**
	EXPENDITURE											
	Employee Related Costs	58 853 625	56 392 674	28 500 591	31 446 901	17 284 162	-	9 196 844	9 806 003	17 456 743	19 297 081	248 234 622
	Remuneration of Councillors	12 685 581	-	-	-	-	-	-	-	-	-	12 685 581
	Debt Impairment	25 282 643	-	27 416 250	-	-	-	2 613 079	19 846 757	11 158 751	13 285 075	99 602 555
	Depreciation and Amortisation	5 573 991	882 544	-	86 825	4 817 211	-	3 520 904	6 953 521	5 643 627	3 794 422	31 273 046
	Impairment	-	-	-	736 074	-	-	-	-	-	466 921	1 202 995
	Finance Charges	1 072 041	7 527 614	30 781	138 671	2 003 831	-	1 045 029	4 455 858	3 435 434	12 769 290	32 478 549
	Bulk Purchases	-	-	-	-	-	-	87 773 616	20 730 463	-	-	108 504 079
	Contracted Services	10 556 113	22 992 536	3 877 770	4 120 056	3 033 132	3 925 828	2 240 726	59 905 061	4 333 725	8 753 845	123 738 792
	Transfers and Grants	3 370 215	272 153	-	-	-	-	4 784 770	-	-	-	8 427 139
	Other Expenditure	26 157 086	6 599 341	2 944 813	3 932 612	6 740 966	164 573	4 086 475	70 750 642	8 501 890	6 729 938	136 608 336
	Total Expenditure	**143 551 296**	**94 666 861**	**62 770 205**	**40 461 139**	**33 879 302**	**4 090 401**	**115 261 444**	**192 448 305**	**50 530 170**	**65 096 573**	**802 755 695**
	NET SURPLUS/(DEFICIT) FOR THE YEAR	**119 354 741**	**(51 791 006)**	**(21 580 227)**	**(7 425 972)**	**(33 461 497)**	**(4 090 401)**	**4 051 626**	**(101 201 882)**	**3 433 911**	**6 906 838**	**(85 803 869)**
	Less: Government Grants and Subsidies - Capital	(1 878 450)	(24 763 418)	(192 797)	(26 021 615)	(273 857)	-	-	-	-	-	(53 130 137)
	Less: Contributed Assets	(2 294 517)	-	-	-	-	-	-	-	-	-	(2 294 517)
	OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**115 181 775**	**(76 554 424)**	**(21 773 025)**	**(33 447 587)**	**(33 735 354)**	**(4 090 401)**	**4 051 626**	**(101 201 882)**	**3 433 911**	**6 906 838**	**(141 228 523)**
	CAPITAL EXPENDITURE FOR THE YEAR	**8 900 020**	**29 351 085**	**1 834 945**	**1 165 339**	**6 275 297**	**3 849**	**23 175 224**	**36 270 633**	**31 056 343**	**6 765 904**	**144 798 638**

69 SEGMENT REPORTING (CONTINUED)

69.5 Specific Segment Reporting

	Governance and Administration	Community Services	Public Safety	Planning and Development	Roads and Stormwater	Environmental Affairs	Electricity Services	Water Services	Sewerage Services	Refuse Services	Total
	R	R	R	R	R	R	R	R	R	R	R
2022											
REVENUE											
External Revenue from Non-Exchange Transactions	**201 397 698**	**29 894 121**	**24 971 517**	**21 767 203**	**129 932**	**-**	**11 725 217**	**14 802 439**	**14 079 572**	**18 974 419**	**337 742 117**
Property Rates	127 714 860	-	-	-	-	-	-	-	-	-	127 714 860
Government Grants and Subsidies - Operating	69 112 474	10 038 486	-	3 494 357	129 932	-	5 559 789	10 685 548	13 204 624	14 824 479	127 049 690
Public Contributions and Donations	729 541	-	-	-	-	-	-	-	-	-	729 541
Government Grants and Subsidies - Capital	634 735	18 166 368	-	18 272 846	-	-	4 854 443	2 286 497	-	-	44 214 889
Contributed Assets	33 650	-	-	-	-	-	-	-	-	-	33 650
Availability Charges	-	-	-	-	-	-	1 310 984	1 830 394	874 948	718 767	4 735 093
Other Income (Non-Exchange)	1 529 684	-	-	-	-	-	-	-	-	3 431 172	4 960 856
Fines, penalties and forfeits	1 642 754	6 598	24 971 517	-	-	-	-	-	-	-	26 620 869
Actuarial Gains	-	1 682 669	-	-	-	-	-	-	-	-	1 682 669
External Revenue from Exchange Transactions	**31 489 529**	**988 916**	**7 248 071**	**5 468 723**	**-**	**-**	**113 369 444**	**76 547 737**	**36 108 171**	**36 967 446**	**308 188 037**
Service Charges	-	-	-	-	-	-	113 313 991	76 547 737	36 106 413	36 967 446	262 935 587
Rental of Facilities and Equipment	-	16 347	-	2 149 024	-	-	-	-	-	-	2 165 371
Interest Earned - external investments	10 542 388	-	-	-	-	-	55 453	-	-	-	10 597 842
Interest Earned - outstanding debtors	16 906 671	-	-	-	-	-	-	-	-	-	16 906 671
Agency Services	-	-	7 139 847	-	-	-	-	-	-	-	7 139 847
Licences and Permits	-	-	35 792	-	-	-	-	-	-	-	35 792
Other Income (Exchange)	4 040 469	972 569	72 431	3 319 699	-	-	-	-	1 759	-	8 406 927
Construction Contracts	**-**	**29 853**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29 853**
TOTAL REVENUE	**232 887 227**	**30 912 889**	**32 219 587**	**27 235 926**	**129 932**	**-**	**125 094 661**	**91 350 176**	**50 187 743**	**55 941 865**	**645 960 007**
EXPENDITURE											
Employee Related Costs	55 939 595	53 704 311	24 785 641	29 969 473	15 979 930	-	8 590 431	9 260 181	16 741 644	19 050 879	234 022 083
Remuneration of Councillors	11 899 590	-	-	-	-	-	-	-	-	-	11 899 590
Debt Impairment	24 923 581	-	19 881 350	-	-	-	765 071	15 902 736	10 425 426	11 404 179	83 302 343
Depreciation and Amortisation	3 625 892	902 482	-	102 257	4 902 753	-	2 590 183	5 795 645	4 844 532	8 697 082	31 460 827
Impairment	-	-	-	1 558 714	-	-	-	-	-	-	1 558 714
Finance Charges	645 151	5 946 519	40 802	161 872	1 745 475	-	1 145 639	4 103 883	2 520 256	9 526 824	25 836 421
Bulk Purchases	-	-	-	-	-	-	85 631 654	19 371 402	-	-	105 003 057
Contracted Services	10 381 791	5 094 908	2 033 064	2 479 931	3 378 734	3 597 858	2 534 249	3 834 141	4 532 544	6 886 914	44 754 133
Transfers and Grants	148 049	265 595	-	200 000	-	-	4 103 314	-	-	-	4 716 958
Other Expenditure	24 710 460	5 948 435	1 953 905	3 677 723	5 331 232	160 008	4 494 068	9 442 728	8 777 258	5 664 383	70 160 199
Loss on disposal of Non-Monetary Assets	610 096	-	-	-	-	-	-	-	-	-	610 096
Total Expenditure	**132 884 204**	**71 862 249**	**48 694 762**	**38 149 969**	**31 338 124**	**3 757 866**	**109 854 608**	**67 710 716**	**47 841 660**	**61 230 261**	**613 324 421**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**100 003 022**	**(40 949 360)**	**(16 475 174)**	**(10 914 043)**	**(31 208 192)**	**(3 757 866)**	**15 240 053**	**23 639 460**	**2 346 083**	**(5 288 396)**	**32 635 586**
Less: Government Grants and Subsidies - Capital	(634 735)	(18 166 368)	-	(18 272 846)	-	-	(4 854 443)	(2 286 497)	-	-	(44 214 889)
Less: Contributed Assets	(33 650)	-	-	-	-	-	-	-	-	-	(33 650)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**99 334 637**	**(59 115 728)**	**(16 475 174)**	**(29 186 890)**	**(31 208 192)**	**(3 757 866)**	**10 385 609**	**21 352 963**	**2 346 083**	**(5 288 396)**	**(11 612 954)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 894 576**	**20 573 346**	**583 904**	**479 162**	**6 468 749**	**-**	**7 111 393**	**16 433 600**	**26 055 620**	**13 641 483**	**98 241 833**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2022	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2023
ANNUITY LOANS							
DBSA BANK - 10 & 20 year	102807/1	10.74%	30/06/2028	4 531 595	-	(591 914)	3 939 681
DBSA BANK - 10 & 20 year	103108/1	11.44%	30/09/2028	5 614 159	-	(624 302)	4 989 857
DBSA BANK - 20 year	103313.1	9.85%	31/03/2029	12 895 152	-	(1 356 274)	11 538 878
DBSA BANK - 15 year	103313.2	9.97%	31/03/2024	1 496 863	-	(712 213)	784 650
DBSA BANK - 20 year	103817/3	11.06%	31/12/2030	7 654 027	-	(581 270)	7 072 757
STANDARD BANK- 15 year	272400572	12.22%	30/06/2026	3 733 380	-	(774 618)	2 958 762
STANDARD BANK - 4 year	000600694	6.63%	31/12/2024	4 569 155	-	(1 424 902)	3 144 253
STANDARD BANK - 10 year	000600703	8.26%	28/06/2030	4 485 538	-	(415 347)	4 070 191
STANDARD BANK - 15 year	000600712	9.76%	29/06/2035	6 135 986	-	(250 545)	5 885 441
STANDARD BANK - 15 year	000682253	10.79%	30/12/2036	14 091 133	-	(466 247)	13 624 886
STANDARD BANK - 5 year	000748692	10.58%	30/06/2027	-	8 864 962	(1 616 152)	7 248 810
STANDARD BANK - 7 year	000748736	10.99%	29/06/2028	-	5 000 000	(624 715)	4 375 285
STANDARD BANK - 12 year	000748754	11.60%	30/06/3032	-	12 634 012	(1 051 994)	11 582 018
STANDARD BANK - 15 year	000748773	12.27%	30/06/3037	-	10 062 493	(542 574)	9 519 919
ABSA BANK - 15 year	40-7908-8994	10.79%	27/06/2027	6 064 626	-	(973 810)	5 090 816
ABSA BANK - 10 year	387230963	10.63%	27/06/2024	2 400 975	-	(1 138 465)	1 262 510
ABSA BANK - 5 year	3050777771	8.95%	30/06/2024	901 468	-	(430 681)	470 787
ABSA BANK - 7 year	3050777789	9.19%	30/06/2026	1 607 861	-	(348 633)	1 259 228
ABSA BANK - 10 year	3050777763	9.62%	30/06/2029	2 586 386	-	(272 280)	2 314 106
ABSA BANK - 7 year	3052887574	9.19%	30/06/2027	2 327 944	-	(384 558)	1 943 386
ABSA BANK - 5 year	3054670983	8.66%	30/10/2026	11 907 933	-	(2 262 337)	9 645 596
ABSA BANK - 7 year	3054671133	9.19%	30/10/2028	4 805 266	-	(566 762)	4 238 504
ABSA BANK - 10 year	3054671256	9.89%	30/10/2031	1 933 280	-	(129 287)	1 803 993
ABSA BANK - 5 year	3058757317	10.53%	30/06/2028	-	7 679 582	-	7 679 582
ABSA BANK - 10 year	3058757341	11.59%	30/06/2033	-	9 500 751	-	9 500 751
ABSA BANK - 15 year	3058757325	12.32%	30/06/2038	-	49 973 646	-	49 973 646
NEDBANK - 15 year	05/78310356050	10.45%	30/06/2034	2 373 881	-	(106 435)	2 267 446
Total Annuity Loans				**102 116 608**	**103 715 446**	**(17 646 314)**	**188 185 739**
STOCK LOANS							
DBSA BANK - 20 year	1022755	9.29%	31/03/2027	8 469 800	-	-	8 469 800
DBSA BANK - 20 year	1014871	9.46%	31/12/2024	6 000 000	-	-	6 000 000
Total Stock Loans				**14 469 800**	**-**	**-**	**14 469 800**
Total Long-Term Liabilities				**116 586 408**	**103 715 446**	**(17 646 314)**	**202 655 539**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

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

NATIONAL GOVERNMENT	OPENING BALANCE R	GRANTS RECEIVED R	GRANTS REPAID R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO / (FROM) RECEIVABLES R	CLOSING BALANCE R
Equitable Share	-	120 101 000	-	(120 101 000)	-	-	-
Finance Management Grant (FMG)	13 540	1 650 000	(13 540)	(1 650 000)	-	-	-
Municipal Infrastructure Grant (MIG)	4 557 126	29 728 000	(4 557 127)	(3 794 123)	(25 294 151)	-	639 726
Expanded Public Works Programme (EPWP)	-	2 077 000	-	(2 077 000)	-	-	-
Integrated National Electrification Programme (INEP)	5 003 854	-	(5 003 854)	-	-	-	-
Energy Efficiency & Demand Side Management Grant	33 535	-	-	-	-	-	33 535
Municipal Drought Relief	8 449	-	-	-	-	-	8 449
Emergency Housing Grant	-	2 300 000	-	(1 916 200)	-	-	383 800
Municipal Disaster Recovery Grant	-	11 940 000	-	-	-	-	11 940 000
Total	**9 616 504**	**167 796 000**	**(9 574 521)**	**(129 538 323)**	**(25 294 151)**	**-**	**13 005 510**
PROVINCIAL GOVERNMENT							
Housing	2 241 537	25 950 397	-	-	(23 744 953)	-	4 446 980
CDW Contribution	97 359	112 000	-	(159 852)	-	-	49 507
Main Roads Subsidy	88 611	143 948	-	(143 948)	-	-	88 611
Financial Management Support Grant (FMSG)	394 634	-	(394 634)	-	-	-	-
Library Subsidy	2 396 490	9 815 000	(1 481 463)	(9 694 666)	(634 465)	-	400 897
Municipal Capacity Building Grant	83 568	-	-	(60 910)	-	-	22 658
Sport and Recreation	6 636	-	(6 636)	-	-	-	-
Municipal Drought Relief (MDR)	105	-	(105)	-	-	-	-
Regional socio-economic projects (RSEP)	6 836	1 000 000	(6 836)	-	(727 464)	-	272 536
Municipal Intervention Grant	2 230	250 000	(2 230)	-	-	-	250 000
Municipal Service Delivery and Capacity Building Grant (MSDCB)	-	620 000	-	(26 932)	(78 450)	-	514 618
Public Employment Support Grant	390 313	-	-	(390 313)	-	-	-
Financial Management Capability Grant	-	1 350 000	-	(1 260 314)	-	-	89 686
Emergency Municipal Load-Shedding Relief Grant	-	1 800 000	-	-	(1 800 000)	-	-
Joint District and Metro Grant	-	-	-	-	(384 000)	384 000	-
Total	**5 708 319**	**41 041 345**	**(1 891 904)**	**(11 736 934)**	**(27 369 332)**	**384 000**	**6 135 493**
DISTRICT MUNICIPALITY							
Safety Audit and Safety Plan Grant	90 000	170 000	-	-	(192 797)	-	67 203
Total	**90 000**	**170 000**	**-**	**-**	**(192 797)**	**-**	**67 203**
OTHER GRANT PROVIDERS							
DBSA Local Economic Development	226 477	-	-	-	-	-	226 477
SETA	-	478 006	-	(270 495)	-	-	207 511
SANRAL	173 950	-	-	-	(273 857)	99 907	-
Total	**400 427**	**478 006**	**-**	**(270 495)**	**(273 857)**	**99 907**	**433 98[illegible]**
ALL SPHERES OF GOVERNMENT	**15 815 250**	**209 485 351**	**(11 466 425)**	**(141 545 752)**	**(53 130 137)**	**483 907**	**19 642 194**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Financial Performance						
Property rates	138 376 725	933 275	139 310 000	136 353 678	(2 956 322)	127 714 860
Service charges	290 725 384	(13 968 383)	276 757 001	273 786 064	(2 970 937)	267 670 679
Investment revenue	10 200 000	-	10 200 000	11 469 251	1 269 251	10 597 842
Transfers and Subsidies - operating	146 021 001	13 295 980	159 316 981	144 514 765	(14 802 216)	128 201 647
Other own revenue	67 569 932	25 743 811	93 313 743	97 975 709	4 661 966	68 648 544
Total Operating Revenue (excluding capital transfers)	**652 893 042**	**26 004 683**	**678 897 725**	**664 099 467**	**(14 798 258)**	**602 833 572**
Employee costs	275 055 973	(17 462 990)	257 592 983	246 990 282	(10 602 701)	238 699 223
Remuneration of councillors	13 556 262	(609 142)	12 947 120	12 685 581	(261 539)	11 899 590
Debt impairment	63 104 025	27 126 301	90 230 326	99 602 555	9 372 229	83 302 343
Depreciation and asset impairment	29 310 595	4 398 998	33 709 593	32 476 041	(1 233 552)	33 019 541
Finance charges	25 189 113	4 086 552	29 275 665	32 478 549	3 202 884	20 011 421
Bulk purchases	96 105 000	(7 950 699)	88 154 301	87 773 616	(380 685)	85 631 654
Inventory Consumed	37 600 024	(526 361)	37 073 663	35 230 419	(1 843 244)	34 528 216
Contracted services	57 585 188	15 201 799	72 786 987	122 692 023	49 905 036	45 752 622
Transfers and subsidies	8 735 000	2 272 225	11 007 225	8 527 581	(2 479 644)	1 765 601
Other expenditure	65 361 008	17 661 365	83 022 373	126 825 049	43 802 676	59 081 575
Losses	-	2 000 000	2 000 000	46 293	(1 953 707)	754 739
Total Expenditure	**671 602 188**	**46 198 048**	**717 800 236**	**805 327 989**	**87 527 753**	**614 446 525**
Surplus/(Deficit)	**(18 709 146)**	**(20 193 365)**	**(38 902 511)**	**(141 228 523)**	**(102 326 012)**	**(11 612 954)**
Transfers and subsidies - capital (monetary) - Government	47 882 000	6 657 501	54 539 501	52 856 280	(1 683 221)	44 214 889
Transfers and subsidies - capital (monetary) - Other	2 000 001	(1 551 026)	448 975	2 568 373	2 119 398	33 650
Surplus/(Deficit) for the year	**31 172 855**	**(15 086 890)**	**16 085 965**	**(85 803 869)**	**(101 889 834)**	**32 635 586**
Capital expenditure & funds sources						
Capital expenditure	**158 777 533**	**(9 035 772)**	**149 741 761**	**144 798 638**	**(4 943 123)**	**98 241 833**
Transfers recognised - capital	49 881 696	7 356 779	57 238 475	55 441 057	(1 797 418)	44 214 889
Borrowing	91 234 028	(21 667 535)	69 566 493	64 749 526	(4 816 967)	43 397 694
Internally generated funds	17 661 809	5 274 984	22 936 793	24 608 055	1 671 262	10 629 249
Total sources of capital funds	**158 777 533**	**(9 035 772)**	**149 741 761**	**144 798 638**	**(4 943 123)**	**98 241 833**
Cash flows						
Net cash from (used) operating	72 751 217	35 373 206	108 124 423	(25 220 075)	(133 344 498)	76 982 985
Net cash from (used) investing	(159 401 662)	11 134 510	(148 267 151)	(141 432 557)	6 834 595	(96 968 272)
Net cash from (used) financing	72 682 597	(19 604 497)	53 078 099	86 586 691	33 508 592	21 877 616
Net Cash Movement for the year	(13 967 848)	26 903 219	12 935 371	(80 065 941)	(93 001 312)	1 892 329
Cash/cash equivalents at beginning of year	159 277 210	6 705 110	165 982 321	165 982 321	-	164 089 992
Cash/cash equivalents at the year end	**145 309 362**	**33 608 329**	**178 917 692**	**85 916 380**	**(93 001 312)**	**165 982 321**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 252 000	135 493	1 387 493	515 310	(872 183)	869 338
Finance and administration	297 395 764	12 325 926	309 721 690	299 231 697	(10 489 993)	256 036 590
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	10 842 847	722 784	11 565 631	11 086 328	(479 303)	11 085 319
Sport and recreation	11 660	-	11 660	37 081	25 421	16 897
Public safety	15 397 206	22 976 314	38 373 520	33 554 029	(4 819 491)	25 079 740
Housing	29 240 000	8 380 591	37 620 591	26 713 967	(10 906 624)	19 241 109
Economic and environmental services						
Planning and development	3 203 720	766 757	3 970 477	3 804 972	(165 505)	4 908 895
Road transport	11 028 032	(1 595 543)	9 432 489	8 053 753	(1 378 736)	7 269 779
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	130 262 417	(4 661 319)	125 601 098	119 313 070	(6 288 028)	125 094 661
Water management	96 299 339	(7 186 403)	89 112 936	91 246 423	2 133 487	91 350 176
Waste water management	53 031 700	(31 130)	53 000 570	53 964 082	963 512	50 187 743
Waste management	54 810 358	(722 312)	54 088 046	72 003 410	17 915 364	55 941 865
Other	-	-	-	-	-	-
Total Revenue - Standard	**702 775 043**	**31 111 158**	**733 886 201**	**719 524 122**	**(14 362 079)**	**647 082 112**
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	25 574 355	3 713 185	29 287 540	26 315 972	(2 971 568)	24 925 864
Finance and administration	185 839 015	7 253 571	193 092 586	186 233 566	(6 859 020)	173 237 008
Internal audit	5 252 941	(2 363 381)	2 889 560	2 835 697	(53 863)	2 412 969
Community and public safety						
Community and social services	11 472 113	139 173	11 611 286	10 950 741	(660 545)	11 159 259
Sport and recreation	12 010 466	(1 484 549)	10 525 917	15 184 826	4 658 909	9 756 865
Public safety	39 974 370	19 163 255	59 137 625	56 521 025	(2 616 600)	42 397 547
Housing	18 714 432	6 178 825	24 893 257	22 858 773	(2 034 484)	9 377 718
Economic and environmental services						
Planning and development	17 392 273	673 956	18 066 229	17 691 893	(374 336)	13 894 388
Road transport	43 372 420	(207 876)	43 164 544	43 228 708	64 164	40 443 518
Environmental Protection	158 974	(82 956)	76 018	-	(76 018)	6 820
Trading services						
Energy sources	124 459 198	(8 907 575)	115 551 623	115 261 444	(290 179)	109 854 608
Water management	66 577 481	21 489 873	88 067 354	192 448 305	104 380 951	67 710 716
Waste water management	51 559 016	530 515	52 089 531	50 530 170	(1 559 361)	47 841 660
Waste management	68 625 131	553 041	69 178 172	65 096 573	(4 081 599)	61 230 261
Other	620 003	(451 009)	168 994	170 299	1 305	197 325
Total Expenditure - Standard	**671 602 188**	**46 198 048**	**717 800 236**	**805 327 992**	**87 527 756**	**614 446 526**
Surplus/(Deficit) for the year	**31 172 855**	**(15 086 890)**	**16 085 965**	**(85 803 870)**	**(101 889 835)**	**32 635 586**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Directorate Finance	267 082 737	4 253 686	271 336 423	262 025 013	(9 311 410)	231 604 683
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	130 262 417	(4 661 319)	125 601 098	119 313 070	(6 288 028)	125 094 661
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Office of the Municipal Manager	1 140 000	387 954	1 527 954	355 458	(1 172 496)	730 758
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	59 604 320	8 303 620	67 907 940	56 894 700	(11 013 240)	42 747 650
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	-	-	-	-	-	-
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	54 810 358	(722 312)	54 088 046	72 003 410	17 915 364	55 941 865
Vote 13 - Waste water management	53 031 700	(31 130)	53 000 570	53 964 082	963 512	50 187 743
Vote 14 - Water	96 299 339	(7 186 403)	89 112 936	91 246 423	2 133 487	91 350 176
Vote 15 - Directorate Development and Community Services	40 544 172	30 767 062	71 311 234	63 721 965	(7 589 269)	49 424 575
Total Revenue by Vote	**702 775 043**	**31 111 158**	**733 886 201**	**719 524 121**	**(14 362 080)**	**647 082 111**
EXPENDITURE						
Vote 1 - Directorate Finance	71 771 534	8 444 996	80 216 530	79 789 609	(426 921)	75 619 887
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	124 459 198	(8 907 575)	115 551 623	115 261 444	(290 179)	109 854 608
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Office of the Municipal Manager	13 548 679	(3 496 185)	10 052 494	9 868 597	(183 897)	8 870 453
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	46 188 360	(2 524 974)	43 663 386	41 035 836	(2 627 550)	33 647 741
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	-	-	-	-	-	-
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	68 625 131	553 041	69 178 172	65 096 573	(4 081 599)	61 230 261
Vote 13 - Waste water management	51 559 016	530 515	52 089 531	50 530 170	(1 559 361)	47 841 660
Vote 14 - Water	66 577 481	21 513 756	88 091 237	192 448 305	104 357 068	67 710 716
Vote 15 - Directorate Development and Community Services	228 872 789	30 084 474	258 957 263	251 297 456	(7 659 807)	209 671 199
Total Expenditure by Vote	**671 602 188**	**46 198 048**	**717 800 236**	**805 327 990**	**87 527 754**	**614 446 525**
Surplus/(Deficit) for the year	**31 172 855**	**(15 086 890)**	**16 085 965**	**(85 803 869)**	**(101 889 834)**	**32 635 586**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	138 376 725	933 275	139 310 000	136 353 678	(2 956 322)	127 714 860
Service charges - electricity revenue	125 982 756	(5 593 755)	120 389 001	114 036 716	(6 352 285)	114 624 975
Service charges - water revenue	85 576 186	(7 621 186)	77 955 000	79 377 063	1 422 063	78 378 131
Service charges - sanitation revenue	39 524 130	(31 130)	39 493 000	40 514 481	1 021 481	36 981 360
Service charges - refuse revenue	39 642 312	(722 312)	38 920 000	39 857 804	937 804	37 686 213
Rental of facilities and equipment	2 189 248	-	2 189 248	1 854 597	(334 651)	2 165 371
Interest earned - external investments	10 200 000	-	10 200 000	11 469 251	1 269 251	10 597 842
Interest earned - outstanding debtors	22 472 000	273 000	22 745 000	23 462 549	717 549	16 906 671
Fines, penalties and forfeits	15 354 947	22 751 314	38 106 261	35 669 802	(2 436 459)	26 620 869
Licences and permits	23 320	-	23 320	4 362	(18 958)	35 792
Agency services	8 848 032	-	8 848 032	7 635 948	(1 212 084)	7 139 847
Transfers and Subsidies - operating	146 021 001	13 295 980	159 316 981	144 514 765	(14 802 216)	128 201 647
Other revenue	18 682 385	217 954	18 900 339	23 652 978	4 752 639	14 097 325
Gains	-	2 501 543	2 501 543	5 695 471	3 193 928	1 682 669
Total Revenue (excl capital transfers)	**652 893 042**	**26 004 683**	**678 897 725**	**664 099 467**	**(14 798 258)**	**602 833 572**
EXPENDITURE BY TYPE						
Employee related costs	275 055 973	(17 462 990)	257 592 983	246 990 282	(10 602 701)	238 699 223
Remuneration of councillors	13 556 262	(609 142)	12 947 120	12 685 581	(261 539)	11 899 590
Debt impairment	63 104 025	27 126 301	90 230 326	99 602 555	9 372 229	83 302 343
Depreciation and asset impairment	29 310 595	4 398 998	33 709 593	32 476 041	(1 233 552)	33 019 541
Finance charges	25 189 113	4 086 552	29 275 665	32 478 549	3 202 884	20 011 421
Bulk Purchases - electricity	96 105 000	(7 950 699)	88 154 301	87 773 616	(380 685)	85 631 654
Inventory Consumed	37 600 024	(526 361)	37 073 663	35 230 419	(1 843 244)	34 528 216
Contracted Services	57 585 188	15 201 799	72 786 987	122 692 023	49 905 036	45 752 622
Transfers and grants	8 735 000	2 272 225	11 007 225	8 527 581	(2 479 644)	1 765 601
Other expenditure	65 361 008	17 661 365	83 022 373	126 825 049	43 802 676	59 081 575
Losses	-	2 000 000	2 000 000	46 293	(1 953 707)	754 739
Total Expenditure	**671 602 188**	**46 198 048**	**717 800 236**	**805 327 989**	**87 527 753**	**614 446 525**
Surplus/(Deficit)	**(18 709 146)**	**(20 193 365)**	**(38 902 511)**	**(141 228 523)**	**(102 326 012)**	**(11 612 954)**
Transfers and subsidies - capital (monetary) - Government	47 882 000	6 657 501	54 539 501	52 856 280	(1 683 221)	44 214 889
Transfers and subsidies - capital (monetary) - Other	2 000 001	(1 551 026)	448 975	2 568 373	2 119 398	33 650
Surplus/(Deficit) for the year	**31 172 855**	**(15 086 890)**	**16 085 965**	**(85 803 869)**	**(101 889 834)**	**32 635 586**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Directorate Finance	-	-	-	-	-	-
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	17 383 152	(5 835 858)	11 547 294	11 454 320	(92 974)	2 344 029
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Office of the Municipal Manager	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	21 500 000	5 545 464	27 045 464	26 343 270	(702 194)	7 782 964
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	-	-	-	-	-	-
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	-	372 533	372 533	372 533	-	8 952 835
Vote 13 - Waste water management	13 901 449	(9 958 128)	3 943 321	3 459 628	(483 693)	11 601 487
Vote 14 - Water	26 396 320	(7 174 973)	19 221 347	18 479 446	(741 901)	1 960 252
Vote 15 - Directorate Development and Community Services	3 657 832	(1 887 076)	1 770 756	1 760 582	(10 174)	2 819 269
Total Multi-year expenditure	**82 838 753**	**(18 938 038)**	**63 900 715**	**61 869 779**	**(2 030 936)**	**35 460 836**
Single-year expenditure						
Vote 1 - Directorate Finance	212 505	3 103 768	3 316 273	3 311 998	(4 275)	130 639
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	10 000 371	2 352 624	12 352 995	11 720 904	(632 091)	4 767 364
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Office of the Municipal Manager	24 300	(6 055)	18 245	18 245	(0)	-
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	4 022 000	(4 002 740)	19 260	19 260	0	11 017 926
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	-	-	-	-	-	-
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	7 371 909	(748 000)	6 623 909	6 393 371	(230 538)	4 688 649
Vote 13 - Waste water management	35 720 258	(7 077 873)	28 642 385	27 596 715	(1 045 670)	14 454 133
Vote 14 - Water	5 000 000	12 241 186	17 241 186	17 791 186	550 000	14 473 347
Vote 15 - Directorate Development and Community Services	13 587 437	4 039 356	17 626 793	16 077 180	(1 549 613)	13 248 940
Total Single-year expenditure	**75 938 780**	**9 902 266**	**85 841 046**	**82 928 859**	**(2 912 187)**	**62 780 997**
Total Capital Expenditure by Vote	**158 777 533**	**(9 035 772)**	**149 741 761**	**144 798 638**	**(4 943 123)**	**98 241 833**

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

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	-
Finance and administration	9 608 405	1 259 136	10 867 541	10 732 474	(135 067)	8 269 777
Internal audit	24 300	(6 055)	18 245	18 245	(0)	-
Community and public safety						
Community and social services	2 865 737	(2 139 392)	726 345	636 255	(90 090)	259 841
Sport and recreation	515 000	(14 685)	500 315	441 403	(58 912)	-
Public safety	226 800	16 671	243 471	229 317	(14 154)	282 695
Housing	21 500 000	5 562 184	27 062 184	26 359 990	(702 194)	19 041 766
Economic and environmental services						
Planning and development	1 506 000	10 942	1 516 942	1 228 078	(288 864)	375 700
Road transport	6 757 832	2 103 916	8 861 748	7 884 774	(976 974)	6 769 958
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	27 383 523	(3 483 234)	23 900 289	23 175 224	(725 065)	7 111 393
Water management	31 396 320	5 066 213	36 462 533	36 270 633	(191 900)	16 433 600
Waste water management	49 621 707	(17 036 001)	32 585 706	31 056 343	(1 529 363)	26 055 620
Waste management	7 371 909	(375 467)	6 996 442	6 765 904	(230 538)	13 641 483
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	**158 777 533**	**(9 035 772)**	**149 741 761**	**144 798 638**	**(4 943 123)**	**98 241 833**
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	25 346 696	520 142	25 866 838	25 310 555	(556 283)	24 954 208
Provincial Government	22 535 000	5 912 663	28 447 663	27 369 332	(1 078 331)	19 260 681
District Municipality	-	225 000	225 000	192 797	(32 203)	-
Other transfers and grants	2 000 000	698 974	2 698 974	2 568 373	(130 601)	-
Transfers recognised - capital	49 881 696	7 356 779	57 238 475	55 441 057	(1 797 418)	44 214 889
Borrowing	91 234 028	(21 667 535)	69 566 493	64 749 526	(4 816 967)	43 397 694
Internally generated funds	17 661 809	5 274 984	22 936 793	24 608 055	1 671 262	10 629 249
Total Capital Funding	**158 777 533**	**(9 035 772)**	**149 741 761**	**144 798 638**	**(4 943 123)**	**98 241 833**

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	121 614 875	7 107 565	128 722 440	130 392 622	1 670 182	117 845 068
Service charges	255 509 234	(22 497 904)	233 011 330	228 345 017	(4 666 313)	232 458 295
Other revenue	31 182 045	2 727 723	33 909 768	16 806 814	(17 102 954)	31 733 172
Government - operating	146 021 304	12 772 205	158 793 509	144 888 789	(13 904 720)	133 083 035
Government - capital	49 881 696	58 741 699	108 623 395	53 130 137	(55 493 259)	44 214 890
Interest	29 949 922	(17 884 832)	12 065 090	10 653 028	(1 412 062)	9 226 245
Payments						
Suppliers and employees	(537 052 257)	2 840 037	(534 212 219)	(586 936 682)	(52 724 463)	(475 642 268)
Finance charges	(15 620 602)	4 838 937	(10 781 665)	(14 072 662)	(3 290 997)	(11 218 494)
Transfers and grants	(8 735 000)	(13 272 225)	(22 007 225)	(8 427 139)	13 580 087	(4 716 958)
NET CASH FROM OPERATING ACTIVITIES	**72 751 217**	**35 373 206**	**108 124 423**	**(25 220 075)**	**(133 344 498)**	**76 982 985**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	2 501 543	2 501 543	1 071 565	(1 429 978)	1 239 910
Decrease (increase) other non-current receivables	-	-	-	-	-	-
Decrease (increase) in non-current investments	(624 129)	(402 828)	(1 026 956)	-	1 026 956	-
Payments		-				
Capital assets	(158 777 533)	9 035 795	(149 741 738)	(142 504 122)	7 237 616	(98 208 182)
NET CASH USED IN INVESTING ACTIVITIES	**(159 401 662)**	**11 134 510**	**(148 267 151)**	**(141 432 557)**	**6 834 595**	**(96 968 272)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	91 234 028	(20 854 033)	70 379 995	103 715 446	33 335 451	34 862 548
Increase (decrease) in consumer deposits	253 718	44 386	298 105	517 560	219 455	135 684
Payments						
Repayment of borrowing	(18 805 150)	1 205 150	(17 600 000)	(17 646 315)	(46 315)	(13 120 616)
NET CASH FROM FINANCING ACTIVITIES	**72 682 597**	**(19 604 497)**	**53 078 099**	**86 586 691**	**33 508 592**	**21 877 616**
NET INCREASE/ (DECREASE) IN CASH HELD	**(13 967 848)**	**26 903 219**	**12 935 371**	**(80 065 941)**	**(93 001 312)**	**1 892 329**
Cash/cash equivalents at the year begin:	159 277 210	6 705 110	165 982 321	165 982 321	-	164 089 992
Cash/cash equivalents at the year end:	145 309 362	33 608 329	178 917 692	85 916 380	(93 001 312)	165 982 321