CAPE AGULHAS LOCAL MUNICIPALITY

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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

PRE-AUDIT

CAPE AGULHAS LOCAL MUNICIPALITY

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CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Cape Agulhas Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

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

JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

MEMBERS OF THE COUNCIL

Outgoing Councillors - Serving term until 8 November 2021

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Ward 5	
Executive Deputy Mayor	Z Tonisi	Proportional	
Speaker	J G A Nieuwoudt	Ward 4	
Councillor - Full time	E Sauls	Ward 1	Member of Executive Mayoral Committee
Councillor - Full time	M October	Ward 2	Member of Executive Mayoral Committee
Councillor - Part time	K E Donald	Proportional	
Councillor - Part time	D Jantjies	Proportional	
Councillor - Part time	E C Marthinus	Proportional	
Councillor - Part time	C J Jacobs	Proportional	Chairperson of MPAC
Councillor - Part time	R J Baker	Ward 3	
Councillor - Part time	Vacant	Ward 6	

Councillor DJ Europa passed on during his term in office and his position as a Ward Councillor representive for Ward 6 became vacant effective from July 2021.

Incoming Councillors - Serving effectively from 9 November 2021

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	PJ Swart	Proportional	
Executive Deputy Mayor	R Ross	Ward 1	
Speaker	G D Burger	Proportional	
Councillor - Full time	K E Donald	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	G Olwage	Ward 5	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Ward 2	Chairperson of MPAC
Councillor - Part time	M Matthysen	Proportional	
Councillor - Part time	J G A Nieuwoudt	Ward 4	

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

Position	Councillor	Ward	Additional Portfolio
Councillor - Part time	R Mokotwana	Proportional	
Councillor - Part time	R Louw	Ward 3	
Councillor - Part time	J August-Marthinus	Ward 6	

MEMBERS OF THE AUDIT COMMITTEE

P Strauss	Chairperson
L Stevens	Member
N Vumazonke	Member
Vacant	Member

MUNICIPAL MANAGER

Mr E Phillips

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA, Bredasdorp

ATTORNEYS

Kruger & Blignaut Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
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)
Basic Conditions of Employment Act (Act no 75 of 1997)
Unemployment Insurance Act (Act no 30 of 1966)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
mSCOA Regulations
Municipal Cost Containment Regulations, 2019
Employment Equity Act (Act no 55 of 1998)

CAPE AGULHAS LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, which are set out on pages 1 to 138 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.

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 2023 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

31 August 2022

Mr E Phillips
Municipal Manager

Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Current Assets		**188 225 250**	**157 361 122**
Cash and Cash Equivalents	**2**	123 395 715	109 201 928
Receivables from Exchange Transactions	**3**	52 012 421	34 609 967
Receivables from Non-exchange Transactions	**4**	10 688 540	11 109 594
Taxes	**16**	-	541 667
Operating Lease Asset	**5.1**	323 147	329 524
Current Portion of Long-term Receivables	**6**	3 366	2 943
Inventory	**7**	1 802 060	1 565 498
Non-current Assets		**561 363 246**	**526 130 920**
Long-Term Receivables	**6**	145 525	154 238
Investment Property	**8**	40 126 531	40 336 859
Property, Plant And Equipment	**9**	517 268 775	481 153 419
Intangible Assets	**10**	3 822 416	4 486 405
Total Assets		**749 588 497**	**683 492 042**
Current Liabilities		**91 367 548**	**87 450 175**
Current Portion of Long-Term Liabilities	**11**	12 047 044	8 000 054
Consumer Deposits	**12**	5 822 940	5 532 699
Payables from Exchange Transactions	**13**	55 007 668	44 304 472
Unspent Conditional Government Grants	**14**	1 350 562	13 089 026
Unspent Public Contributions	**15**	-	94 969
Taxes	**16**	445 988	-
Operating Lease Liability	**5.2**	52 273	38 334
Current Employee Benefits	**17**	16 641 073	16 390 620
Non-current Liabilities		**178 453 071**	**149 708 529**
Long-Term Liabilities	**11**	69 541 851	46 962 845
Employee Benefits	**18**	46 139 000	43 881 000
Non-Current Provisions	**19**	62 772 221	58 864 683
Total Liabilities		**269 820 620**	**237 158 704**
Net Assets		**479 767 879**	**446 333 338**
Community Wealth			
Accumulated Surplus	**20**	440 267 879	408 833 338
Capital Replacement Reserve	**20**	39 500 000	37 500 000
Total Community Wealth		**479 767 879**	**446 333 338**

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

REVENUE	Notes	2022 R (Actual)	2021 R (Restated)
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**173 576 807**	**159 321 728**
Taxation Revenue		**80 905 871**	**76 729 997**
Property Rates	**21**	80 905 871	76 729 997
Transfer Revenue		**73 977 817**	**64 560 956**
Government Grants and Subsidies - Capital	**22**	24 728 676	15 904 232
Government Grants and Subsidies - Operating	**22**	48 699 105	46 870 481
Public Contributions and Donations - Capital	**23**	64 000	-
Public Contributions and Donations - Operating	**23**	184 969	26 243
Contributed Assets	**24**	301 066	1 760 000
Other Revenue		**18 693 120**	**18 030 776**
Fines	**25**	2 032 670	2 269 837
Actuarial Gains	**26**	2 454 867	-
Third Party - Insurance Receipts		392 754	22 841
Availability Charges	**27**	12 066 945	11 369 429
Other Income	**34**	1 745 883	4 368 668
REVENUE FROM EXCHANGE TRANSACTIONS		**248 780 651**	**209 492 498**
Operating Activities		**248 780 651**	**209 492 498**
Service Charges	**28**	208 167 839	181 514 604
Rental of Facilities and Equipment	**29**	9 184 034	6 065 550
Interest Earned - External Investments	**30**	4 783 168	3 138 479
Interest Earned - Outstanding Debtors	**31**	1 921 682	2 190 098
Licences and Permits	**32**	943 207	880 768
Agency Services	**33**	2 475 122	2 526 333
Other Income	**34**	8 235 604	7 558 141
Gains on Disposal of Properties	**35**	13 069 995	5 618 524
TOTAL REVENUE		**422 357 459**	**368 814 226**
EXPENDITURE			
Employee Related Costs	**36**	156 403 030	149 692 682
Remuneration of Councillors	**37**	5 576 721	5 625 636
Debt Impairment	**38**	8 813 336	6 501 119
Depreciation and Amortisation	**39**	18 643 019	15 902 099
Impairments	**40**	897 091	487 122
Actuarial Losses	**42**	-	5 038 541
Finance Charges	**43**	13 158 546	9 990 421
Bulk Purchases	**44**	112 597 732	95 594 817
Contracted Services	**45**	24 780 651	23 362 084
Transfers and Grants	**46**	1 533 015	2 593 984
Other Expenditure	**47**	44 578 736	38 120 528
Loss on Disposal of Property, Plant and Equipment		1 941 041	344 520
TOTAL EXPENDITURE		**388 922 918**	**353 253 551**
NET SURPLUS FOR THE YEAR		**33 434 540**	**15 560 675**

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2022

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2020 - Previously Reported	**35 000 000**	**395 533 003**	**430 533 003**
Prior Period Adjustment - Refer to note 48.07	-	239 660	239 660
Balance on 30 June 2020 - Restated	**35 000 000**	**395 772 663**	**430 772 663**
Net Surplus for the Year	-	15 560 675	15 560 675
Transfers to Reserves	17 385 143	(17 385 143)	-
Property, Plant and Equipment Purchased	(14 885 143)	14 885 143	-
Balance on 30 June 2021 - Restated	**37 500 000**	**408 833 338**	**446 333 338**
Net Surplus for the Year	-	33 434 540	33 434 540
Transfers to Reserves	20 797 806	(20 797 806)	-
Property, Plant and Equipment Purchased	(18 797 806)	18 797 806	-
Balance on 30 June 2022	**39 500 000**	**440 267 879**	**479 767 879**

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		79 816 132	75 126 383
Service Charges		211 570 621	188 786 206
Other Revenue		18 577 330	20 163 361
Government - Operating		39 385 549	48 918 504
Government - Capital		22 529 868	26 653 259
Interest		6 704 850	5 328 577
Payments			
Suppliers and Employees		(338 672 542)	(308 227 325)
Finance Charges		(4 083 211)	(2 497 861)
Transfers and Grants		(1 533 015)	(2 593 984)
NET CASH FROM OPERATING ACTIVITIES	**49**	**34 295 583**	**51 657 122**
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets		3 578 514	7 327 700
Decrease in Long-Term Receivables		8 290	5 954
Payments			
Purchase of Property, Plant and Equipment		(50 301 428)	(50 693 756)
Purchase of Intangible Assets		(13 166)	(309 159)
NET CASH USED INVESTING ACTIVITIES		**(46 727 790)**	**(43 669 262)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		34 626 050	34 200 000
Payments			
Loans Repaid		(8 000 055)	(6 027 216)
NET CASH FROM FINANCING ACTIVITIES		**26 625 995**	**28 172 784**
NET INCREASE IN CASH HELD		**14 193 788**	**36 160 644**
Cash and Cash Equivalents at the beginning of the year		109 201 928	73 041 284
Cash and Cash Equivalents at the end of the year	**50**	123 395 715	109 201 928
NET INCREASE IN CASH HELD		**14 193 788**	**36 160 644**

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
ASSETS			
Current Assets			
Cash	20 780 665	67 816 596	(47 035 930)
Call Investment Deposits	102 615 050	50 000 000	52 615 050
Consumer Debtors	44 561 546	45 160 676	(599 130)
Other Receivables	18 462 563	8 179 211	10 283 352
Current portion of Long-Term Receivables	3 366	2 566	801
Inventory	1 802 060	1 565 498	236 562
Total Current Assets	**188 225 250**	**172 724 546**	**15 500 704**
Non Current Assets			
Long-Term Receivables	145 525	151 673	(6 147)
Investment Property	40 126 531	40 310 759	(184 228)
Property, Plant and Equipment	517 268 775	522 059 269	(4 790 494)
Intangible Assets	3 822 416	3 798 305	24 111
Total Non-Current Assets	561 363 246	566 320 005	(4 956 758)
TOTAL ASSETS	**749 588 497**	**739 044 551**	**10 543 946**
LIABILITIES			
Current Liabilities			
Borrowing	12 047 044	12 047 044	-
Consumer Deposits	5 822 940	5 864 661	(41 720)
Trade and Other Payables	56 856 491	59 709 751	(2 853 260)
Provisions and Employee Benefits	16 641 073	17 374 057	(732 984)
Total Current Liabilities	**91 367 549**	**94 995 513**	**(3 627 965)**
Non-Current Liabilities			
Borrowing	69 541 851	69 541 851	-
Provisions and Employee Benefits	108 911 221	111 325 019	(2 413 798)
Total Non-Current Liabilities	**178 453 071**	**180 866 870**	**(2 413 798)**
TOTAL LIABILITIES	**269 820 621**	**275 862 383**	**(6 041 763)**
NET ASSETS	**479 767 879**	**463 182 168**	**16 585 710**
COMMUNITY WEALTH			
Accumulated Surplus	440 267 879	423 182 168	17 085 710
Reserves	39 500 000	40 000 000	(500 000)
TOTAL COMMUNITY WEALTH/EQUITY	**479 767 879**	**463 182 168**	**16 585 710**

Refer to note 51.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Original Budget)	2022 R (Adjustments)	2022 R (Final and Approved Budget)
ASSETS			
Current assets			
Cash	17 529 949	50 286 647	67 816 596
Call Investment Deposits	10 000 000	40 000 000	50 000 000
Consumer Debtors	59 816 819	(14 656 144)	45 160 676
Other Receivables	5 462 244	2 716 968	8 179 211
Current portion of Long-Term Receivables	2 566	-	2 566
Inventory	1 936 436	(370 938)	1 565 498
Total Current Assets	**94 748 013**	**77 976 533**	**172 724 546**
Non-Current Assets			
Long-Term Receivables	155 438	(3 766)	151 673
Investment Property	40 311 389	(630)	40 310 759
Property, Plant And Equipment	530 071 913	(8 012 644)	522 059 269
Intangible Assets	4 422 804	(624 500)	3 798 305
Total Non Current Assets	**574 961 544**	**(8 641 539)**	**566 320 005**
TOTAL ASSETS	**669 709 557**	**69 334 994**	**739 044 551**
LIABILITIES			
Current Liabilities			
Borrowing	7 364 785	4 682 259	12 047 044
Consumer Deposits	5 702 222	162 438	5 864 661
Trade and Other Payables	43 173 607	16 536 144	59 709 751
Provisions and Employee Benefits	16 973 084	400 973	17 374 057
Total Current Liabilities	**73 213 698**	**21 781 815**	**94 995 513**
Non Current Liabilities			
Borrowing	43 235 637	26 306 214	69 541 851
Provisions and Employee Benefits	100 828 843	10 496 175	111 325 019
Total Non-Current Liabilities	**144 064 480**	**36 802 390**	**180 866 870**
TOTAL LIABILITIES	**217 278 178**	**58 584 205**	**275 862 383**
NET ASSETS	**452 431 379**	**10 750 789**	**463 182 168**
COMMUNITY WEALTH			
Accumulated Surplus	442 431 379	(19 249 211)	423 182 168
Reserves	10 000 000	30 000 000	40 000 000
TOTAL COMMUNITY WEALTH/EQUITY	**452 431 379**	**10 750 789**	**463 182 168**

Refer to note 51.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
REVENUE BY SOURCE			
Property Rates	80 905 871	77 675 100	3 230 771
Service Charges - Electricity Revenue	147 271 403	155 769 440	(8 498 037)
Service Charges - Water Revenue	35 549 182	30 510 000	5 039 182
Service Charges - Sanitation Revenue	16 992 929	17 260 900	(267 971)
Service Charges - Refuse Revenue	23 975 222	23 047 400	927 822
Rental Of Facilities and Equipment	2 939 648	1 358 800	1 580 848
Interest Earned - External Investments	4 783 168	2 404 900	2 378 268
Interest Earned - Outstanding Debtors	1 921 682	1 910 600	11 082
Fines, penalties and forfeits	2 049 311	4 381 500	(2 332 189)
Licences and Permits	4 352	116 400	(112 048)
Agency Services	3 415 223	3 249 000	166 223
Transfers Recognised - Operational	53 820 503	58 821 234	(5 000 731)
Other Revenue	15 686 625	12 015 600	3 671 025
Gains on Disposal of Properties	13 069 995	4 000 000	9 069 995
TOTAL OPERATING REVENUE	**402 385 114**	**392 520 874**	**9 864 240**
EXPENDITURE BY TYPE			
Employee Related Costs	159 844 223	157 728 067	2 116 156
Remuneration of Councillors	5 576 721	6 212 100	(635 379)
Debt Impairment	8 813 336	6 664 500	2 148 836
Depreciation & Asset Impairment	19 540 110	19 003 200	536 910
Finance Charges	9 429 546	10 859 200	(1 429 654)
Bulk Purchases	112 352 246	112 352 540	(294)
Inventory Consumed	23 603 636	32 797 310	(9 193 674)
Contracted Services	23 417 928	23 246 500	171 428
Transfers and Grants	2 295 562	2 155 700	139 862
Other Expenditure	27 229 966	31 437 400	(4 207 434)
Losses	1 941 041	-	1 941 041
TOTAL OPERATING EXPENDITURE	**394 044 316**	**402 456 517**	**(8 412 201)**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**8 340 798**	**(9 935 643)**	**18 276 441**
Transfers Recognised - Capital	24 792 676	26 014 458	(1 221 782)
Contributed Assets	301 066	-	301 066
NET SURPLUS FOR THE YEAR	**33 434 540**	**16 078 815**	**17 355 725**

Refer to note 51.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Original Budget)	2022 R (Adjustments)	2022 R (Approved Budget)	2022 R (Virements)	2022 R (Final Budget)
REVENUE BY SOURCE					
Property Rates	77 675 100	-	77 675 100	-	77 675 100
Service Charges - Electricity Revenue	155 850 640	(81 200)	155 769 440	-	155 769 440
Service Charges - Water Revenue	32 960 000	(2 450 000)	30 510 000	-	30 510 000
Service Charges - Sanitation Revenue	14 285 900	2 975 000	17 260 900	-	17 260 900
Service Charges - Refuse Revenue	21 314 400	1 733 000	23 047 400	-	23 047 400
Rental of Facilities and Equipment	1 358 800	-	1 358 800	-	1 358 800
Interest Earned - External Investments	2 404 900	-	2 404 900	-	2 404 900
Interest Earned - Outstanding Debtors	1 910 600	-	1 910 600	-	1 910 600
Fines, penalties and forfeits	10 381 500	(6 000 000)	4 381 500	-	4 381 500
Licences and Permits	116 400	-	116 400	-	116 400
Agency Services	3 249 000	-	3 249 000	-	3 249 000
Transfers Recognised - Operational	50 084 150	8 737 084	58 821 234	-	58 821 234
Other Revenue	11 312 400	703 200	12 015 600	-	12 015 600
Gains on Disposal of Properties	2 500 000	1 500 000	4 000 000	-	4 000 000
TOTAL OPERATING REVENUE	**385 403 790**	**7 117 084**	**392 520 874**	**-**	**392 520 874**
EXPENDITURE BY TYPE					
Employee Related Costs	160 776 637	(3 048 570)	157 728 067	-	157 728 067
Remuneration of Councillors	6 212 100	-	6 212 100	-	6 212 100
Debt Impairment	10 159 300	(3 494 800)	6 664 500	-	6 664 500
Depreciation & Asset Impairment	11 823 300	7 179 900	19 003 200	-	19 003 200
Finance Charges	12 044 300	(1 185 100)	10 859 200	-	10 859 200
Bulk Purchases	107 252 540	5 100 000	112 352 540	-	112 352 540
Inventory Consumed	27 786 000	5 011 310	32 797 310	-	32 797 310
Contracted Services	26 913 100	(3 666 600)	23 246 500	-	23 246 500
Transfers and Grants	2 645 700	(490 000)	2 155 700	-	2 155 700
Other Expenditure	29 339 070	2 098 330	31 437 400	-	31 437 400
TOTAL OPERATING EXPENDITURE	**394 952 047**	**7 504 470**	**402 456 517**	**-**	**402 456 517**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**(9 548 257)**	**(387 386)**	**(9 935 643)**	**-**	**(9 935 643)**
Transfers Recognised - Capital	21 562 850	4 451 608	26 014 458	-	26 014 458
NET SURPLUS FOR THE YEAR	**12 014 593**	**4 064 222**	**16 078 815**	**-**	**16 078 815**

Refer to note 51.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	79 816 132	75 314 618	4 501 513
Service Charges	211 570 621	219 701 927	(8 131 306)
Other Revenue	18 287 089	17 835 298	451 791
Government - Operating	44 132 660	58 821 234	(14 688 574)
Government - Capital	22 529 868	22 948 766	(418 898)
Interest	6 704 850	4 257 438	2 447 412
Payments			
Suppliers and Employees	(343 419 653)	(356 711 964)	13 292 311
Finance Charges	(4 083 211)	(5 483 500)	1 400 289
Transfers and Grants	(1 533 015)	(2 224 700)	691 685
NET CASH FROM OPERATING ACTIVITIES	**34 005 341**	**34 459 118**	**(453 776)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets	3 578 514	4 000 000	(421 486)
Decrease in Non-Current Receivables	8 290	2 943	5 347
Payments			
Capital Assets	(50 314 595)	(56 805 350)	6 490 755
NET CASH USED IN INVESTING ACTIVITIES	**(46 727 790)**	**(52 802 407)**	**6 074 617**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
New Loans Raised	34 626 050	34 626 050	-
Increase in Consumer Deposits	290 242	331 962	(41 720)
Payments			
Loans Repaid	(8 000 055)	(8 000 055)	-
NET CASH FROM FINANCING ACTIVITIES	**26 916 237**	**26 957 957**	**(41 720)**
NET INCREASE IN CASH HELD	**14 193 789**	**8 614 668**	**5 579 121**
Cash and Cash Equivalents at the beginning of the year	109 201 928	109 201 928	-
Cash and Cash Equivalents at the end of the year	123 395 715	117 816 596	5 579 120
NET INCREASE IN CASH HELD	**14 193 789**	**8 614 668**	**5 579 121**

Refer to note 51.2 for further details relating to material variances.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Original Budget)	2022 R (Adjustments)	2022 R (Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	73 791 345	1 523 273	75 314 618
Service Charges	213 190 393	6 511 534	219 701 927
Other Revenue	18 662 165	(826 867)	17 835 298
Government - Operating	50 084 150	8 737 084	58 821 234
Government - Capital	21 562 850	1 385 916	22 948 766
Interest	4 219 970	37 468	4 257 438
Payments			
Suppliers and Employees	(351 416 072)	(5 295 892)	(356 711 964)
Finance Charges	(6 508 500)	1 025 000	(5 483 500)
Transfers and Grants	(2 645 700)	421 000	(2 224 700)
NET CASH FROM OPERATING ACTIVITIES	**20 940 601**	**13 518 516**	**34 459 118**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	2 500 000	1 500 000	4 000 000
Decrease in Non-Current Receivables	2 566	378	2 943
Payments			
Capital Assets	(53 873 187)	(2 932 163)	(56 805 350)
NET CASH USED IN INVESTING ACTIVITIES	**(51 370 621)**	**(1 431 785)**	**(52 802 407)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
New Loans Raised	15 009 637	19 616 413	34 626 050
Increase in Consumer Deposits	373 043	(41 081)	331 962
Payments			
Loans Repaid	(6 137 321)	(1 862 734)	(8 000 055)
NET CASH FROM FINANCING ACTIVITIES	**9 245 359**	**17 712 598**	**26 957 957**
NET INCREASE/(DECREASE) IN CASH HELD	**(21 184 661)**	**29 799 329**	**8 614 668**
Cash and Cash Equivalents at the beginning of the year	48 714 610	60 487 317	109 201 928
Cash and Cash Equivalents at the end of the year	27 529 949	90 286 647	117 816 596
NET INCREASE/(DECREASE) IN CASH HELD	**(21 184 661)**	**29 799 329**	**8 614 668**

Refer to note 51.2 for further details relating to material variances.

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

The 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 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 (Revised – November 2013) 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.

1.2 TRANSITIONAL PROVISIONS

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

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

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 grants the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

1.5 COMPARATIVE INFORMATION

1.5.1 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.

1.5.2 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.

1.6 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 operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 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.

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

1.8.1 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.

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the Improvements to the Standards of GRAP (2020) which were issued but are not yet effective. The improvements affected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

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

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

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

Standard	Description	Effective Date
GRAP 1 (2019)	Presentation of Financial Statements	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 Standard of GRAP which was issued but is not yet effective:

1.8 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.8.1.1 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.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.8.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but is not yet effective and the Minister of Finance has not yet determined an effective date for implementation, 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:

1.8.2.1 GRAP 25 (Revised 2021) - Employee Benefits

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.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant

1.8.2.2 GRAP 103 (Revised 2022) - Heritage Assets

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

Preliminary investigations indicate that 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.

1.8.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

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.

1.9 INVESTMENT PROPERTY

1.9.1 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.

1.9.2 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.

1.9.3 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.

1.9 INVESTMENT PROPERTY (CONTINUED)

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 the a prospective basis.

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

	YEARS
Buildings	100
Land	Indefinite

1.9.4 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.

1.9.5 Derecognition

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

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

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

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

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

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

1.10.2 Subsequent Measurement - Cost Model

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

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

1.10.3 Depreciation

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

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

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 are accounted for on a prospective basis.

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	YEARS		YEARS
Infrastructure		**Land and Buildings**	
Roads and Storm water	8 - 99	Buildings and Improvements	10 - 120
Electricity Network	10 - 100	Land	Indefinite
Sewerage Network	13 - 89		
Water Network	10 - 102		
Refuse Removal	10 - 64	**Other Assets**	
		Computer Hardware	5 - 20
Community		Furniture and Office Equipment	8 - 30
Cemeteries	100		
Clinics	100	Vehicles	8 - 50
Community Halls	5 - 100	Special Vehicles	15 - 50
Libraries	10 - 120	Tools and Equipment	8 - 33
Parks & Gardens	20 - 100	Other	10 - 50
Recreation Grounds	50 - 100		
Sports facilities	10 - 100	**Capitalised Restoration Cost**	
Finance lease assets		Landfill Sites	2 - 52
Office Machines	3 - 15		

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

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

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

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

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

1.11 INTANGIBLE ASSETS (CONTINUED)

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 the 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	5 - 10

1.11.4 Impairment

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

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

1.11.5 Derecognition

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

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.12.1 Recoverable amount of Cash-generating assets

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

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

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

1.12.2 Recoverable amount of Non-cash-generating assets

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

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

1.12.3 Impairment loss

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

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

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

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

1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.12.4 Reversal of an impairment loss

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

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

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

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

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

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

1.13 INVENTORIES (CONTINUED)

1.13.2 Subsequent Measurement

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

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

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

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

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

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

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

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

1.14 EMPLOYEE BENEFITS

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

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

1.14.1 Post-Retirement Benefits

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

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.1.1 Multi-employer defined benefit plans

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

1.14.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

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

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

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

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

1.14 EMPLOYEE BENEFITS (CONTINUED)

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

1.14.3 Short-term Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise 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
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.14.3.1 Provision for Staff Leave

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

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

1.14.3.2 Staff Bonuses Accrued

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

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.3.3 Provision for Performance Bonuses

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

1.15 PROVISIONS

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

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

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

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

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

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

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

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

1.16 LEASES

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

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

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

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

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

1.16.1.2 Operating leases

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

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

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

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

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

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

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

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

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

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

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

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.3 Impairment and uncollectability of financial assets

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

1.17.3.1 Financial assets measured at amortised cost

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

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

1.17.3.2 Financial assets measured at cost

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

1.17.4 Derecognition of financial instruments

1.17.4.1 Financial assets

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

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

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.4.2 Financial liabilities

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

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

1.17.5 Offsetting of financial instruments

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

1.18 STATUTORY RECEIVABLES

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

1.18.1 Initial Recognition

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

1.18.2 Subsequent Measurement

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

1.18.3 Impairment and uncollectability of statutory receivables

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

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

1.18 STATUTORY RECEIVABLES (CONTINUED)

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

1.18.4 Derecognition

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

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

1.19 CASH AND CASH EQUIVALENTS

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

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

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

1.20 RECEIVABLES

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

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

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

1.21 TAXES (VALUE ADDED TAX)

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

1.22 PAYABLES AND ANNUITY LOANS

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

1.23 CONSUMER DEPOSITS

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

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.25 RESERVES

1.25.1 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.

1.25 RESERVES (CONTINUED)

(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.

1.26 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.

1.26.1 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.

1.26.1.1 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.

1.26.1.2 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.

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

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.

1.26.1.5 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.

1.26.1.6 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.

1.26.1.7 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.

1.26.1.8 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.

1.26.1.9 Availability Charges

Availability charges are based on the approved tariffs of the municipality. This charge is levied where the municipality has installed the relevant infrastructure network(s) (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 network(s).

1.26 REVENUE (CONTINUED)

1.26.1.10 Infrastructure Levy

The infrastructure is based on the approved tariffs of the municipality. The fixed fee is charged to consumers in the municipal area to recover maintenance costs associated with service delivery infrastructure.

1.26.2 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.

1.26.2.1 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.

1.26.2.2 Investment income

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.

1.26.2.3 Rental income

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

1.26 REVENUE (CONTINUED)

1.26.2.4 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.

1.26.2.5 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.

1.26.2.6 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.

1.26.2.7 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.

1.27 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.

1.28 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.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), 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.

1.30 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.

1.31 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.

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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.

1.33 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.

1.34 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.

1.35 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.

1.35 RELATED PARTIES (CONTINUED)

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.

1.36 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.

1.36 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

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 od 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.

1.37 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. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

1.38 SEGMENT REPORTINGS

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.

1.38 SEGMENT REPORTINGS (CONTINUED)

Management 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.

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.

1.39 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:

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

1.39.2 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.

1.39.3 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.

1.39.4 Impairment of non-monetary assets

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

1.39.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations 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.

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.6 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 earthworks as published by Statistics South Africa.

1.39.7 Distinguishing between 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.

1.39.8 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.

1.39.9 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.

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.10 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.

1.39.11 Applying 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.

	2022 R	2021 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	20 770 315	26 198 291
Call and Notice Deposits	102 615 050	82 989 000
Cash Floats	10 350	14 637
Total	**123 395 715**	**109 201 928**

Due to the short term nature of cash deposits, all balances included above is in line with their fair value

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

	2022 R	2021 R
Unspent Conditional Grants	1 350 562	13 089 026
Unspent Public Contributions	-	94 969
Unspent Annuity Loans	33 800 788	13 853 578
Unspent Housing Allocation (Rent-to-Own)	10 000 000	10 000 000
Capital Replacement Reserve	39 500 000	37 500 000
Committed Investments	3 789 000	3 789 000
Working Capital Requirements	34 955 366	30 875 354
Total	**123 395 715**	**109 201 928**

Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

	2022 R	2021 R
Bank Statement Balance - Opening Balance	25 290 293	48 749 473
Bank Statement Balance - Closing Balance	19 663 072	25 290 293
Cashbook Balance - Opening Balance	26 198 291	49 235 916
Cashbook Balance - Closing Balance	20 770 315	26 198 291

Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2021 and 30 June 2022.

Guarantees relating to the following entities are held at ABSA:

	2022 R	2021 R
The Post Office	**50 000**	**50 000**

		2022 R	2021 R
2	**CASH AND CASH EQUIVALENTS (CONTINUED)**		

Call and Notice Deposits

Call and Notice Deposits consist out of the following

	2022 R	2021 R
ABSA - Acc No 2078493223	1 254 000	1 254 000
ABSA - Acc No 2079252816	2 535 000	2 535 000
ABSA - Acc No 2080496409	34 626 050	-
First National Bank - Acc No 76200581231	34 200 000	-
Nedbank - Acc No 7881714298/173	20 000 000	-
Nedbank - Acc No 7881714298/161	-	25 000 000
Nedbank - Acc No 7881714298/162	-	34 200 000
Standard Bank - Acc No 478526628	10 000 000	20 000 000
Total	**102 615 050**	**82 989 000**

Interest between 5.75% and 6.79% (2021 - 4.13% and 4.85%) were attracted by these short term deposits at year end.

The ABSA Investments, Acc No 2078493223 and Acc No 2079252816, are attached to a guarantee provided by the municipality to Eskom (Electricity Account Guarantee). These deposits are fixed for a period of 12 months from 31 May 2022 and 14 June 2022 (2021 - 31 May 2021 and 14 June 2021) respectively.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2022

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**50 984 240**	**16 360 735**	**34 623 505**
Electricity	19 553 773	2 835 812	16 717 960
Water	11 267 113	4 360 248	6 906 866
Refuse	7 177 860	3 177 048	4 000 812
Sewerage	5 011 719	2 268 863	2 742 855
Other Services	7 973 776	3 718 764	4 255 012
Other Receivables	**17 388 916**	**-**	**17 388 916**
Asset Sales	15 232 799	-	15 232 799
Accrued Interest	60 971	-	60 971
Payments in Advance	1 595 960	-	1 595 960
Other Arrears	499 186	-	499 186
Total	**68 373 157**	**16 360 735**	**52 012 421**

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**48 985 879**	**20 612 726**	**28 373 153**
Electricity	18 509 276	2 973 962	15 535 315
Water	11 064 229	6 342 399	4 721 829
Refuse	7 440 156	4 732 989	2 707 167
Sewerage	5 407 845	3 623 725	1 784 119
Other Services	6 564 374	2 939 650	3 624 724
Other Receivables	**6 236 814**	**-**	**6 236 814**
Asset Sales	3 966 842	-	3 966 842
Accrued Interest	158 869	-	158 869
Payments in Advance	1 465 629	-	1 465 629
Other Arrears	645 475	-	645 475
Total	**55 222 693**	**20 612 726**	**34 609 967**
Balance Previously Reported	**62 178 762**	**23 562 983**	**38 615 778**
Prior Period Adjustment - Refer to note 48.01	(6 956 069)	(2 950 257)	(4 005 811)
Restated Balance on 30 June 2021	**55 222 693**	**20 612 726**	**34 609 967**

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2022 R	2021 R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	14 792 347	13 546 956
Past Due (31 - 60 Days)	1 209 852	1 652 269
Past Due (61 - 90 Days)	1 090 826	471 780
Past Due (90 Days +)	2 460 747	2 838 271
Total	**19 553 773**	**18 509 276**
Water Ageing		
Current (0 - 30 days)	4 679 761	3 417 036
Past Due (31 - 60 Days)	1 498 697	919 988
Past Due (61 - 90 Days)	1 704 634	537 259
Past Due (90 Days +)	3 384 022	6 189 946
Total	**11 267 113**	**11 064 229**

	2022 R	2021 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Refuse Ageing		
Current (0 - 30 days)	2 280 228	1 651 163
Past Due (31 - 60 Days)	597 990	598 894
Past Due (61 - 90 Days)	1 187 153	314 997
Past Due (90 Days +)	3 112 489	4 875 102
Total	**7 177 860**	**7 440 156**
Sewerage Ageing		
Current (0 - 30 days)	1 395 418	961 041
Past Due (31 - 60 Days)	421 822	379 509
Past Due (61 - 90 Days)	882 062	232 513
Past Due (90 Days +)	2 312 416	3 834 782
Total	**5 011 718**	**5 407 845**
Other Services Ageing		
Current (0 - 30 days)	2 198 419	801 829
Past Due (31 - 60 Days)	335 131	1 791 856
Past Due (61 - 90 Days)	834 180	271 587
Past Due (90 Days +)	4 606 046	3 699 101
Total	**7 973 776**	**6 564 374**
Total Service Receivables Ageing		
Current (0 - 30 days)	25 346 173	20 378 026
Past Due (31 - 60 Days)	4 063 493	5 342 516
Past Due (61 - 90 Days)	5 698 855	1 828 136
Past Due (90 Days +)	15 875 720	21 437 202
Total	**50 984 240**	**48 985 879**

Ageing per Customer Classification - 30 June 2022

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	14 504 929	10 382 334	458 910
Past Due (31 - 60 Days)	3 293 743	639 504	130 245
Past Due (61 - 90 Days)	5 123 023	403 276	172 556
Past Due (90 Days +)	11 549 436	3 223 403	1 102 880
Sub-Total	**34 471 132**	**14 648 518**	**1 864 591**
Less Allowance for Impairment	(12 867 237)	(3 493 498)	-
Total	**21 603 894**	**11 155 020**	**1 864 591**

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2021

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	12 173 801	7 689 771	514 454
Past Due (31 - 60 Days)	2 849 659	2 390 308	102 549
Past Due (61 - 90 Days)	1 488 698	276 416	63 022
Past Due (90 Days +)	19 490 734	1 120 661	825 807
Sub-Total	**36 002 892**	**11 477 155**	**1 505 832**
Less Allowance for Impairment	(19 434 570)	(1 178 156)	-
Total	**16 568 323**	**10 298 999**	**1 505 832**

Included in Consumers are indigent balances amounting to R 2 211 171 (2021 - R 896 944). These balances were fully impaired.

	2022 R	2021 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	20 612 726	20 819 949
Contribution to the provision	6 167 675	2 678 724
Electricity	668 602	(743 359)
Water	2 034 818	2 448 791
Refuse	997 357	1 363 061
Sewerage	765 011	1 152 035
Other Services	1 701 887	(1 541 803)
Bad Debts Written off	(10 419 665)	(2 885 947)
Electricity	(806 751)	(255 096)
Water	(4 016 969)	(1 134 569)
Refuse	(2 553 298)	(550 042)
Sewerage	(2 119 873)	(366 884)
Other Services	(922 773)	(579 355)
Balance at the end of the year	**16 360 735**	**20 612 726**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 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.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2022

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**16 151 922**	**6 213 881**	**9 938 041**
Rates	13 637 947	5 513 478	8 124 468
Availability Charges	2 513 975	700 403	1 813 573
Other Receivables	**3 588 368**	**2 837 869**	**750 499**
Unpaid Fines	3 256 750	2 837 869	418 881
Sundry Deposits	331 618	-	331 618
Total	**19 740 290**	**9 051 750**	**10 688 540**

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**19 567 631**	**9 220 674**	**10 346 957**
Rates	13 976 505	6 270 416	7 706 089
Availability Charges	4 138 587	2 191 336	1 947 251
Infrastructure Levy	1 452 539	758 922	693 617
Other Receivables	**5 567 998**	**4 805 361**	**762 637**
Unpaid Fines	5 392 380	4 805 361	587 019
Sundry Deposits	175 618	-	175 618
Total	**25 135 629**	**14 026 035**	**11 109 594**
Balance Previously Reported	**19 544 503**	**11 075 777**	**8 468 726**
Prior Period Adjustment - Refer to note 48.02	5 591 126	2 950 257	2 640 868
Restated Balance on 30 June 2021	**25 135 629**	**14 026 035**	**11 109 594**

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service receivables:	2022 R	2021 R
Rates Ageing		
Current (0 - 30 days)	4 838 222	4 516 941
Past Due (31 - 60 Days)	994 448	1 833 817
Past Due (61 - 90 Days)	1 011 400	493 848
Past Due (90 Days +)	6 793 876	7 131 900
Total	**13 637 947**	**13 976 505**

		2022 R	2021 R
4	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)**		

Availability Charges

	2022 R	2021 R
Current (0 - 30 days)	1 112 511	1 028 106
Past Due (31 - 60 Days)	301 501	358 912
Past Due (61 - 90 Days)	160 424	209 328
Past Due (90 Days +)	939 539	2 542 240
Total	**2 513 975**	**4 138 587**

Infrastructure Levy

	2022 R	2021 R
Current (0 - 30 days)	-	475 584
Past Due (31 - 60 Days)	-	197 775
Past Due (61 - 90 Days)	-	132 368
Past Due (90 Days +)	-	646 813
Total	**-**	**1 452 539**

Ageing per Customer Classification - 30 June 2022

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	5 101 272	533 164	316 298
Past Due (31 - 60 Days)	1 074 444	65 023	156 482
Past Due (61 - 90 Days)	992 121	46 758	132 945
Past Due (90 Days +)	5 049 343	1 054 954	1 629 119
Sub-Total	**12 217 179**	**1 699 899**	**2 234 844**
Less Allowance for Impairment	(5 150 933)	(1 062 948)	-
Total	**7 066 246**	**636 951**	**2 234 844**

Ageing per Customer Classification - 30 June 2021

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	4 943 202	394 274	683 155
Past Due (31 - 60 Days)	1 373 449	910 423	106 632
Past Due (61 - 90 Days)	718 370	37 807	79 366
Past Due (90 Days +)	8 818 267	213 858	1 288 827
Sub-Total	**15 853 289**	**1 556 363**	**2 157 980**
Less Allowance for Impairment	(9 000 310)	(220 363)	-
Total	**6 852 978**	**1 335 999**	**2 157 980**

Included in Consumers are indigent balances amounting to R 261 741 (2021 - R 507 307). These balances were fully impaired.

	2022 R	2021 R
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)		
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	14 026 035	21 806 379
Contribution to the provision	345 774	2 715 978
Rates	671 360	203 011
Availability Charges	(1 335 616)	(376 735)
Infrastructure Levy	(599 327)	602 229
Fines	1 609 358	2 287 473
Bad Debts Written off	(5 320 059)	(10 496 323)
Rates	(1 428 298)	(299 322)
Availability Charges	(155 316)	(12 677)
Infrastructure Levy	(159 595)	(254 974)
Fines	(3 576 850)	(9 929 350)
Balance at the end of the year	**9 051 750**	**14 026 035**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 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.

5 OPERATING LEASES

5.1 OPERATING LEASE ASSETS

	2022	2021
Operating Lease Asset	**323 147**	**329 524**

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

Reconciliation of Operating Lease Asset:

	2022	2021
Balance at the beginning of the year	329 524	328 033
Movement during the year	(6 377)	1 491
Balance at the end of the year	**323 147**	**329 524**

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

	2022	2021
Within 1 Year	839 498	630 641
Between 1 and 5 Years	1 753 769	2 043 763
After 5 Years	425 035	605 341
Total	**3 018 302**	**3 279 744**

	2022	2021
	R	R

5 OPERATING LEASES (CONTINUED)

The lease payments are in respect of properties being lease out over a period ranging up to 2030 (2021 - 2030).

5.2 OPERATING LEASE LIABILITIES

	2022 R	2021 R
Operating Lease Liability	**52 273**	**38 334**

The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

Reconciliation of Operating Lease Liability:

	2022 R	2021 R
Balance at the beginning of the year	38 334	31 501
Movement during the year	13 939	6 833
Balance at the end of the year	**52 273**	**38 334**

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

	2022 R	2021 R
Within 1 Year	1 274 555	1 239 078
Between 1 and 5 Years	542 552	1 817 107
Total	**1 817 107**	**3 056 185**

The operating lease liability relates to the following lease arrangements:

The "Old Nedbank Gebou" and "Tourism Building". The lease terms will end on 31 December 2023 and 30 June 2024 respectively. Leases escalated between 6% and 7.5% over the respective lease terms.

A new operating lease agreement was entered into with Nashua relating to the rental of printers. Based on the terms of the agreement and the GRAP 13 assessment, it was considered appropriate to classify the arrangement as an operating lease rather than a finance lease. The lease commenced on 1 October 2020 and expires on 30 September 2023. The lease amount payable is R 70 740 per month (VAT Exclusive) and there are no escalation over the lease term.

	2022 R	2021 R
6 LONG-TERM RECEIVABLES		
Receivables with Repayment Arrangements	6 556 120	4 757 494
Individual Housing Loans	148 891	157 181
Total Gross Balance	**6 705 011**	**4 914 676**
Less: Allowance for Debt Impairment	(6 556 120)	(4 757 494)
Total Net Balance	**148 891**	**157 181**
Less: Current portion of Long-term Receivables	(3 366)	(2 943)
Individual Housing Loans	(3 366)	(2 943)
Total	**145 525**	**154 238**

Individual Housing Loans

The loans was granted to facilitate housing schemes in the municipal area.

Receivables with repayment arrangements

On 30 June 2022, debtors amounting to R 6 556 120 (2021 - R 4 757 494) have made arrangements to settle their accounts over an re-negotiated period. Total payments to the value of R 3 390 382 (2021 - R 2 573 151) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables. Total payments to the value of R 3 165 738 (2021 - R 2 184 343) are due within the next 12 month. As these amount are fully impaired, there are no balance to be transferred to current receivables.

Reconciliation of Allowance for impairment

	2022	2021
Balance at the beginning of the year	4 757 494	3 436 621
Contribution to the provision	1 798 626	1 320 873
Balance at the end of the year	**6 556 120**	**4 757 494**

The allowance for impairment only relates to Receivables with repayment arrangements. Receivables with repayment arrangements are impaired in full. Management has taken a conservative approach to impair the debtors in full. This is due to historic poor collection rates of the said receivables and the arrangement itself considered a significant indicator for impairment.

		2022 R	2021 R
7	**INVENTORY**		
	Consumables	1 714 068	1 487 785
	Water	87 992	77 713
	Total	**1 802 060**	**1 565 498**

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

No inventory were pledged as security for liabilities.

No Inventory losses or surpluses were identified during the annual stores counts.

	2022	2021
Inventory recognised as an expense during the year.	2 696 492	3 026 711

Included in the balance reported in 2020/21 is inventory amounting to R 17 561 which is in Police custody to be used as evidence in theft case. The stock was returned during 2021/2022.

8 INVESTMENT PROPERTY

	2022	2021
Investment Property - Carrying Value	**40 126 531**	**40 336 859**
Balance Previously Reported		40 319 859
Prior Period Adjustment - Refer to note 48.03		17 000

The movement in investment properties is reconciled as follows:

	2022	2021
Opening Carrying Value	**40 336 859**	**40 346 389**
Cost	40 499 082	40 500 082
Accumulated Depreciation	(162 224)	(153 694)
Depreciation for the year	(8 530)	(8 530)
Disposals	(201 798)	(1 000)
Closing Carrying Value	**40 126 531**	**40 336 859**
Cost	40 297 284	40 499 082
Accumulated Depreciation	(170 754)	(162 224)

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.

9 PROPERTY PLANT AND EQUIPMENT

30 June 2022	Cost				Accumulated Depreciation				Accumulated Impairment			
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	Carrying Value R
Land and Buildings	**94 132 639**	**79 640**	**(103 207)**	**94 109 072**	**12 009 572**	**421 790**	**-**	**12 431 362**	**306 749**	**753 842**	**1 060 592**	**80 617 119**
Land	59 080 404	-	(103 207)	58 977 197	-	-	-	-	-	-	-	58 977 197
Buildings	35 052 235	79 640	-	35 131 875	12 009 572	421 790	-	12 431 362	306 749	753 842	1 060 592	21 639 922
Capitalised Restoration Cost	**34 429 854**	**2 032 870**	**(1 543 193)**	**34 919 530**	**22 252 211**	**2 245 529**	**-**	**24 497 739**	**3 296 638**	**143 249**	**3 439 887**	**6 981 904**
Infrastructure	**418 994 702**	**44 061 909**	**(2 152 635)**	**460 903 975**	**94 323 792**	**10 557 103**	**(621 664)**	**104 259 231**	**-**	**-**	**-**	**356 644 744**
Roads and Storm water	162 750 535	17 112 584	(25 631)	179 837 488	30 070 451	4 294 034	(23 180)	34 341 304	-	-	-	145 496 183
Electricity Network	87 085 634	6 862 328	-	93 947 961	20 883 426	2 405 203	-	23 288 628	-	-	-	70 659 333
Sewerage Network	100 639 716	12 914 192	(2 127 004)	111 426 904	18 428 446	2 239 453	(598 484)	20 069 415	-	-	-	91 357 489
Water Network	65 868 927	7 172 805	-	73 041 732	23 204 977	1 569 879	-	24 774 856	-	-	-	48 266 876
Refuse Removal	2 649 891	-	-	2 649 891	1 736 494	48 534	-	1 785 028	-	-	-	864 863
Community Assets	**39 886 286**	**5 121 074**	**-**	**45 007 360**	**5 150 975**	**934 441**	**-**	**6 085 416**	**-**	**-**	**-**	**38 921 944**
Cemeteries	320 729	-	-	320 729	16 707	4 164	-	20 871	-	-	-	299 858
Clinics	201 995	-	-	201 995	39 612	1 920	-	41 532	-	-	-	160 462
Community Halls	13 784 743	1 227 530	-	15 012 273	1 066 161	152 977	-	1 219 138	-	-	-	13 793 134
Libraries	4 878 443	-	-	4 878 443	1 800 491	69 570	-	1 870 061	-	-	-	3 008 382
Parks & Gardens	6 672 268	129 400	-	6 801 668	788 195	255 979	-	1 044 174	-	-	-	5 757 495
Recreation Grounds	1 766 423	-	-	1 766 423	391 182	24 678	-	415 860	-	-	-	1 350 563
Sports facilities	7 837 649	3 764 144	-	11 601 793	912 507	272 804	-	1 185 311	-	-	-	10 416 482
Markets	4 424 036	-	-	4 424 036	136 119	152 349	-	288 469	-	-	-	4 135 568
Other Assets	**55 279 181**	**7 261 729**	**(1 171 432)**	**61 369 478**	**24 229 307**	**3 798 471**	**(761 363)**	**27 266 415**	**-**	**-**	**-**	**34 103 063**
Computer Hardware	10 205 204	645 034	(289 285)	10 560 953	4 157 860	1 069 016	(212 592)	5 014 284	-	-	-	5 546 669
Furniture and Office Equipment	9 655 952	420 067	(115 992)	9 960 028	4 478 080	754 165	(92 629)	5 139 616	-	-	-	4 820 411
Vehicles	15 959 707	4 119 197	(284 456)	19 794 448	8 712 500	776 034	(73 656)	9 414 877	-	-	-	10 379 571
Special Vehicles	7 081 021	-	(255 284)	6 825 737	1 540 285	365 005	(186 761)	1 718 529	-	-	-	5 107 208
Tools and Equipment	9 950 798	1 011 940	(209 152)	10 753 586	3 672 366	730 161	(179 560)	4 222 968	-	-	-	6 530 618
Other	2 426 499	1 065 492	(17 263)	3 474 727	1 668 216	104 090	(16 165)	1 756 140	-	-	-	1 718 587
Total	**642 722 661**	**58 557 222**	**(4 970 467)**	**696 309 416**	**157 965 856**	**17 957 333**	**(1 383 027)**	**174 540 163**	**3 603 388**	**897 091**	**4 500 479**	**517 268 775**

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2021	Cost				Accumulated Depreciation				Accumulated Impairment			
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	Carrying Value R
Land and Buildings	**92 243 413**	**1 897 380**	**(8 153)**	**94 132 639**	**11 600 457**	**409 115**	**-**	**12 009 572**	**-**	**306 749**	**306 749**	**81 816 318**
Land	58 611 558	477 000	(8 153)	59 080 404	-	-	-	-	-	-	-	59 080 404
Buildings	33 631 855	1 420 380	-	35 052 235	11 600 457	409 115	-	12 009 572	-	306 749	306 749	22 735 914
Capitalised Restoration Cost	**28 302 701**	**6 127 153**	**-**	**34 429 854**	**21 355 488**	**896 722**	**-**	**22 252 211**	**3 116 266**	**180 372**	**3 296 638**	**8 881 005**
Infrastructure	**372 437 793**	**46 586 891**	**(29 982)**	**418 994 702**	**84 762 976**	**9 572 458**	**(11 642)**	**94 323 792**	**-**	**-**	**-**	**324 670 910**
Roads and Storm water	154 494 730	8 285 787	(29 982)	162 750 535	25 945 134	4 136 958	(11 642)	30 070 451	-	-	-	132 680 085
Electricity Network	81 049 583	6 036 051	-	87 085 634	18 659 362	2 224 064	-	20 883 426	-	-	-	66 202 208
Sewerage Network	70 658 211	29 981 505	-	100 639 716	16 780 239	1 648 207	-	18 428 446	-	-	-	82 211 270
Water Network	63 585 379	2 283 548	-	65 868 927	21 694 051	1 510 925	-	23 204 977	-	-	-	42 663 950
Refuse Removal	2 649 891	-	-	2 649 891	1 684 190	52 304	-	1 736 494	-	-	-	913 397
Community Assets	**36 593 159**	**3 293 127**	**-**	**39 886 286**	**4 383 781**	**767 194**	**-**	**5 150 975**	**-**	**-**	**-**	**34 735 311**
Cemeteries	320 729	-	-	320 729	12 543	4 164	-	16 707	-	-	-	304 022
Clinics	201 995	-	-	201 995	37 692	1 920	-	39 612	-	-	-	162 382
Community Halls	13 784 743	-	-	13 784 743	916 446	149 715	-	1 066 161	-	-	-	12 718 581
Libraries	4 878 443	-	-	4 878 443	1 730 922	69 570	-	1 800 491	-	-	-	3 077 952
Parks & Gardens	5 114 918	1 557 350	-	6 672 268	594 974	193 220	-	788 195	-	-	-	5 884 074
Recreation Grounds	1 766 423	-	-	1 766 423	366 504	24 678	-	391 182	-	-	-	1 375 241
Sports facilities	6 611 927	1 225 722	-	7 837 649	687 728	224 780	-	912 507	-	-	-	6 925 142
Markets	3 913 982	510 055	-	4 424 036	36 972	99 147	-	136 119	-	-	-	4 287 917
Lease Assets	**1 177 811**	**-**	**(1 177 811)**	**-**	**971 678**	**26 975**	**(998 653)**	**-**	**-**	**-**	**-**	**-**
Leased Assets - Office Machines	1 177 811	-	(1 177 811)	-	971 678	26 975	(998 653)	-	-	-	-	-
Other Assets	**49 869 602**	**6 105 891**	**(696 312)**	**55 279 181**	**21 241 251**	**3 537 346**	**(549 291)**	**24 229 307**	**-**	**-**	**-**	**31 049 874**
Computer Hardware	8 242 158	2 237 924	(274 878)	10 205 204	3 408 127	975 354	(225 620)	4 157 860	-	-	-	6 047 343
Furniture and Office Equipment	8 881 193	920 430	(145 670)	9 655 952	3 806 316	758 099	(86 335)	4 478 080	-	-	-	5 177 873
Vehicles	15 691 186	445 110	(176 589)	15 959 707	8 117 003	744 157	(148 661)	8 712 500	-	-	-	7 247 207
Special Vehicles	5 332 347	1 748 673	-	7 081 021	1 323 879	216 406	-	1 540 285	-	-	-	5 540 736
Tools and Equipment	9 322 129	716 004	(87 335)	9 950 798	3 013 517	737 616	(78 767)	3 672 366	-	-	-	6 278 432
Other	2 400 590	37 750	(11 840)	2 426 499	1 572 408	105 715	(9 908)	1 668 216	-	-	-	758 283
Total	**580 624 479**	**64 010 442**	**(1 912 259)**	**642 722 661**	**144 315 632**	**15 209 810**	**(1 559 586)**	**157 965 856**	**3 116 266**	**487 122**	**3 603 388**	**481 153 419**

The prior year was restated - Refer to note 48.04

	2022	2021
	R	R

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

The impairment on buildings relates to the building donated by P & B Limeworks during the year which was damaged during a fire. 24% of the property was damaged during 2020/2021. Due to vandalism, the building was further impaired during 2021/2022 (further 54% to increase total impairment to 78%).

The following work in progress balances (Cost) are included in PPE. No Depreciation charge is recognised against these amounts.

	2022 R	2021 R
Infrastructure - Roads and Storm water	1 112 701	2 246 034
Infrastructure - Electricity Network	13 267 948	8 203 320
Infrastructure - Sewerage Network	11 066 718	36 076 718
Infrastructure - Water Network	4 567 592	46 071
Community Assets - Markets	-	1 157 893
Other Assets - Computer Equipment	-	149 247
Total Work in Progress (WIP)	**30 014 960**	**47 879 282**

The prior year disclosure was restated to include Community Assets - Markets (R 1 157 893) and Other Assets - Computer Equipment (R 149 247) incorrectly omitted from prior year disclosure. Roads and Stormwater incorrectly included WIP amounting to R 512 476.

The significant decrease in the Sewerage work in progress balance can be attributed to the Bredasdorp Waste Water Treatments works which was completed in the current year.

There were no delays that are considered to be "significant" that warrants any further disclosure of individual projects as required by GRAP 17 paragraph 87 (b).

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 Cape Agulhas Municipality.

Refer to note 19 for more detail relating to this asset financed by way of a provision

		2022 R	2021 R
10	**INTANGIBLE ASSETS**		
	Intangible Assets - Carrying Value	**3 822 416**	**4 486 405**

The movement in intangible assets is reconciled as follows:

	2022	2021
Opening Carrying Value	**4 486 405**	**4 861 004**
Cost	7 077 271	6 768 112
Accumulated Amortisation	(2 590 866)	(1 907 107)
Additions	13 166	309 159
Amortisation for the year	(677 155)	(683 759)
Closing Carrying Value	**3 822 416**	**4 486 405**
Cost	7 090 437	7 077 271
Accumulated Amortisation	(3 268 022)	(2 590 866)
Work in Progress	**-**	**220 704**

Work In Progress is included in carrying value of intangible assets. No Amortisation charge is recognised against these amounts.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

		2022	2021
		R	R
11	**LONG-TERM LIABILITIES**		
	Annuity Loans	81 588 895	54 962 900
	Sub-Total	**81 588 895**	**54 962 900**
	Less: Current portion of Long-term Liabilities	12 047 044	8 000 054
	Annuity Loans	12 047 044	8 000 054
	Total	**69 541 851**	**46 962 845**

Long Term Liabilities were fully utilised to purchase property plant and equipment. No cash were set aside to finance future instalments.

The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:

	2022	2021
Opening Balance - Unspent Loans	13 853 578	13 183 804
Assets purchased	(14 678 840)	(33 530 226)
Annuity Loans Raised	34 626 050	34 200 000
Closing Balance - Unspent Loans	**33 800 788**	**13 853 578**

The unspent loans relates to Annuity Loans raised at First National Bank during June 2022 (June 2021 - Standard Bank.) The remainder of the unspent funding will be utilised on capital projects included in the approved budget of the municipality after year-end.

Annuity Loans

	2022	2021
Amalgamated Banks of South Africa (ABSA)	2 122 099	2 462 900

Interest is calculated between 9.84% and 10.60% (2021 - 9.84% and 10.60%) interest rate. Loan period for remaining loans are 10 years and will be redeemed between 30 June 2026 and 30 June 2027 . Annuity loans consist out of 2 (2021 - 6) loan agreements

	2022	2021
Nedbank	14 600 000	18 300 000

Interest is calculated between 9.30% and 10.35% (2020 - 9.20% and 10.35%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2023 and 30 June 2029 . Annuity loans consist out of 5 (2021 - 6) loan agreements.

		2022	2021
		R	R
11	**LONG-TERM LIABILITIES (CONTINUED)**		
	Standard Bank	30 240 746	34 200 000
	Interest is calculated between 5.94% and 6.32% interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2024 and 30 June 2031 . Annuity loans consist out of 3 loan agreements.		
	First National Bank	34 626 050	-
	Interest is calculated between 6.81% and 6.87% interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2027 and 30 June 2032 . Annuity loans consist out of 3 loan agreements.		
		81 588 895	**54 962 900**

Further detail relating to Annuity Loans is included in Appendix A.

Annuity loans are payable as follows:

	2022	2021
Payable within one year	17 724 051	11 960 073
Payable within two to five years	55 517 084	36 503 211
Payable after five years	32 978 889	23 647 578
Total amount payable	**106 220 025**	**72 110 862**
Less: Outstanding Future Finance Charges	(24 631 129)	(17 147 962)
Present value of annuity loans	**81 588 895**	**54 962 900**

		2022	2021
12	**CONSUMER DEPOSITS**		
	Electricity	3 364 102	3 213 492
	Water	2 458 838	2 319 206
	Total	**5 822 940**	**5 532 699**
	Guarantees held in lieu of Electricity and Water Deposits	**172 000**	**172 000**

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

		2022 R	2021 R
13	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	32 207 482	25 276 203
	Retentions	7 129 656	4 803 829
	Pre-Paid Electricity	541 530	464 787
	Debtors with credit balances	3 498 075	1 845 515
	Department of Housing	10 281 129	10 655 415
	Rent-to-Own Allocation	10 000 000	10 000 000
	Other funds received	281 129	655 415
	Sundry Creditors	1 035 451	678 671
	Sundry Deposits	314 346	580 052
	Total	**55 007 668**	**44 304 472**

Payables are being recognised net of any discounts received

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

Department of Housing

The municipality performs certain activities on behalf of the department of housing in order to execute their housing mandate. These activities, which mainly relates to the channelling of funds from the department to the housing contractors through the municipality's bank account, are performed an agency-principle basis.

Included in the payable at 30 June 2021 and 30 June 2022 is an amount of R 10 million received during the 2020/2021 financial year relating to the "Rent-to-Own" initiative of the Department of Housing which will be implemented after year-end.

The following funds were channelled through the municipality during the period under review:

	2022	2021
Opening Balance	10 655 415	468 883
Funds Received	4 747 111	23 321 786
Expenditure incurred	(5 121 398)	(13 135 254)
Unspent Balance	**10 281 129**	**10 655 415**

		2022 R	2021 R
14	**UNSPENT CONDITIONAL GOVERNMENT GRANTS**		
	National Government	864 340	9 793 000
	Balance Previously Reported		2 093 000
	Prior Period Adjustment - Refer to note 48.05		7 700 000
	Provincial Government	486 221	3 296 026
	Balance Previously Reported		10 996 026
	Prior Period Adjustment - Refer to note 48.05		(7 700 000)
	Total	**1 350 562**	**13 089 026**

Detail reconciliations of all grants received and grant conditions met are included in note 22. Unspent grant balances are recognised to the extent that conditions are not yet met.

Also refer to Appendix D for further detail relating to grants.

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.

		2022 R	2021 R
15	**UNSPENT PUBLIC CONTRIBUTIONS**		
	Mayoral Golf Day	-	94 969
	Total	**-**	**94 969**

Detail reconciliations of all public contributions received are included in note 23. 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.

		2022 R	2021 R
16	**TAXES**		
	VAT Output in Suspense	5 362 833	2 990 591
	Balance Previously Reported		3 568 519
	Prior Period Adjustment - Refer to note 48.06		(577 928)
	VAT Input in Suspense	(4 127 903)	(3 282 870)
	VAT Payable to/(Refundable from) SARS	(788 943)	(249 387)
	Total	**445 988**	**(541 667)**

VAT is accounted for on the payment basis.

		2022 R	2021 R
16	**TAXES (CONTINUED)**		

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

17 CURRENT EMPLOYEE BENEFITS

	2022 R	2021 R
Post Retirement Medical Benefits	1 413 000	1 332 000
Long Service Awards	875 000	1 249 000
Performance Bonuses	606 341	418 759
Bonuses	4 276 372	4 102 540
Staff Leave	9 470 360	9 288 321
Total	**16 641 073**	**16 390 620**

The movement in current employee benefits are reconciled as follows:

<u>Performance Bonuses</u>

	2022 R	2021 R
Opening Balance	418 759	443 609
Contribution/(Reduction) during the year	735 898	415 248
Payments made	(548 316)	(440 099)
Closing Balance	**606 341**	**418 759**

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.

<u>Bonuses</u>

	2022 R	2021 R
Opening Balance	4 102 540	3 731 940
Contribution during the year	7 839 899	7 425 100
Payments made	(7 666 067)	(7 054 501)
Closing Balance	**4 276 372**	**4 102 540**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

		2022 R	2021 R
17	**CURRENT EMPLOYEE BENEFITS (CONTINUED)**		
	Staff Leave		
	Opening Balance	9 288 321	8 572 302
	Contribution during the year	563 172	2 328 758
	Payments made	(381 133)	(1 612 739)
	Closing Balance	**9 470 360**	**9 288 321**

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 in the event of encashment. There is no possibility of reimbursement.

		2022 R	2021 R
18	**EMPLOYEE BENEFITS**		
	Post Retirement Medical Benefits	39 279 000	37 319 000
	Long Service Awards	9 148 000	9 143 000
	Sub-Total	**48 427 000**	**46 462 000**
	Less: Current portion of Employee Benefits	**2 288 000**	**2 581 000**
	Post Retirement Medical Benefits	1 413 000	1 332 000
	Long Service Awards	875 000	1 249 000
	Total	**46 139 000**	**43 881 000**

18.1 Post Retirement Medical Benefits

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

	2022 R	2021 R
Opening Balance	**37 319 000**	**29 548 000**
Contribution during the year	5 258 000	4 239 000
Current Service Cost	1 529 000	1 221 000
Interest Cost	3 729 000	3 018 000
Payments made	(1 296 015)	(1 209 321)
Actuarial Loss/(Gain)	(2 001 985)	4 741 321
Total balance at year-end	**39 279 000**	**37 319 000**
Less Current Portion	1 413 000	1 332 000
Total	**37 866 000**	**35 987 000**

18 EMPLOYEE BENEFITS (CONTINUED)

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

	2022	2021
In-service members	136	134
In-service non-members	240	237
Continuation members	30	28
Total	**406**	**399**

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

	2022	2021
	R	R
In-service members	23 391 000	21 948 000
Continuation members	15 888 000	15 371 000
Total Unfunded Liability	**39 279 000**	**37 319 000**

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2020	2019	2018
	R	R	R
In-service members	16 953 000	18 915 000	31 032 859
Continuation members	12 595 000	13 285 331	15 497 821
Total Unfunded Liability	**29 548 000**	**32 200 331**	**46 530 680**

Experience adjustments were calculated as follows:

	2022	2021
	R m	R m
Liabilities: (Gain)/Loss	0.608	1.287
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2020	2019	2018
	R m	R m	R m
Liabilities: (Gain)/Loss	(0.320)	(0.025)	0.391
Assets: Gain/(Loss)	-	-	-

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

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

18 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

	2022	2021
Interest Rates		
Discount rate	11.81%	10.17%
Health Care Cost Inflation Rate	8.43%	7.12%
Net-of-health-care-cost-inflation discount rate	3.12%	2.85%
Maximum subsidy inflation rate	5.95%	4.97%
Net-of-maximum-subsidy-inflation discount rate	5.53%	4.96%

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

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries with a 1% mortality improvement per annum from 2010.

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2021 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2021 - 60%) while the continuation of membership at retirement is estimated at 75% (2021 - 75%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2021 - 15%).

Last Valuation

The last valuation was performed on 16 July 2022.

Actuarial Valuation Method

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

The amounts recognised in the Statement of Financial Performance are:

	2022	2021
Employee Related Cost - Current Service Cost	1 529 000	1 221 000
Finance Charges - Interest Cost	3 729 000	3 018 000
Actuarial Loss/(Gain)	(2 001 985)	4 741 321
Net amount charged to Statement of Financial Performance	**3 256 015**	**8 980 321**

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	23.391	15.888	39.279	
Health care inflation				
+ 1%	24.798	16.440	41.238	5%
- 1%	21.369	15.185	36.554	-7%
Discount rate				
+ 1%	20.009	14.627	34.636	-12%
- 1%	27.628	17.363	44.991	15%
Post-retirement mortality				
+ 1 year	22.877	15.436	38.313	-2%
- 1 year	23.892	16.336	40.228	2%
Average retirement age				
- 1 year	25.589	15.888	41.477	6%
Continuation of membership at retirement				
- 10%	20.447	15.888	36.335	-7%

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

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	1.514	4.558	6.072	
Health care inflation				
+ 1%	1.607	4.789	6.396	5%
- 1%	1.371	4.236	5.607	-8%
Discount rate				
+ 1%	1.282	4.349	5.631	-7%
- 1%	1.805	4.789	6.594	9%
Post-retirement mortality				
+ 1 year	1.479	4.444	5.923	-2%
- 1 year	1.545	4.670	6.215	2%
Average retirement age				
- 1 year	1.625	4.817	6.442	6%
Continuation of membership at retirement				
- 10%	1.327	4.210	5.537	-9%

		2022	2021
		R	R
18	**EMPLOYEE BENEFITS (CONTINUED)**		

18.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2022	2021
Opening Balance	**9 143 000**	**8 643 000**
Contribution during the year	1 468 000	1 247 000
Current Service Cost	679 000	653 000
Interest Cost	789 000	594 000
Payments made	(1 010 118)	(1 044 220)
Actuarial (Gain)/Loss	(452 882)	297 220
Total balance at year-end	**9 148 000**	**9 143 000**
Less Current Portion	875 000	1 249 000
Total	**8 273 000**	**7 894 000**

The following members are eligible for long service bonuses:

	2022	2021
In-service members	376	371

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

	2022	2021
	R	R
In-service members	9 148 000	9 143 000
Total Unfunded Liability	**9 148 000**	**9 143 000**

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2020	2019	2018
	R	R	R
In-service members	8 643 000	8 023 915	8 247 072
Total Unfunded Liability	**8 643 000**	**8 023 915**	**8 247 072**

		2022 R	2021 R
18	**EMPLOYEE BENEFITS (CONTINUED)**		
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain)/Loss	104 000	319 000
	Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2020 R	2019 R	2018 R
Liabilities: (Gain)/Loss	643 920	496 410	510 705
Assets: Gain/(Loss)	-	-	-

	2022	2021
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	11.08%	9.24%
General Salary Inflation (long-term)	7.32%	5.98%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.50%	3.08%

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

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2021 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 16 July 2022.

Actuarial Valuation Method

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

The amounts recognised in the Statement of Financial Performance are:

	2022	2021
Employee Related Cost - Current Service Cost	679 000	653 000
Finance Charges - Interest Cost	789 000	594 000
Actuarial Loss/(Gain)	(452 882)	297 220
Net amount charged to Statement of Financial Performance	**1 015 118**	**1 544 220**

		2022	2021
		R	R

18 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	9.148	
General salary inflation		
+ 1%	9.713	6%
- 1%	8.635	-6%
Discount rate		
+ 1%	8.618	-6%
- 1%	9.742	6%
Average retirement age		
+ 2 years	10.636	16%
- 2 years	7.665	-16%
Withdrawal rates		
x 200 %	7.493	-18%
x 50 %	10.304	13%

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

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	689 000	966 000	1 655 000	
General salary inflation				
+ 1%	743 000	1 029 000	1 772 000	7%
- 1%	641 000	909 000	1 550 000	-6%
Discount rate				
+ 1%	645 000	989 000	1 634 000	-1%
- 1%	738 000	939 000	1 677 000	1%
Average retirement age				
+ 2 years	776 000	1 131 000	1 907 000	15%
- 2 years	599 000	805 000	1 404 000	-15%
Withdrawal rates				
x 200 %	517 000	783 000	1 300 000	-21%
x 50 %	819 000	1 094 000	1 913 000	16%

	2022 R	2021 R
18 EMPLOYEE BENEFITS (CONTINUED)		
18.3 Other Pension Benefits		
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
Consolidated Retirement Fund (former Cape Retirement Fund)	15 263 168	14 139 739
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 133.0%. (30 June 2020 - 132.2%)		
Total	**15 263 168**	**14 139 739**

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

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator 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 Consolidated Retirement Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

		2022 R	2021 R
18	**EMPLOYEE BENEFITS (CONTINUED)**		

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2022 R	2021 R
Municipal Councillors Pension Fund	96 535	178 571
SAMWU National Provident Fund	1 225 712	1 159 638
Total	**1 322 247**	**1 338 209**

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

19 NON-CURRENT PROVISIONS

	2022 R	2021 R
Rehabilitation Provision - Landfill Sites	**62 772 221**	**58 864 683**

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

	2022 R	2021 R
Opening Balance	**58 864 683**	**48 856 971**
Contribution during the year	3 907 537	10 007 713
Increase/(Decrease) in estimate	(649 798)	6 127 153
Interest Cost	4 557 335	3 880 560
Total balance at year-end	**62 772 221**	**58 864 683**
Less Current Portion	-	-
Total	**62 772 221**	**58 864 683**

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

Site	**Expected Rehabilitation date**	2022 R	2021 R
Bredasdorp	2064	5 420 325	7 359 114
Napier	2024	25 603 993	22 708 799
Waenhuiskrans	2024	4 465 847	4 084 611
Struisbaai	2025	21 452 099	19 388 648
L'Agulhas	2024 (Site Closed)	5 719 140	5 188 275
Sub-Total		**62 661 404**	**58 729 446**
Post Monitoring and Inspection Cost		110 816	135 237
Total		**62 772 221**	**58 864 683**

19 NON-CURRENT PROVISIONS (CONTINUED)

There are no current portion associated with this liability, as there are no intention to rehabilitate any sites within 12 months of reporting date.

Discount rates specific to the nature and timeframe of the provision is utilised to calculate the effect of time value of money. The discount rate used was stated at between 8.82% and 11.00% (2021 – 7.47% and 9.60%).

The post closure and monitoring cost relates to the Bredasdorp and L'Agulhas Site. These costs are guided by the relevant site licences as well as the conditions included in the "Minimum Requirements".

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites.

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m²):	2022	2021
Bredasdorp	78 813	78 813
Napier	40 810	40 810
Waenhuiskrans	4 500	4 500
Struisbaai	33 952	33 952
L'Agulhas	5 603	5 603

The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m²):

Bredasdorp	577	509
Napier	667	591
Waenhuiskrans	1 055	963
Struisbaai	693	618
L'Agulhas	1 086	983

20 RESERVES

Accumulated Surplus	440 267 879	408 833 338
Capital Replacement Reserve	39 500 000	37 500 000
Total	**479 767 879**	**446 333 338**

		2022 R	2021 R
21	**PROPERTY RATES**		
	Total Property Rates	82 808 503	77 392 456
	Less: Rebates	(1 902 632)	(662 458)
	Total	**80 905 871**	**76 729 997**

Property rate levied are based on the following rateable valuations:

	2022 R	2021 R
Residential	6 975 978 200	6 902 759 200
Business & Commercial	682 151 100	683 001 100
Industrial	12 470 000	12 470 000
Public benefit Organizations	56 865 000	56 850 000
Public Service Infrastructure	4 040 000	315 000
State-owned	512 159 000	510 824 000
Agricultural	3 190 543 000	3 197 583 000
Municipal Property	255 044 950	255 297 950
Vacant Land	560 199 000	557 994 500
Other	118 184 100	118 654 100
Total Valuation	**12 367 634 350**	**12 295 748 850**

Historically, valuations on land and buildings were performed every four years. The next general valuation will be implemented on 1 July 2023 (after application and approval by the MEC was granted in terms of Section 32(2)(b)(ii) of the Municipal Property Rates Act, 2004 (No 6 of 2004). Thereafter, a new valuation roll will be implemented every 5 years.

The last valuation came into effect on 1 July 2017. This resulted in new rating categories and tariffs being implemented in line with the Property Rates Act.

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. A further R 145 000 valuation exemption is applicable to registered indigents in terms of the policy criteria directive.

The following rates are applicable to the valuations above:

	2022	2021
Residential Developed	0.008622 c / R	0.008290 c / R
Residential Vacant	0.008622 c / R	0.008290 c / R
Business and Commercial	0.009487 c / R	0.009035 c / R
Industrial	0.009487 c / R	0.009035 c / R
Public Benefit Organisations	0.008252 c / R	0.007935 c / R
State Owned	0.009487 c / R	0.009035 c / R
Agricultural - Bona fide	0.002156 c / R	0.002073 c / R
Public Service Purpose	0.009487 c / R	0.009035 c / R

21 PROPERTY RATES (CONTINUED)

	2022	2021
Public Service Infrastructure	0.002156 c / R	0.002073 c / R
Private Open Space	0.008622 c / R	0.008290 c / R
Private Road	0.008622 c / R	0.008290 c / R
Private Township Area	0.008622 c / R	0.008290 c / R
Protected Area	0.008622 c / R	0.008290 c / R
Multi Purpose - Agricultural	0.002156 c / R	0.002073 c / R
Multi Purpose - Residential	0.008622 c / R	0.008290 c / R
Multi Purpose - Business and Commercial	0.009487 c / R	0.009035 c / R
Multi Purpose - Creche	0.009487 c / R	0.009035 c / R

Rates are levied annually and monthly. Monthly rates are payable by the last day of the following month and annual rates are payable before 31 October. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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

22 GOVERNMENT GRANTS AND SUBSIDIES

	2022 R	2021 R
Unconditional Grants - National Government	**33 290 000**	**32 155 000**
Equitable Share	33 290 000	32 155 000
Conditional Grants - National Government	**27 108 241**	**20 838 973**
Equitable Share - Disaster Relief (COVID 19)	-	2 212 000
Financial Management Grant (FMG)	1 550 000	1 550 000
Municipal Infrastructure Grant (MIG)	11 179 719	12 326 000
Water Services Infrastructure Grant (WSIG)	7 700 000	-
Skills Development Fund and SETA Bursaries	373 300	224 973
National Electrification Programme (INEP)	2 625 000	2 500 000
Energy Efficiency and Demand-side (EEDM)	1 383 222	-
Expanded Public Works Program (EPWP)	2 297 000	2 026 000
Conditional Grants - Provincial Government	**13 029 541**	**9 780 739**
Library Grant	6 821 015	6 363 000
Proclaimed Road Subsidy	-	71 316
Other Provincial Allocations	6 208 526	3 346 423
Total	**73 427 782**	**62 774 713**
Disclosed as:		
Government Grants and Subsidies - Capital	24 728 676	15 904 232
Government Grants and Subsidies - Operating	48 699 105	46 870 481
Total	**73 427 782**	**62 774 713**

		2022 R	2021 R
22	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
	Grants per Vote (MFMA Sec 123 (c)):		
	Equitable share	33 290 000	34 367 000
	Engineering Services	28 027 175	16 072 082
	Executive and Council	2 291 292	2 548 731
	Financial Services & ICT	2 210 000	1 896 900
	Management Services	7 609 315	7 890 000
	Total	**73 427 782**	**62 774 713**

The movements per grant can be summarised as follows:

22.01 Equitable Share

	2022	2021
Grants Received	33 290 000	32 155 000
Transferred to Revenue - Operating	(33 290 000)	(32 155 000)
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.

22.02 Equitable Share - Disaster Relief (COVID 19)

	2022	2021
Opening Unspent Balance	2 093 000	-
Grants Received	-	4 305 000
Transferred to Revenue - Operating	-	(2 212 000)
Funds Returned to National Treasury	(2 093 000)	-
Closing Unspent Balance	**-**	**2 093 000**

This dedicated additional grant allocation as part of the equitable share allocation was utilised and aligned with the National Treasury directives issue to assist municipalities with prescribed expenditure relating to the COVID-19 pandemic.

22.03 Financial Management Grant (FMG)

	2022	2021
Grants Received	1 550 000	1 550 000
Transferred to Revenue - Capital	-	(284 200)
Transferred to Revenue - Operating	(1 550 000)	(1 265 800)
Closing Unspent Balance	**-**	**-**

	2022 R	2021 R

22 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

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.

22.04 Municipal Infrastructure Grant (MIG)

	2022 R	2021 R
Grants Received	11 373 000	12 326 000
Transferred to Revenue - Capital	(9 227 016)	(10 420 741)
Transferred to Revenue - Operating	(1 952 702)	(1 905 259)
Closing Unspent Balance	**193 281**	**-**

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

22.05 Water Services Infrastructure Grant (WSIG)

	2022 R	2021 R
Opening Unspent Balance	7 700 000	-
Grants Received	7 700 000	7 700 000
Transferred to Revenue - Capital	(7 679 778)	-
Transferred to Revenue - Operating	(20 222)	-
Funds Returned to National Treasury	(7 700 000)	-
Closing Unspent Balance	**-**	**7 700 000**

The WSIG grant is a conditional grant used to facilitate the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities as well as support to municipalities in implementing water conservation and water demand management projects.

22.06 Skills Development Fund and SETA Bursaries

	2022 R	2021 R
Opening Unspent Balance	-	5 526
Grants Received	604 417	219 447
Transferred to Revenue - Operating	(373 300)	(224 973)
Closing Unspent Balance	**231 117**	**-**

The Skills Development fund (including SETA allocations) is utilised to cover expenditure relating to training, development of scares skills and bursary beneficiaries defined.

		2022 R	2021 R
22	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		

22.07 National Electrification Programme (INEP)

	2022 R	2021 R
Grants Received	2 625 000	2 500 000
Transferred to Revenue - Capital	(1 996 126)	(2 241 117)
Transferred to Revenue - Operating	(628 874)	(258 883)
Closing Unspent Balance	**-**	**-**

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.

22.08 Energy Efficiency and Demand-side (EEDM)

	2022 R	2021 R
Grants Received	1 500 000	-
Transferred to Revenue - Capital	(1 202 801)	-
Transferred to Revenue - Operating	(180 420)	-
Closing Unspent Balance	**116 778**	**-**

The Energy Efficiency and Demand-side Management funding program is aimed at promoting the implementation of more energy-efficient technologies, processes and behaviours amongst all electricity consumers.

22.09 Expanded Public Works Program (EPWP)

	2022 R	2021 R
Grants Received	2 297 000	2 026 000
Transferred to Revenue - Operating	(2 297 000)	(2 026 000)
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.

22.10 Library Grant

	2022 R	2021 R
Grants Received	7 063 000	6 363 000
Transferred to Revenue - Capital	(14 362)	(72 539)
Transferred to Revenue - Operating	(6 806 653)	(6 290 461)
Closing Unspent Balance	**241 985**	**-**

The library grants is utilised to fund the cost of providing library services within the municipal area as well as an ad hoc allocation to the amount of R350k towards fencing at Elim Library

		2022	2021
		R	R
22	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
22.11	**Proclaimed Road Subsidy**		
	Grants Received	-	71 316
	Transferred to Revenue - Operating	-	(71 316)
	Closing Unspent Balance	**-**	**-**

The subsidy is utilised to upgrade and maintain the provincial road network in the municipal area.

		2022	2021
22.12	**Other Provincial Allocations**		
	Opening Unspent Balance	3 296 026	286 449
	Grants Received	3 706 000	6 356 000
	Transferred to Revenue - Capital	(4 608 592)	(2 885 636)
	Transferred to Revenue - Operating	(1 599 934)	(460 787)
	Funds Returned to Provincial Treasury	(226 100)	-
	Closing Unspent Balance	**567 400**	**3 296 026**

Other Provincial Allocations includes grants such as:
- Community Development Workers (CDW)
- Provincial Finance Management Support Grant
- Regional Socio-Economic Project Grant (RSEP)
- Drought Support
- Thusong Centre
- LG Public Employment Grant
- LG Capacity Grant

		2022	2021
22.13	**Total Grants**		
	Opening Unspent Balance	13 089 026	291 975
	Grants Received	71 708 417	75 571 763
	Transferred to Revenue - Capital	(24 728 676)	(15 904 232)
	Transferred to Revenue - Operating	(48 699 105)	(46 870 481)
	Funds Returned to National Treasury	(9 793 000)	-
	Funds Returned to Provincial Treasury	(226 100)	-
	Closing Unspent Balance	**1 350 562**	**13 089 026**
23	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Mayoral Golf Day	94 969	11 598
	Overberg Agri	64 000	-
	Overberg District Municipality	90 000	-
	COVID 19 Fund	-	2 095
	Flood Disaster Relief Fund	-	12 550
	Total	**248 969**	**26 243**

	2022 R	2021 R

23 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)

Disclosed as:

	2022 R	2021 R
Public Contributions and Donations - Capital	64 000	-
Public Contributions and Donations - Operating	184 969	26 243
Total	**248 969**	**26 243**

The movements per public contribution can be summarised as follows:

23.01 Mayoral Golf Day

	2022 R	2021 R
Opening Unspent Balance	94 969	106 567
Transferred to Revenue - Operating	(94 969)	(11 598)
Closing Unspent Balance	**-**	**94 969**

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp during March every year since 2016 (except 2021 and 2022). The funds raised at these events have been be utilised to support Youth Development programmes in the municipal area.

23.02 Overberg Agri

	2022 R	2021 R
Public Contributions during the year	64 000	-
Transferred to Revenue - Capital	(64 000)	-
Closing Unspent Balance	**-**	**-**

This donation from Overberg Agri was utilised to install safety cameras at Van Brakel Crossing.

23.03 Overberg District Municipality

	2022 R	2021 R
Public Contributions during the year	90 000	-
Transferred to Revenue - Operating	(90 000)	-
Closing Unspent Balance	**-**	**-**

This donation was received from the Overberg District Municipality as a contribution towards the safety forum and operations.

23.02 COVID 19 Fund

	2022 R	2021 R
Public Contributions during the year	-	2 095
Transferred to Revenue - Operating	-	(2 095)
Closing Unspent Balance	**-**	**-**

The contributions received was utilised to provide humanitarian relief to the community in the municipal area during the COVID 19 pandemic.

		2022 R	2021 R
23	**PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)**		
23.04	**Flood Disaster Relief Fund**		
	Public Contributions during the year	-	12 550
	Transferred to Revenue - Operating	-	(12 550)
	Closing Unspent Balance	**-**	**-**

The Flood Disaster Relief Fund relates to contributions received from the public to provide relief to the affected communities hardest hit by the floods in the Cape Agulhas area during May 2021.

		2022 R	2021 R
23.05	**Total**		
	Opening Unspent Balance	94 969	106 567
	Public Contributions during the year	154 000	14 645
	Transferred to Revenue - Capital	(64 000)	-
	Transferred to Revenue - Operating	(184 969)	(26 243)
	Closing Unspent Balance	**-**	**94 969**
24	**CONTRIBUTED ASSETS**		
	P & B Limeworks	-	1 760 000
	Alwil Development	301 066	-
	Total	**301 066**	**1 760 000**

Alwil Development contributed a pump station pump to be installed as part of the sewer network in Struisbaai (Erf 4268, previously Erf 379)

The P & B Limeworks donation relates to land and buildings received at no consideration during the prior year.

		2022 R	2021 R
25	**FINES**		
	Traffic Fines	2 027 925	2 267 499
	Library Fines	4 745	2 338
	Total	**2 032 670**	**2 269 837**

In terms of the requirements of GRAP 23 and iGRAP1 (revised), all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

		2022 R	2021 R
26	**ACTUARIAL GAINS**		
	Post Retirement Medical Benefits	2 001 985	-
	Long Service Awards	452 882	-
	Total	**2 454 867**	**-**
27	**AVAILABILITY CHARGES**		
	Electricity Revenue	3 163 509	2 971 636
	Water Revenue	2 444 778	2 499 021
	Refuse Removal Revenue	3 683 244	3 614 665
	Sewerage and Sanitation Revenue	2 775 416	2 284 107
	Total	**12 066 945**	**11 369 429**
28	**SERVICE CHARGES**		
	Electricity Revenue	142 732 372	125 984 929
	Water Revenue	42 549 188	36 773 101
	Refuse Removal Revenue	28 717 723	25 294 647
	Sewerage and Sanitation Revenue	19 727 936	17 279 052
	Total Revenue	**233 727 219**	**205 331 728**
	Less: Rebates	(25 559 380)	(23 817 123)
	Water Revenue	(10 992 707)	(10 145 703)
	Refuse Removal Revenue	(8 440 094)	(7 955 386)
	Sewerage and Sanitation Revenue	(6 126 579)	(5 716 034)
	Total	**208 167 839**	**181 514 604**

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.

		2022 R	2021 R
29	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Halls and Offices	93 189	39 366
	Properties	2 837 211	1 275 214
	Resorts	6 244 386	4 750 575
	Sports Grounds	9 248	396
	Total	**9 184 034**	**6 065 550**
30	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Call and Notice Deposits	3 387 438	1 968 852
	Current Accounts	1 395 730	1 169 627
	Total	**4 783 168**	**3 138 479**

		2022 R	2021 R
31	**INTEREST EARNED - OUTSTANDING DEBTORS**		
	Interest Earned - Service Debtors	1 336 555	1 470 130
	Interest Earned - Penalty Interest on Property Rates	585 127	719 968
	Total	**1 921 682**	**2 190 098**

The prior year disclosure were updated to account for correction relating to the reallocation of Availability Charges and Infrastructure levy from exchange to non-exchange revenue. No effect on total interest earned, only a reallocation of R 237 336 were made.

		2022 R	2021 R
32	**LICENCES AND PERMITS**		
	Roadworthy Certificates	51 046	52 666
	Roadworthy Applications	259 108	258 478
	Driver Licences	629 200	567 024
	Business Licences	3 852	2 600
	Total	**943 207**	**880 768**
33	**AGENCY SERVICES**		
	Vehicle Licencing	1 571 673	1 604 294
	Vehicle Registrations	750 184	825 662
	Temporary and Special Licences	16 770	21 108
	Duplicate Vehicle Registrations	136 495	75 269
	Total	**2 475 122**	**2 526 333**

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle registrations and licencing, Temporary and Special Licences and the issuing of Duplicate Vehicle Licences. The municipality earns an agency fee (12% on Vehicle Licences and 100% on all other collections) in this regard. The following transactions occurred during the period under review:

	2022 R	2021 R
Collections payable to the Department at beginning of year	132 462	477 631
Revenue collected from third parties	17 106 323	15 857 971
Agency Fee Earned	(2 475 122)	(2 526 333)
VAT on Agency Fee Earned	(386 154)	(397 556)
Collections paid over to The Department	(13 833 134)	(13 279 252)
Collections payable to the Department at end of year	**544 374**	**132 462**

		2022	2021
		R	R
34	**OTHER INCOME**		
	Commission Received	272 289	291 854
	Clearance Certificates	209 862	205 162
	Connections - Electricity	1 374 927	1 069 879
	Connections - Water	1 547 984	1 040 703
	Connections - Sewer	571 138	241 704
	Town Planning Fees	550 343	606 523
	Building Plan Fees	2 303 178	2 019 009
	Forfeits	606 408	-
	Garden Refuse Removal	14 350	15 230
	Infrastructure Levy	-	4 368 668
	Reduction in Rehabilitation Provision	1 139 475	-
	Sundry Income	1 391 532	2 068 077
	Total	**9 981 487**	**11 926 809**
	Disclosed as		
	Revenue From Non-Exchange Transactions	1 745 883	4 368 668
	Revenue From Exchange Transactions	8 235 604	7 558 141
	Total	**9 981 487**	**11 926 809**

Sundry income represents a wide range of revenue items (such as tender deposits, burial fees, copies and faxes) which is not considered material to warrant separate disclosure in the financial statements.

The Infrastructure levy relates to a nominal charge per consumer during the year to cover the interest and capital repayments of borrowing utilised in the construction of infrastructure and other capital projects. This levy was suspended on 30 June 2021.

		2022	2021
35	**GAINS ON DISPOSAL OF PROPERTIES**		
	Investment Property and Land	13 069 995	5 618 524
	Total	**13 069 995**	**5 618 524**

The gains on the disposal of properties have reference to seven properties sold in the Struisbaai area at pre-determine market value. These disposals are aligned with the muncipality's Long-Term Financial Plan strategy

		2022	2021
		R	R
36	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	108 151 523	104 619 888
	Pension and UIF Contributions	17 061 834	15 965 384
	Medical Aid Contributions	5 663 324	5 388 632
	Performance Bonus	869 025	415 248
	Overtime	5 174 711	4 767 195
	Motor Vehicle Allowance	6 950 986	6 396 942
	Cellphone Allowance	531 514	540 560
	Housing Allowances	810 809	900 610
	Acting Allowance	535 810	621 123
	Other benefits and allowances	7 141 274	5 203 577
	Workmens Compensation Contributions	741 048	670 762
	Payments in lieu of leave	563 172	2 328 758
	Long service awards	679 000	653 000
	Post Retirement Medical Benefits	1 529 000	1 221 000
	Total	**156 403 030**	**149 692 682**

The total employee related cost includes temporary workers funded from the Expanded Public Works Programme Grant, Financial Management Grant, Municipal Infrastructure Grant and internal funded job creation programmes (especially over the festive season).

Remuneration of Key Personnel

All Managers are appointed on a 5-year contract, except for the current Director Infrastructure Services (Mr A Jacobs) and Director Management Services (Mr H Krohn) who is appointed on a 10 year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

Remuneration of the Municipal Manager - E Phillips (1/11/2020 to one year after municipal elections)

	2022	2021
Basic Salary	917 500	611 667
Pension and UIF Contributions	141 295	93 998
Medical Aid Contributions	48 132	30 044
Performance Bonus	106 540	-
Motor Vehicle Allowance	119 159	79 779
Cellphone Allowance	18 000	12 000
Other benefits and allowances	124	10
Total	**1 350 750**	**827 498**

		2022	2021
		R	R
36	**EMPLOYEE RELATED COSTS (CONTINUED)**		

Remuneration of the Municipal Manager - D O'Neill (resigned on 31/10/2020)

	2022	2021
Basic Salary	-	560 364
Pension and UIF Contributions	-	595
Medical Aid Contributions	-	19 092
Performance Bonus	-	175 938
Motor Vehicle Allowance	-	24 000
Cellphone Allowance	-	6 000
Payments in lieu of leave	-	266 252
Total	**-**	**1 052 242**

Remuneration of the Community Services Manager - H Krohn (01/07/2019 to 30/06/2029)

	2022	2021
Basic Salary	845 548	845 548
Pension and UIF Contributions	2 125	1 813
Performance Bonus	118 483	42 315
Motor Vehicle Allowance	60 000	60 000
Cellphone Allowance	16 200	16 200
Total	**1 042 357**	**965 877**

Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/06/2028)

	2022	2021
Basic Salary	1 017 470	1 017 470
Pension and UIF Contributions	2 125	1 813
Performance Bonus	133 127	76 073
Cellphone Allowance	16 200	16 200
Payments in lieu of leave	-	30 551
Total	**1 168 923**	**1 142 107**

Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2017 to 31/07/2022)

	2022	2021
Basic Salary	1 236 323	1 252 594
Pension and UIF Contributions	2 125	1 813
Medical Aid Contributions	51 894	49 910
Performance Bonus	190 166	145 772
Motor Vehicle Allowance	120 000	120 000
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	-	42 577
Other benefits and allowances	35 632	17 406
Total	**1 650 541**	**1 644 473**

Other Expenditure Reimbursed was removed from the disclosure in the prior year (R 32 754 in total for all managers) as this does not form part of employee related costs)

	2022 R	2021 R
37 REMUNERATION OF COUNCILLORS		
Councillor Allowance	3 345 637	3 306 828
Cellphone Allowance	439 257	488 400
Motor Vehicle Allowance	1 273 809	1 283 251
Pension Contributions	514 985	511 557
Medical Aid Contributions	3 032	35 600
Total	**5 576 721**	**5 625 636**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

Municipal Elections took place on 1 November 2021 to elect new public officials. The election results were promulgated by the Electoral Commissioner to be effective from 9 November 2021.

Remuneration per Councillor

		2022 R	2021 R
Councillors in office before and after elections on 8 November 2021			
Executive Mayor	P J Swart	907 590	905 259
Councillor - Mayoral Committee	K E Donald	525 252	30 467
Councillor - Part time	J G A Niewoudt	474 610	733 088
Councillor - Part time	D Jantjies	321 351	316 830
Incoming Councillors on 9 November 2021			
Executive Deputy Mayor	R Ross	471 496	-
Speaker	G D Burger	467 292	-
Councillor - Mayoral Committee	G Olwage	440 835	-
Councillor - Part time	R Louw	208 058	-
Councillor - Part time	J Marthinus	208 502	-
Councillor - Part time	M Matthysen	208 502	-
Councillor - Part time	R Mokotwana	208 526	-
Outgoing Councillors on 8 November 2021			
Executive Deputy Mayor	Z Tonisi	268 056	733 088
Councillor - Mayoral Committee	M October	249 470	690 046
Councillor - Mayoral Committee	E Sauls	249 470	316 830
Councillor - Part time	C J Jacobs	113 692	316 830
Councillor - Part time	E C Marthinus	113 924	316 830
Councillor - Part time	R J Baker	113 692	316 830
Other Changes to Councillors			
Councillor - Mayoral Committee	G D Burger	-	632 709
Councillor - Part time	D J Europa	26 403	316 830
Total		**5 576 721**	**5 625 636**

38 REMUNERATION OF COUNCILLORS

JGA Nieuwoudt was Speaker up to election date and continued as a Part Time Councillor subsequent the election.

KE Donald was a part time councillor up to election date and continued as a Full Time Councillor subsequent the election.

GD Burger previously resigned as Councillor and Mayoral Committee member on 31 May 2021, before re-election on 8 November 2021 as Speaker.

Councillor D J Europa passed away on 1 August 2021 and his position as a Ward Councillor remained vacant until the newly elected council became effective from 9 November 2021.

	2022 R	2021 R
38 DEBT IMPAIRMENT		
Receivables from exchange transactions	6 167 675	2 678 724
Receivables from non-exchange transactions	345 774	2 715 978
Long Term Receivables	1 798 626	1 320 873
Total Debt Impairment	**8 312 075**	**6 715 576**
Movement in VAT included in debt impairment	501 262	(214 457)
Total	**8 813 336**	**6 501 119**
39 DEPRECIATION AND AMORTISATION		
Investment Property	8 530	8 530
Property, Plant and Equipment	17 957 333	15 209 810
Intangible Assets	677 155	683 759
Total	**18 643 019**	**15 902 099**
40 IMPAIRMENTS		
Property, Plant and Equipment	897 091	487 122
Total	**897 091**	**487 122**

41 REPAIRS AND MAINTENANCE

The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be classified by it's nature. Accordingly, the items classified to the following line items:

	2022	2021
Employee Related Costs	49 005 125	45 829 022
Contracted Services	10 053 266	10 050 745
Other Expenditure	10 965 797	9 511 572
	70 024 188	**65 391 339**

		2022	2021
		R	R

41 REPAIRS AND MAINTENANCE

In line with the requirements of GRAP 17, the repairs and maintenance related expenditure can be attributed to the following asset classes:

	2022 R	2021 R
Furniture, Office Equipment and Tools	574 566	537 560
Buildings and Commonage	14 700 170	13 971 440
Computer Software	1 957 809	1 663 357
Vehicles	4 582 411	4 503 849
Infrastructure: Roads and Stormwater	11 896 895	11 324 835
Infrastructure: Electricity	11 094 195	9 856 690
Infrastructure: Sewerage	8 540 689	7 829 340
Infrastructure: Water	14 732 382	14 153 240
Infrastructure: Refuse	1 945 072	1 551 029
Total	**70 024 188**	**65 391 339**

42 ACTUARIAL LOSSES

	2022 R	2021 R
Post Retirement Medical Benefits	-	4 741 321
Long Service Awards	-	297 220
Total	**-**	**5 038 541**

43 FINANCE CHARGES

	2022 R	2021 R
Finance Charges - Cash	**4 083 211**	**2 497 861**
Annuity Loans	4 083 211	2 497 861
Finance Charges - Non-Cash	**9 075 335**	**7 492 560**
Rehabilitation Provision - Landfill Sites	4 557 335	3 880 560
Post Retirement Medical Benefits	3 729 000	3 018 000
Long Service Awards	789 000	594 000
Total	**13 158 546**	**9 990 421**

44 BULK PURCHASES

	2022 R	2021 R
Electricity	112 352 246	95 449 389
Water	245 486	145 427
Total	**112 597 732**	**95 594 817**

45 CONTRACTED SERVICES

	2022 R	2021 R
Audit Committee	79 309	82 611
Clearing & Grass Cutting Services	39 288	-
Debt Collection Services	1 684 942	567 458
Employee Wellness	209 855	87 963
Fire Services	1 341 609	1 291 250
Information Technology Support	5 109 250	4 663 368
Legal fees	623 082	451 844

		2022 R	2021 R
45	**CONTRACTED SERVICES (CONTINUED)**		
	Maintenance Contractors	7 917 742	8 192 135
	Professional Services	3 221 825	4 143 772
	Property Valuation	333 782	226 301
	Refuse Removal	2 921 950	2 119 339
	Security Services	1 238 116	1 148 148
	Traffic Fine Management	59 901	387 894
	Total	**24 780 651**	**23 362 084**
46	**TRANSFERS AND GRANTS**		
	Contribution - Elim Community	1 097 326	1 041 037
	Contribution - Shipwreck Museum	71 304	60 870
	Contribution - Overberg Radio	124 800	120 000
	Contribution - Ons Huis	45 217	43 478
	Contribution - Save House	91 043	90 025
	Public Funded Grants	47 730	11 598
	COVID and Social Support	51 759	1 222 312
	Subsidy - Low Cost Housing	3 834	4 664
	Total	**1 533 015**	**2 593 984**
47	**OTHER EXPENDITURE**		
	Advertising	187 041	204 591
	Audit fees	3 400 287	3 083 387
	Bank Charges	1 808 943	1 773 423
	Bursaries	486 584	295 891
	Chemicals	4 572 282	3 372 090
	Cleaning material	347 043	378 752
	Cleaning services & washing	103 563	70 197
	Commission Paid	1 087 289	923 711
	Conferences & Seminars	35 554	27 088
	Donations	135 192	127 100
	Entertainment costs	94 970	28 124
	Equipment Hire	978 493	741 720
	Free Basic Electricity	474 148	484 379
	Fuel Cost	4 908 894	3 550 658
	Insurance	1 897 410	1 451 022
	License fees	4 280	5 254
	License fees - Vehicles	289 116	194 086
	Life Guards (Beaches)	453 241	396 175
	Maintenance Materials and Small Tools	6 093 491	5 815 711
	Marketing	940 253	466 299
	Oil & Lubricants	130 203	117 114
	Postage	754 544	806 650

		2022 R	2021 R
47	**OTHER EXPENDITURE (CONTINUED)**		
	Printing & Stationery	628 328	626 368
	Protective Clothing	810 296	866 167
	Public Communication	178 462	48 021
	Recruiting Costs	-	34 000
	Refreshments	122 398	111 244
	Refuse Bags	154 880	440 260
	Rental Paid	1 449 084	1 085 232
	Service Charges	1 297 814	1 222 302
	Service connections - new	201 188	243 632
	Shared Services - Risk Management	69 347	57 178
	Socio-Economic Development	258 513	82 093
	Subscriptions - Organisations	1 544 655	1 423 449
	Subsistence & Travel Allowances	618 312	597 288
	Telephone costs	3 397 441	2 937 235
	Training & Development - Staff	712 153	482 232
	Training Levy	1 265 383	1 006 357
	Tyres	266 779	346 060
	Union Representative	38 818	36 929
	Ward Committees	374 997	456 875
	Other	2 007 069	1 704 185
	Total	**44 578 736**	**38 120 528**

48 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3

48.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	**38 615 778**
Reallocate Impairment relating to Availability Fees and Infrastructure Levies to Non-Exhange Receivables (30 June 2020) - Refer to note 48.02	2 992 414
Reallocate Impairment and bad debts relating to Availability Fees and Infrastructure Levies to Non-Exhange Receivables (30 June 2021) - Refer to note 48.02	(42 157)
Reallocate Availability Fees and Infrastructure Levies to Non-Exhange Receivables, while also allocating outstanding VAT to the relevant service it is linked to (30 June 2021) - Refer to note 48.02	(5 591 126)
Effect on Electricity	750 868
Effect on Water	425 433
Effect on Refuse	(187 095)
Effect on Sewerage	87 663
Effect on Other Services	(6 667 995)
Correction of rentals incorrectly raised during 2020/2021	(1 176 416)
Effect on Rental of Facilities and Equipment - Refer to note 48.07	(1 022 970)
Effect on Taxes - Refer to note	(153 446)

		2021 R
48	**PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**	
	Correction of property sales debtor on 30 June 2021	(188 527)
	Effect on Gain on Disposal of Properties - Refer to note 48.08	(163 937)
	Effect on Taxes - Refer to note 48.06	(24 590)
	Restated Balance on 30 June 2021	**34 609 967**
48.02	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**	
	Balance previously reported	**8 468 726**
	Reallocate Impairment relating to Availability Fees and Infrastructure Levies to Non-Exhange Receivables - Refer to note 48.01	(2 992 414)
	Reallocate Impairment and bad debts relating to Availability Fees and Infrastructure Levies to Non-Exhange Receivables (30 June 2021) - Refer to note 48.01	42 157
	Reallocate Availability Fees and Infrastructure Levies to Non-Exhange Receivables, while also allocating outstanding VAT to the relevant service it is linked to (30 June 2021) - Refer to note 48.01	5 591 126
	Effect on Availability Charges	4 138 587
	Effect on Infrastructure Levy	1 452 539
	Restated Balance on 30 June 2021	**11 109 594**
48.03	**INVESTMENT PROPERTY**	
	Balance previously reported	**40 319 859**
	Land previously not recorded on 30 June 2020 - Refer to note 48.07	17 000
	Restated Balance on 30 June 2021	**40 336 859**
48.04	**PROPERTY PLANT AND EQUIPMENT**	
	Balance previously reported	**481 153 419**
	Community Assets incorrectly included as part of Roads and Stormwater additions (Shade Ports)	-
	Effect on Infrastructure - Roads and Stormwater	(181 478)
	Effect on Community Assets - Markets	181 478
	Restated Balance on 30 June 2021	**481 153 419**
48.05	**UNSPENT CONDITIONAL GOVERNMENT GRANTS**	
	Balance previously reported	**15 182 026**
	Water Services Infrastructure Grant incorrectly disclosed as part of Provincial Grants	-
	Effect on National Grants	7 700 000
	Effect on Provincial Grants	(7 700 000)
	Restated Balance on 30 June 2021	**15 182 026**

48 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)

48.06 TAXES

	2021 R
Balance previously reported	**36 261**
VAT Incorrectly accounted for on impairment of long term receivables	(399 892)
Effect up to 30 June 2020 - Refer to note 48.07	(222 660)
Effect during 2020/2021 - Refer to note 48.08	(177 232)
Correction of rentals incorrectly raised during 2020/2021 - Refer to note 48.01	(153 446)
Correction of property sales debtor on 30 June 2021 - Refer to note 48.01	(24 590)
Restated Balance on 30 June 2021	**(541 667)**

48.07 ACCUMULATED SURPLUS

	2021 R
Balance previously reported	**409 603 353**
Corrections relating to 2020/2021 - Refer to note 48.08	(1 009 675)
Corrections up to 30 June 2020	
VAT Incorrectly accounted for on impairment of long term receivables - Refer to note 48.06	222 660
Land previously not recorded on 30 June 2020 - Refer to note 48.03	17 000
Restated Balance on 30 June 2021	**408 833 338**

48.08 STATEMENT OF FINANCIAL PERFORMANCE

	2021 R
Surplus previously reported	**16 570 350**
Availability Charges	**11 369 429**
Availability fees incorrectly recognised as part of Service Charges.	11 369 429
Other Income (Non-Exchange)	**4 368 668**
Infrastructure levies incorrectly included as part of Exchange Revenue	4 368 668
Service Charges	**(11 369 429)**
Availability fees incorrectly recognised as part of Service Charges.	(11 369 429)
Rental of Facilities and Equipment	**(1 022 970)**
Correction of rentals incorrectly raised during 2020/2021 - Refer to note 48.01	(1 022 970)
Other Income (Exchange)	**(4 368 668)**
Infrastructure levies incorrectly included as part of Exchange Revenue	(4 368 668)
Gains on Disposal of Properties	**(163 937)**
Correction of property sales debtor on 30 June 2021 - Refer to note 48.01	(163 937)
Debt Impairment	**177 232**
VAT Incorrectly accounted for on impairment of long term receivables - Refer to note 48.06	177 232
Restated Surplus on 30 June 2021	**15 560 675**

		2021 R
48	**PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**	
48.09	**CASH FLOW STATEMENT**	
	Other Revenue Previously Reported	**21 113 042**
	Movement in consumer deposits incorrectly included as part of Financing Activities	505 171
	Movement on asset sale debtor not accounted for	(1 536 086)
	Output VAT incorrectly accounted for as part of Other Revenue	81 234
	Restated Other Revenue on 30 June 2021	**20 163 361**
	Suppliers and Employees	**(302 716 557)**
	Payables directly associated with capital expenditure incorrectly accounted for	(5 429 533)
	Output VAT incorrectly accounted for as part of Other Revenue	(81 234)
	Restated Suppliers and Employees on 30 June 2021	**(308 227 325)**
	Proceeds on Disposal of Assets	**5 791 614**
	Movement on asset sale debtor not accounted for	1 536 086
	Restated Proceeds on Disposals of Assets on 30 June 2021	**7 327 700**
	Purchase of Property, Plant and Equipment	**(56 123 289)**
	Payables directly associated with capital expenditure incorrectly accounted for	5 429 533
	Restated Purchase of Property, Plant and Equipment on 30 June 2021	**(50 693 756)**
	Increase in Consumer Deposits previously reported	**505 171**
	Movement in consumer deposits incorrectly included as part of Financing Activities	(505 171)
	Restated Increase in Consumer Deposits on 30 June 2021	**-**

		2022	2021
49	**NET CASH FROM OPERATING ACTIVITIES**	**R**	**R**
	Net Surplus for the year	33 434 540	15 560 675
	Adjusted for:		
	Non-Cash Revenue	(16 965 403)	(7 378 524)
	Actuarial Gains	(2 454 867)	-
	Reduction in Landfill Site Provision	(1 139 475)	-
	Gains on Disposal of Properties	(13 069 995)	(5 618 524)
	Contributed Assets	(301 066)	(1 760 000)
	Non-Cash Expenditure	38 868 561	35 980 417
	Debt Impairment	8 312 075	6 715 576
	Depreciation and Amortisation	18 643 019	15 902 099
	Impairments	897 091	487 122
	Actuarial losses	-	5 038 541
	Finance Charges	9 075 335	7 492 560
	Loss on disposal of PPE	1 941 041	344 520
	Contributions - Provisions and Employee Benefits	11 346 969	12 043 107
	Post Retirement Medical Benefits	1 529 000	1 221 000
	Long Service Awards	679 000	653 000
	Performance Bonuses	735 898	415 248
	Bonuses	7 839 899	7 425 100
	Staff Leave	563 172	2 328 758
	Expenditure - Provisions and Employee Benefits	(10 901 649)	(11 360 878)
	Post Retirement Medical Benefits	(1 296 015)	(1 209 321)
	Long Service Awards	(1 010 118)	(1 044 220)
	Performance Bonuses	(548 316)	(440 099)
	Bonuses	(7 666 067)	(7 054 501)
	Staff Leave	(381 133)	(1 612 739)
	Other adjustments	(17 740 649)	(16 397 824)
	Bad Debts Written Off	(15 739 724)	(13 382 270)
	Grants Returned to National Treasury	(9 793 000)	-
	Grants Returned to Provincial Treasury	(226 100)	-
	Movement on Operating Lease Asset	6 377	(1 491)
	Movement on Operating Lease Liability	13 939	6 833
	Movement in Arrangements	(1 798 626)	(1 320 873)
	Movement in Asset Sales Debtor	9 796 485	(1 700 022)
	Operating Surplus before changes in working capital	38 042 369	28 446 972
	Movement in working capital	(3 746 787)	23 210 150
	Receivables (Exchange and Non-Exchange)	(7 755 124)	6 714 199
	Inventory	(236 562)	370 938
	Payables from exchange transactions	4 781 338	3 294 453
	Unspent Conditional Government Grants	(1 719 365)	12 797 051
	Unspent Public Contributions	(94 969)	(11 598)
	Consumer Deposits	290 242	505 171
	Taxes	987 654	(460 063)
	Cash Flow from Operating Activities	**34 295 583**	**51 657 122**

50 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

	2022 R	2021 R
Primary Bank Account	20 770 315	26 198 291
Call and Notice Deposits	102 615 050	82 989 000
Cash Floats	10 350	14 637
Total	**123 395 715**	**109 201 928**

Refer to note 2 for more details relating to cash and cash equivalents. There are no reconciling items to report on in terms of GRAP 2 paragraph 46

51 BUDGET COMPARISONS

51.1 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 statement of financial performance is comparable on a line by line basis except for the following items as well as the items highlighted in the reasons for deviations:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains and Insurance Receipts.

51 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Actuarial Losses.

Other than the items identified above (relating to aggregations), the following actual results were also 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 classifications and principles:

Revenue	Statement of Financial Performance R	Reclassification due to mSCOA/NT versus GRAP R	Per Budget Comparison R
Service Charges - Electricity Revenue	142 732 372	4 539 031	147 271 403
Service Charges - Water Revenue	31 556 481	3 992 701	35 549 182
Service Charges - Sanitation Revenue	13 601 357	3 391 572	16 992 929
Service Charges - Refuse Revenue	20 277 629	3 697 593	23 975 222
Rental Of Facilities and Equipment	9 184 034	(6 244 386)	2 939 648
Fines, penalties and forfeits	2 032 670	16 640	2 049 311
Licences and Permits	943 207	(938 854)	4 352
Agency Services	2 475 122	940 101	3 415 223
Transfers Recognised - Operational	48 699 105	5 121 398	53 820 503
Other Revenue (as aggregated)	25 081 023	(9 394 398)	15 686 625
Total affected by reclassifications	**296 583 001**	**5 121 398**	**301 704 398**
Expenditure			
Employee related costs	156 403 030	3 441 193	159 844 223
Finance Charges	13 158 546	(3 729 000)	9 429 546
Bulk Purchases	112 597 732	(245 486)	112 352 246
Inventory Consumed	-	23 603 636	23 603 636
Contracted Services	24 780 651	(1 362 722)	23 417 928
Transfers and Grants	1 533 015	762 547	2 295 562
Other Expenditure (as aggregated)	44 578 736	(17 348 771)	27 229 966
Total affected by reclassifications	**353 051 711**	**5 121 398**	**358 173 108**

The material reclassifications are as a result of Camping Fees budgeted for as part of Other Income, while disclosed as part of Rental of Facilities and Equipment. The municipality is also assessed to be an agent in its relationship with the Department of Housing, resulting in no revenue and expenditure being recognised in the records of the municipality for financial statements purposes. For budget purposes, all revenue and related expenditure is recognised (Transfers Recognised - Operational and Inventory Consumed. Sundry fees (ie Connection Fees) relating to Services are disclosed as part of Other Revenue, while budgeted for as part of the relevant service charge.

51 BUDGET COMPARISONS (CONTINUED)

Availability Charges are separately disclosed in the Statement of Financial Performance, while budgeted for as part of the relevant service charge. Inventory Consumed and Other Expenditure are budgeted for separately, while aggregated for GRAP purposes. Finance Charges relating to Post Retirement Medical Benefits are budgeted as part of Employee Related Costs.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis, except for the relationship with the Department of Housing as defined above as well as Consumer Deposits that are considered an Investing Activity rather than a Operating Activity for budget purposes. This resulted in the following adjustments to the cash flow statement to ensure that the figures are comparable.

Receipts from Operating Activities	**Statement of Financial Performance R**	**Reclassification due to mSCOA/NT versus GRAP R**	**Per Budget Comparison R**
Other Revenue	18 577 330	(290 242)	18 287 089
Government - Operating	39 385 549	4 747 111	44 132 660
Total affected by reclassifications	**57 962 879**	**4 456 870**	**62 419 749**
Payments from Operating Activities			
Suppliers and Employees	(338 672 542)	(4 747 111)	(343 419 653)
Total affected by reclassifications	**(338 672 542)**	**(4 747 111)**	**(343 419 653)**
Receipts from Financing Activities			
Increase in Consumer Deposits	-	290 242	290 242
Total affected by reclassifications	**-**	**290 242**	**290 242**

51.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash and Call Investments	Budget aligned to actual results on 30 June 2021 taking into account the projected cash flow forecast for the year.
Consumer Debtors	Budget aligned to actual results on 30 June 2021 taking into account the projected debtor balances utilising the actual recovery rate for the year ending 30 June 2021.
Other Receivables	Budget aligned to actual results on 30 June 2021 taking into account that all asset sale debtors will be settled on 30 June 2022.
Property, Plant And Equipment	Budget aligned to actual results on 30 June 2021 taking into account the projected capital program for the 2021/22 financial year.
Borrowing (Current and Non-Current	Budget alignment taking into account the projected additional borrowing forecast before 30 June 2022 as per the medium term capital programme funding requirement from borrowing.

51 BUDGET COMPARISONS (CONTINUED)

Trade and Other Payables	Budget aligned to the actual results on 30 June 2021 taking into account the projected trade and other payables forecast mainly in respect of capital commitments in terms of the approved capital procurement plan timeframes.
Provisions and Employee Benefits (Current and Non-Current)	Budgeted aligned to actual results on 30 June 2021 taking into account salary increases as well as projections provided by actuaries for Long Service Awards and Post Retirement Medical Benefits.
Accumulated Surplus	Budgeted aligned to actual results on 30 June 2021 taking into the revised revenue and expenditure projections for the year.
Reserves	Budgeted aligned to actual results on 30 June 2021. It was anticipated that no additional transfers will be made to the reserve during the compilation of the budget.

Statement of financial position - Budget versus Actual

Cash and Call Investments	The variance is the result of a conservative approach followed with regard to cashflow projections. There were also significant unspent loans, grants and housing funds on year-end which was not projected in terms of expenditure patterns nor budgeted for.
Other Receivables	The other receivables reflecting additional asset sales during the financial year under review which was not anticipated nor budgeted for.
Property, Plant And Equipment	Variance mainly due to disposals not fully accounted for in the budget.
Accumulated Surplus	The positive variance mainly as a result of increase revenue more than budgeted as well as saving realised in terms of the operating expenditure.

Statement of financial performance - Budget Adjustments

Fines, penalties and forfeits	Decrease in fines revenue projection as a result that an agreement with a new service provider for assisting with the issuing and processing of fines could not be finalised as per the anticipated timeframe July 2021 as well as the fact that the current speeding cameras is not compatible with the newly used traffic management system.
Transfers Recognised - Operational	Budget adjustment been required aligned with the amended mid-year National & Provincial DoRA grant allocations.
Employee Related Cost	Decrease due to projected saving in terms vacancies budgeted for the full year whilst not appointed accordingly as well as cost saving intervention relating to overtime / temporary workers on the EPWP principle / selling of leave restricted directive issued.
Debt Impairment	Budget adjustment required because of the decrease in Traffic Fines projection and the reduced impact on debt impairment accordingly.
Depreciation & Asset Impairment	Depreciation budget aligned to actual results on 30 June 2021 taking into account the projected capital expenditure for the financial year under review.

51 BUDGET COMPARISONS (CONTINUED)

Bulk Purchases	Budget adjustment based on projected expenditure patterns in respect of Electricity Bulk Purchases
Inventory	Variance mainly relates to repairs & maintenance reallocations to ensure expenses are reflected and budgeted for in line with its
Contracted Services	Variance mainly relates to repairs &,maintenance reallocations from other line items - inventory to ensure expenses are reflected and budgeted for in line with its nature.
Transfers Recognised - Capital	Budget adjustment been required aligned with the amended mid-year National & Provincial DoRA grant allocations.

Statement of financial performance - Budget versus Actual

Property Rates	The increase in property rates mainly as a result of the supplementary valuations performed and implemented with an increase in the general valuation roll value.
Service Charges - Electricity Revenue	Less units distributed than the prior year mainly because of the severely impact of loadshedding during the later part of the financial under review, which was not in line with the expectation during the compilation of budget and mid-year budget assessment.
Service Charges - Water Revenue	Conservative budget approach based on previous year water sales consumption with no expected increase in water distribution during the 2021/22 financial year.
Fines, penalties and forfeits	Significant lower amount of fines issued as a result of the termination of the agreement with the fines service provider and not renewed and / or appointed of a new service provider effective from 1st July 2021 together with the problem that the current speeding cameras in use is not compatible to any other system.
Transfers Recognised - Operational	Unspent grants portion as well as the actual housing allocation been received but not recognised in the statement of performance although included as part of the revenue budgeted amount resulting in variance identified.
Gains on Disposal of Properties	Budget included a conservative approach with regards to expected sales to be finalised on 30 June 2022.
Inventory Consumed	Expenditure in respect of inventory consumed (specifically on repairs & maintenance) less than anticipated during budget process.
Other Expenditure	Unspent grants and housing allocations resulting in variance identified.

Cash Flow Statement - Budget Adjustments

Service Charges	Align budget to expected revenue to be raised, taking into account the audited recovery rate for 2020/21.
Government - Operating	Budget adjustment been required aligned with the amended mid-year National & Provincial DoRA grant allocations.

51 BUDGET COMPARISONS (CONTINUED)

Suppliers and Employees	Variance mainly due to increase in trade payables not fully accounted for in the budget.
Capital Assets	Increase expenditure in line with new grant funding that became available after the mid-year budget assessment.
New Loans Raised	Align external borrowing to the proposed loans to be raised during the year.
Cash Opening and Closing Balance	Align opening balance to audited results on 30 June 2021

Cash Flow Statement - Budget versus Actual

Property Rates	Positive performance as a result of the increase general valuation value due to the implementation of a supplementary valuation roll and improved recovery rate of debtors compared to the prior year.
Service Charges	Under performance mainly as a result of less electricity distributed due to increased loadshedding experienced during the latter part of the financial year under review.
Government - Operating	Variance mainly due to approximately R 7.5 million less allocations actually received than budgeted for from the Department of Housing.
Suppliers and Employees	Variance mainly due to under expenditure and grant allocations not fully spent on 30 June 2022
Capital Assets	Variance due to movement in payables not incorporated into budget allocation.
Cash Closing Balance	Refer to reasons above.

52 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

52.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

	2022 R	2021 R
Opening balance	7 635 586	10 835 562
Unauthorised expenditure current year - operating	2 478 226	7 635 586
Unauthorised expenditure current year - capital	186 480	-
Approved by Council	(7 635 586)	(10 835 562)
Unauthorised expenditure awaiting approval	**2 664 707**	**7 635 586**

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.

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

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating			
Engineering Services	222 543 547	222 024 580	518 967
Executive and Council	44 932 227	45 579 160	-
Financial Services & ICT	71 922 769	69 963 510	1 959 259
Management Services	49 524 374	64 889 267	-
Total	**388 922 918**	**402 456 517**	**2 478 226**
Unauthorised expenditure - Capital			
Engineering Services	51 807 203	51 620 723	186 480
Executive and Council	1 331 193	1 911 492	-
Financial Services & ICT	2 351 180	2 351 335	-
Management Services	3 080 812	3 228 300	-
Total	**58 570 388**	**59 111 850**	**186 480**

The unauthorised operating expenditure have mainly reference to non-cash items such as employee related cost - leave provision, debt impairment, depreciation and loss on the disposal of PPE whilst the capital expenditure have reference to contributed infrastructure assets not budgeted for.

52.2 FRUITLESS AND WASTEFUL EXPENDITURE

	2022 R	2021 R
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	25 000	25 000
Fruitless and wasteful expenditure incurred	26 178	-
Approved by Council	(26 178)	-
Fruitless and wasteful expenditure awaiting approval	**25 000**	**25 000**
Details of Fruitless expenditure incurred:		
Incorrect payment of invoice i.r.o small plant fuel (Overpayment)	26 178	-
Total	**26 178**	**-**

The fruitless and wasteful expenditure previously incurred (R 25 000) has been referred to the internal audit for further investigation. Criminal proceedings were instituted by the new council (MPAC) in a attempt to recover the expenditure incurred.

		2022	2021
		R	R

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

52.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

	2022 R	2021 R
Opening balance	4 150 289	6 365 512
Irregular expenditure incurred	177 590	2 822 843
Approved by Council	(3 773 480)	(5 038 066)
Irregular expenditure awaiting approval	**554 399**	**4 150 289**

Details of Irregular expenditure incurred :

	2022 R	2021 R
Non-compliance because the business status of Denel on the Central Supplier Database (CSD) status reflected non-complaint	76 590	-
Non-compliance - Donations made in contradiction with the prescribed legislative requirement with reference to sec 67 of MFMA	101 000	-
Non-compliance relating to CIDB requirements	-	150 585
Non-compliance relating to Local Content requirements	-	289 274
Non-compliance relating to composition of BAC/BEC	-	114 540
Regulation 32 Contracts	-	2 268 444
Total	**177 590**	**2 822 843**

The irregular expenditure has been referred to internal audit and MPAC for further investigation. No recovery, disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred after the investigation was completed.

The following expenditure is subject to an investigation to ensure that the correct SCM processes were followed during the appointment of a panel of service providers versus the more traditional SCM appointment processes:

	2022 R	2021 R
Expenditure Incurred	**9 481 429**	**-**

On conclusion of the investigation, the expenditure will be dealt with appropriately in terms of the relevant regulations (if applicable).

52.4 MATERIAL LOSSES

Electricity distribution losses	2022	2021
- Units purchased (Kwh)	72 889 166	73 435 236
- Units lost during distribution (Kwh)	4 674 940	4 579 634
- Percentage lost during distribution	6.41%	6.24%
- Rand Value of Loss	5 048 935	4 167 467

		2022	2021
		R	R
52	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)**		
	Water distribution losses		
	- Kilo litres purified	2 346 561	2 226 656
	- Kilo litres lost during distribution	406 014	366 018
	- Percentage lost during distribution	17.30%	16.44%
	- Rand Value of Loss	1 721 499	1 453 090
53	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
53.01	**Salga Contributions [MFMA 125 (1)(b)]**		
	Opening balance	(1 465 629)	(1 392 053)
	Expenditure incurred	1 465 629	1 392 053
	Payments	(1 595 960)	(1 465 628)
	Payments in advance	**(1 595 960)**	**(1 465 629)**
53.02	**Audit Fees [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Expenditure incurred	3 400 287	3 083 387
	External Audit - Auditor-General	3 400 287	3 083 387
	Payments	(3 400 287)	(3 083 387)
	Outstanding Balance	**-**	-
53.03	**VAT [MFMA 125 (1)(c)]**		
	Opening balance	249 387	203 111
	Amounts received during the year	(1 670 498)	(1 128 791)
	Amounts paid during the year	5 442 443	4 356 654
	Output VAT Payable	(34 959 244)	(32 060 789)
	Input VAT Claimable	31 726 854	28 879 202
	Outstanding Balance	**788 943**	**249 387**
	Vat in suspense due to cash basis of accounting	**(1 234 930)**	**292 279**

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

		2022	2021
53.04	**PAYE, SDL and UIF [MFMA 125 (1)(c)]**		
	Payments due to SARS	24 389 534	22 643 297
	Payments	(24 389 534)	(22 643 297)
	Outstanding Balance	**-**	**-**

			2022 R	2021 R
53	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**			
53.05	**PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]**			
	Payments due to pension fund and medical aid		37 069 533	34 685 992
	Payments		(37 069 533)	(34 685 992)
	Outstanding Balance		**-**	**-**
53.06	**COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]**			
	The following Councillor were in arrears for more than 90 days during the relevant financial year:			
	Councillor MR Mokotwane	Oct - Dec 2021	2 396	-
	Councillor M Mathyssen	Dec - Febr 2022	1 718	-
	Councillor M Mathyssen	Mar - May 2022	2 591	-
	Councillor K Donald	Apr - Jun 2022	6 298	-
	Councillor CJ Jacobs	Jul - Sept 2020	-	3 088
	Councillor CJ Jacobs	Oct - Dec 2020	-	3 076
53.07	**QUOTATIONS AWARDED - DEVIATIONS FROM SCM**			
	Approved deviations from Supply Chain Management Regulations were identified on the following categories:			
	Emergency (SCM 36 (1) (a) (i)):			
	Less than R 30 000		6 607	3 750
	Between R 30 000 and R 200 000		-	85 267
	Total		**6 607**	**89 017**
	Sole Provider (SCM 36 (1) (a) (ii)):			
	Less than R 30 000		50 622	52 095
	Between R 30 000 and R 200 000		180 780	-
	Total		**231 402**	**52 095**
	Impractical or Impossible (SCM 36 (1) (a) (v)):			
	Less than R 30 000		149 729	266 819
	Between R 30 000 and R 200 000		267 576	302 716
	Total		**417 306**	**569 535**
	Total Deviations			
	Less than R 30 000		206 958	322 664
	Between R 30 000 and R 200 000		448 356	387 983
	Total		**655 314**	**710 647**

		2022 R	2021 R

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

53.08 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

None

53.09 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44)

None

53.10 TRADING WITH FAMILY MEMBERS OF EMPLOYEES IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where spouses, children or parents of suppliers are in service of the state (SCM 45)

Name (State institution)	Supplier name	2022 R	2021 R
TL Du Toit (Department of Health)	Cape Agulhas Civils	6 408 684	5 011 888
N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	15 675	42 250
V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Aluminium Design	-	3 040
Spouse of Director is employed by Western Cape Education Department (WCED)	Ikapa Reticulation & Flow	-	403 913
Spouse of Director - V van der Heever is a teacher WCED	Democratic Packaging CC	-	406 267
Ms Janine Niehaus the spouse of Senior Manager Hendri Niehaus is in service of the Northern Cape Department of Health and Ms Litzie Saaiman the spouse of Manager Bart Saaiman is in service of the WCED.	Mubesko Africa (Pty) Ltd	421 383	605 033
Nadira Andhee wife of Ujush Andhee (Director) is employed as an Educator in KZN.	Piston Power Chemicals CC	125 520	19 615
Ms Celeste September spouse, child or parent in service of City of Cape Town Traffic Department & Ms Priscilla Vos in services of SAPD.	Ukheto Projects Pty Ltd	-	2 348 180

			2022 R	2021 R
53	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**			
	Eugene Hlongwane spouse is a Manager at the City of Cape Town	TSCH International Holdings (PTY) LTD	113 302	-
	J.N. Du Toit (Spouse) is an Inspector for drivers licences at the City of Cape Town, Traffic Services	Kemanzi (PTY) LTD	616 389	-
	John Emanuel Jacobs (Brother-in-law) - National Government Employment & Labour, Unita Frazenburg (Sister) - National Government Deed Office Kimberley, Eben Frazenburg (Brother)- WC Government, Education - Eerste Rivier HS, Jaqueline Frazenburg (Sister) - WC Government, Education -Kleinvlei	Amandla GCF Construction CC	-	1 218 094
	Total		**7 700 953**	**10 058 280**

		2022 R	2021 R
54	**CAPITAL COMMITMENTS**		
	Commitments in respect of Capital Expenditure:	**-**	**969 576**
	Approved and contracted for:		
	Building of Ablution Facility at Napier Soccer Field	-	188 726
	Construction of a Five-a-Side Soccer Field – Anene Booysen Park	-	780 850
	Total	**-**	**969 576**
	This expenditure will be financed from:		
	Internal Funding - CRR	-	188 726
	Government Grants	-	780 850
	Total	**-**	**969 576**

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

	2022	2021
	R	R

55 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

55.1 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:

	2022 R	2021 R
Cash and Cash Equivalents	123 385 365	109 187 291
Receivables from exchange transactions	52 012 421	34 609 967
Receivables from non-exchange transactions	2 145 191	2 816 486
Current Portion of Long-term Receivables	3 366	2 943
Long-Term Receivables	145 525	154 238
Total	**177 691 869**	**146 770 926**

There were no changes in the in the approach how credit risk is managed during the period under review.

Cash and Cash Equivalents

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

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than the following:

- Guarantees in favour of the following third parties - Post Office - R 50 000 (2021 - R 50 000)

Also refer to deposit linked to an Eskom Guarantee included in note 2

Credit risk is further managed and guided by the Cash Management and Investment Policy.

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.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

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

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

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

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

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

	2022 R	2021 R
Electricity	2 451 276	2 314 318
Water	2 675 266	1 506 772
Refuse	1 940 731	1 116 805
Sewerage	1 505 903	859 667
Other Services	2 176 211	2 849 981
Availability Charges	744 258	945 633
Infrastructure Levy	-	308 293
Total	**11 493 645**	**9 901 469**

These receivables can be aged as follows:

	2022 R	2021 R
1 Month Past due	3 332 714	5 472 145
2 Months Past due	5 542 493	1 911 885
3 Months Past due	1 406 956	1 519 724
> 3 Months Past due	1 211 482	997 715
Total	**11 493 645**	**9 901 469**

<u>Long Term Receivables (including current portion)</u>

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

Refer to note 6 for more detail regarding long term receivables, included debt impairment raised against outstanding gross balances.

55.2 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.

55.3 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.

	2022 R	2021 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	123 385 365	109 187 291
Long-term Liabilities (Including Current Portion)	(81 588 895)	(54 962 900)
Net balance exposed	**41 796 470**	**54 224 392**

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

	2022 R	2021 R
0.5% (2021 - 0.5%) increase in interest rates	208 982	271 122
0.5% (2021 - 0.5%) decrease in interest rates	(208 982)	(271 122)

Management does not foresee significant interest rate movements during the next 12 months.

55.4 Liquidity risk

Liquidity risk is the risk encountered by an entity 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.

55 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2022		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Annuity Loans	17 724 051	55 517 084	32 978 889
Payables from exchange transactions	50 968 063	-	-
Total	**68 692 114**	**55 517 084**	**32 978 889**

30 JUNE 2021		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Annuity Loans	11 960 073	36 503 211	23 647 578
Payables from exchange transactions	41 994 170	-	-
Total	**53 954 243**	**36 503 211**	**23 647 578**

The liquidity risk is further managed and guided by the Liquidity Policy.

There were no changes to the exposure to liquidity risk and how the risk is managed during the period under review.

55.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

56 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

	2022	**2021**
Financial Assets	**R**	**R**
Cash and Cash Equivalents	123 395 715	109 201 928
Receivables from exchange transactions	50 416 461	33 144 339
Receivables from non-exchange transactions	2 145 191	2 816 486
Current Portion of Long-term Receivables	3 366	2 943
Long-Term Receivables	145 525	154 238
Total	**176 106 259**	**145 319 934**

		2022	2021
		R	R
56	**FINANCIAL INSTRUMENTS (CONTINUED)**		
	Financial Liabilities		
	Current Portion of Long-term Liabilities	12 047 044	8 000 054
	Payables from exchange transactions	50 968 063	41 994 170
	Long-term Liabilities	69 541 851	46 962 845
	Total	**132 556 958**	**96 957 070**

57 STATUTORY RECEIVABLES

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

	2022	2021
Receivables from Non-Exchange Transactions		
Rates	8 124 468	7 706 089
Fines	418 881	587 019
Total	**8 543 349**	**8 293 108**

	2022	2021
Taxes		
VAT Receivable from SARS (VAT Control)	788 943	249 387
Total	**788 943**	**249 387**

The prior year incorrectly excluded VAT receivable from SARS, which is considered to be Statutory Receivable. The comparative disclosure was updated to include an amount of R 249 387. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 4 for more detail relating to fines and rates receivables.

	2022	2021
Rates Receivable past due and impaired	**5 193 297**	**6 020 590**
Rates Receivable past due not impaired	**3 606 427**	**3 438 975**

58 EVENTS AFTER REPORTING DATE

None

59 IN-KIND DONATIONS AND ASSISTANCE

59.1 Refer to notes 23 and 24 for more detail regarding to public contributions and and other assistance/donated assets received.

59.2 The Development Bank of Southern Africa (DBSA) has partnered with the Municipality to assist with the assessment, development, and implementation of the Asset Care Project for water, sanitation, and electricity. The implementation of the Asset Care Project will assist the Municipality to improve infrastructure asset performance and reliability, reduce outages to acceptable levels, reduce water and electricity losses, improve water and wastewater treatment quality, improve the electricity quality of supply and protection, minimize the total cost of ownership (TCO), and thereby ensure sustainable services. The Programme involves achieving the appropriate balance between preventative and reactive maintenance and between asset creation and renewal through effective asset and organisational practices that make up the value chain. The Programme also includes transaction support to identify financing options for asset renewal related infrastructure projects that yields a return on investment and reduces long term infrastructure costs. By catching up with the renewal backlogs, the Municipality will move onto a more financially sustainable trajectory. Zutari has been awarded the (DBSA) project as the Professional Service Provider (PSP) for the Asset Care project: Phase 1: Maturity Assessments and Development of Execution Plans for six Municipalities of which Cape Agulhas Local Municipality (CAM) also be part and benefited during the 2021/22 financial year to the project cost value of R1,115,500.

59.3 The municipality participate in the “ABSA Catalyx Youth Employment Service (YES)” programme with the overall aim to place one million youth into work over three years and concluded an agreement with ABSA to host 10 candidates from 1 December 2019 – 30 November 2020 to gain valuable work experienced by placing them in various departments. The youth are paid a stipend of R3700 per month by the programme sponsor ABSA. The service received in kind is not quantified in the records of the municipality as it is not considered significant compared to the operations of the municipality. (2020/2021 only)

60 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

61 CONTINGENT LIABILITIES

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

61.1 Guarantees in favour of the following third parties - Post Office - R 50 000 (2021 - R 50 000)

62 B-BBEE PERFORMANCE

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

63 RELATED PARTIES

Related parties are defined in note 1.35

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.

63 RELATED PARTIES (CONTINUED)

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

Remuneration of related parties are disclosed in notes 36 and 37

The Cape Agulhas Municipality as the holding entity had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Although the de-registration process is as yet not been finalised on 30 June 2018, the company does not have any assets or liabilities on the reporting dates under review (30 June 2016; 30 June 2017; 30 June 2018; 30 June 2019; 30 June 2020, 30 June 2021 and 30 June 2022). The process to de-register the company is considered to be an administrative matter to be finalised and no further financial activities have been conducted in the company on or beyond 30 June 2015. Due to the de-registration no consolidated financial statements are prepared for the financial year under review. The de-registration process was finalised during 2022/2023 financial year.

The following purchases were made during the year where Councillors, Management or Employees have an interest:

Entity	Employee	2022 R	2021 R
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	50 000	43 250
Diedericks Construction (Brother	J Diedericks	-	6 607
SR Leonard (Sound for the street market - LED Office)	Z De Klerk	-	2 000
Shoprite Checkers - Bredasdorp (Refreshments)	E Zieff	85 324	71 426
Enid Benetha Marie Atkins (Catering)	T Atkins	13 133	-
Franklin Alexander (Transport)	F Alexander	7 160	-
Johanna Emma Phillips T/A Embroidery-N-More	E Behr	4 750	-
EE Spandiel (Catering & Refreshments)	H Spandiel	-	7 815
Total		**160 367**	**131 098**

64 PRINCIPAL-AGENT ARRANGEMENTS

The municipality is party to certain principal-agent arrangements. These include arrangements with the Department of Transport and Public Works as well as the Department of Housing.

Refer to notes 13 and 33 for more detail relating to these arrangements.

In addition to the aformentioned arrangements, the municipality was a party and a principal to a principal-agent arrangement with Ontec systems (Pty) Ltd (Agent) to administratively manage an Integrated Revenue Management System to administratively manage and control the Electricity Prepayment Metering and Revenue Management System within the Cape Agulhas Municipality licensed area (Third parties) under a tender contract (binding arrangement) on behalf and benefit of the municipality. The following commision was paid to the agent in terms of the arrangement:

	2022 **R**	**2021** **R**
Commission paid	1 087 288	921 065
Total	**1 087 288**	**921 065**

64 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

A National State of Disaster was declared in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002), and published in Government Gazette No. 43096 on 15 March 2020 due to a SARS-CoV-2 viral pandemic (commonly known as Covid-19). The National State of Disaster was ended during the current financial year.

The Municipality did not incur expenditure directly linked to the fight against the COVID-19 pandemic during 2021/2022.

During 2020/21, the received an additional Equitable Share allocation of R 4 305 000 for COVID relief. R 2 212 000 of this funding was utilised during the prior year and the remainder of the grant was returned to National Treasury.

65 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- Aquifer (from where water is extracted by utilising boreholes)

66 SEGMENT REPORTING

66.1 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.

66 SEGMENT REPORTING

The Municipality has 45 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	Socio Economic Development, Housing, Cemetries and Libraries
3	Tourism, Parks and Resorts	Tourism, Parks, Sport Facilities, Beaches and Holiday Resorts
4	Public and Environmental Safety	Traffic control, Law Enforcement and Environmental control
5	Town Planning and Building Control	Town planning and building control
6	Streets and Stormwater	Construction and maintenance of roads and storm water
7	Electricity Services	Electricity services
8	Water Services	Water services
9	Sewerage Services	Sewerage services
10	Refuse Removal Services	Refuse removal

66.2 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.

66.3 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.

66.4 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 as follows:

66 SEGMENT REPORTING (CONTINUED)

30 JUNE 2022	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
REVENUE											
External Revenue from Non-Exchange Transactions	**138 386 114**	**7 243 760**	**463 300**	**2 267 925**	**-**	**-**	**7 171 730**	**10 144 778**	**3 076 482**	**4 822 718**	**173 576 807**
Property Rates	80 905 871	-	-	-	-	-	-	-	-	-	80 905 871
Government Grants and Subsidies - Capital	13 835 608	14 362	-	-	-	-	3 198 928	7 679 778	-	-	24 728 676
Government Grants and Subsidies - Operating	40 031 637	7 224 653	463 300	150 000	-	-	809 294	20 222	-	-	48 699 105
Public Contributions and Donations - Capital	64 000	-	-	-	-	-	-	-	-	-	64 000
Public Contributions and Donations - Operating	94 969	-	-	90 000	-	-	-	-	-	-	184 969
Contributed Assets	-	-	-	-	-	-	-	-	301 066	-	301 066
Fines	-	4 745	-	2 027 925	-	-	-	-	-	-	2 032 670
Actuarial Gains	2 454 867	-	-	-	-	-	-	-	-	-	2 454 867
Third Party - Insurance Receipts	392 754	-	-	-	-	-	-	-	-	-	392 754
Availability Charges	-	-	-	-	-	-	3 163 509	2 444 778	2 775 416	3 683 244	12 066 945
Other Income	606 408	-	-	-	-	-	-	-	-	1 139 475	1 745 883
External Revenue from Exchange Transactions	**24 091 835**	**190 411**	**6 262 798**	**3 415 723**	**2 883 612**	**-**	**144 298 737**	**33 113 771**	**14 231 786**	**20 291 979**	**248 780 651**
Service Charges	-	-	-	-	-	-	142 732 372	31 556 481	13 601 357	20 277 629	208 167 839
Rental of Facilities and Equipment	2 890 069	40 331	6 253 634	-	-	-	-	-	-	-	9 184 034
Interest Earned - External Investments	4 783 168	-	-	-	-	-	-	-	-	-	4 783 168
Interest Earned - Outstanding Debtors	1 921 682	-	-	-	-	-	-	-	-	-	1 921 682
Licences and Permits	-	-	-	939 354	3 852	-	-	-	-	-	943 207
Agency Services	-	-	-	2 475 122	-	-	-	-	-	-	2 475 122
Other Income	1 426 921	150 080	9 164	1 247	2 879 760	-	1 566 364	1 557 290	630 428	14 350	8 235 604
Gains on Disposal of Properties	13 069 995	-	-	-	-	-	-	-	-	-	13 069 995
TOTAL REVENUE	**162 477 949**	**7 434 171**	**6 726 098**	**5 683 649**	**2 883 612**	**-**	**151 470 467**	**43 258 549**	**17 308 267**	**25 114 697**	**422 357 459**
EXPENDITURE	**117 243 876**	**12 367 050**	**20 118 588**	**16 098 733**	**6 473 412**	**18 443 856**	**129 514 757**	**26 167 828**	**15 859 404**	**26 635 415**	**388 922 918**
Employee Related Costs	60 280 054	10 986 867	16 209 922	11 108 610	6 103 099	10 560 674	9 895 698	12 775 167	7 541 537	10 941 400	156 403 030
Remuneration of Councillors	5 576 721	-	-	-	-	-	-	-	-	-	5 576 721
Debt Impairment	3 268 720	-	-	1 609 358	-	-	353 798	1 959 736	811 818	809 907	8 813 336
Depreciation and Amortisation	5 840 387	-	-	-	-	4 294 034	2 405 203	1 569 879	2 239 453	2 294 063	18 643 019
Impairments	-	-	-	-	-	-	-	-	-	897 091	897 091
Finance Charges	7 197 763	31 128	144 639	-	-	502 600	42 784	399 969	206 400	4 633 265	13 158 546
Bulk Purchases	-	-	-	-	-	-	112 352 246	245 486	-	-	112 597 732
Contracted Services	12 393 723	481 046	996 641	1 538 468	97 527	539 324	1 187 588	1 719 442	704 792	5 122 098	24 780 651
Transfers and Grants	1 529 181	3 834	-	-	-	-	-	-	-	-	1 533 015
Other Expenditure	20 747 259	864 175	2 767 385	1 842 296	272 786	2 544 772	3 277 441	7 498 149	2 826 883	1 937 590	44 578 736
Loss on Disposal of Property, Plant and Equipment	410 069	-	-	-	-	2 451	-	-	1 528 520	-	1 941 041
TOTAL EXPENDITURE	**117 243 876**	**12 367 050**	**20 118 588**	**16 098 733**	**6 473 412**	**18 443 856**	**129 514 757**	**26 167 828**	**15 859 404**	**26 635 415**	**388 922 918**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**45 234 073**	**(4 932 879)**	**(13 392 490)**	**(10 415 084)**	**(3 589 800)**	**(18 443 856)**	**21 955 709**	**17 090 721**	**1 448 863**	**(1 520 718)**	**33 434 540**
Less: Government Grants and Subsidies - Capital	(13 835 608)	(14 362)	-	-	-	-	(3 198 928)	(7 679 778)	-	-	**(24 728 676)**
Less: Public Contributions and Donations - Capital	(64 000)	-	-	-	-	-	-	-	-	-	**(64 000)**
Less: Contributed Assets	-	-	-	-	-	-	-	-	(301 066)	-	**(301 066)**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**31 334 465**	**(4 947 242)**	**(13 392 490)**	**(10 415 084)**	**(3 589 800)**	**(18 443 856)**	**18 756 782**	**9 410 943**	**1 147 798**	**(1 520 718)**	**8 340 798**
CAPITAL EXPENDITURE FOR THE YEAR	3 667 898	21 993	2 165 755	907 539	2 832	19 021 184	10 969 406	5 512 521	13 115 699	3 185 560	**58 570 388**

66 SEGMENT REPORTING (CONTINUED)

30 JUNE 2021	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
REVENUE											
External Revenue from Non-Exchange Transactions	**133 240 912**	**6 831 888**	**1 202 000**	**2 417 499**	**-**	**-**	**5 471 636**	**2 499 021**	**2 284 107**	**5 374 665**	**159 321 728**
Property Rates	76 729 997	-	-	-	-	-	-	-	-	-	76 729 997
Government Grants and Subsidies - Capital	12 852 021	72 539	738 555	-	-	-	2 241 117	-	-	-	15 904 232
Government Grants and Subsidies - Operating	39 241 141	6 757 011	463 445	150 000	-	-	258 883	-	-	-	46 870 481
Public Contributions and Donations - Operating	26 243	-	-	-	-	-	-	-	-	-	26 243
Contributed Assets	-	-	-	-	-	-	-	-	-	1 760 000	1 760 000
Fines	-	2 338	-	2 267 499	-	-	-	-	-	-	2 269 837
Third Party - Insurance Receipts	22 841	-	-	-	-	-	-	-	-	-	22 841
Availability Charges	-	-	-	-	-	-	2 971 636	2 499 021	2 284 107	3 614 665	11 369 429
Other Income	4 368 668	-	-	-	-	-	-	-	-	-	4 368 668
External Revenue from Exchange Transactions	**14 451 279**	**153 435**	**4 757 209**	**3 405 218**	**2 686 244**	**-**	**127 179 218**	**27 677 088**	**11 828 316**	**17 354 491**	**209 492 498**
Service Charges	-	-	-	-	-	-	125 984 929	26 627 397	11 563 017	17 339 261	181 514 604
Rental of Facilities and Equipment	1 290 542	24 038	4 750 970	-	-	-	-	-	-	-	6 065 550
Interest Earned - External Investments	3 138 479	-	-	-	-	-	-	-	-	-	3 138 479
Interest Earned - Outstanding Debtors	2 190 098	-	-	-	-	-	-	-	-	-	2 190 098
Licences and Permits	-	-	-	878 168	2 600	-	-	-	-	-	880 768
Agency Services	-	-	-	2 526 333	-	-	-	-	-	-	2 526 333
Other Income	2 213 636	129 396	6 239	717	2 683 644	-	1 194 289	1 049 690	265 299	15 230	7 558 141
Gains on Disposal of Properties	5 618 524	-	-	-	-	-	-	-	-	-	5 618 524
TOTAL REVENUE	**147 692 191**	**6 985 323**	**5 959 209**	**5 822 717**	**2 686 244**	**-**	**132 650 854**	**30 176 109**	**14 112 423**	**22 729 156**	**368 814 226**
EXPENDITURE	**112 387 115**	**13 457 971**	**18 104 165**	**16 689 022**	**6 113 899**	**17 332 965**	**110 189 683**	**24 007 217**	**12 627 412**	**22 344 102**	**353 253 551**
Employee Related Costs	57 163 654	12 155 766	15 123 744	11 239 933	5 412 563	10 068 049	9 078 261	12 369 914	6 885 944	10 194 854	149 692 682
Remuneration of Councillors	5 625 636	-	-	-	-	-	-	-	-	-	5 625 636
Debt Impairment	555 779	-	-	2 287 473	-	-	(706 260)	2 197 315	1 001 903	1 164 907	6 501 119
Depreciation and Amortisation	5 432 919	-	-	-	-	4 136 958	2 224 064	1 510 925	1 648 207	949 026	15 902 099
Impairments	-	-	-	-	-	-	-	-	-	487 122	487 122
Actuarial Losses	5 038 541	-	-	-	-	-	-	-	-	-	5 038 541
Finance Charges	5 611 517	34 877	164 745	3 496	-	10 334	60 585	102 736	14 049	3 988 082	9 990 421
Bulk Purchases	-	-	-	-	-	-	95 449 389	145 427	-	-	95 594 817
Contracted Services	12 222 871	343 621	881 675	1 741 254	481 451	846 739	437 388	2 295 248	693 701	3 418 138	23 362 084
Transfers and Grants	2 589 320	4 664	-	-	-	-	-	-	-	-	2 593 984
Other Expenditure	17 820 699	919 044	1 934 002	1 416 866	219 886	2 252 544	3 646 257	5 385 650	2 383 609	2 141 972	38 120 528
Loss on Disposal of Property, Plant and Equipment	326 180	-	-	-	-	18 340	-	-	-	-	344 520
TOTAL EXPENDITURE	**112 387 115**	**13 457 971**	**18 104 165**	**16 689 022**	**6 113 899**	**17 332 965**	**110 189 683**	**24 007 217**	**12 627 412**	**22 344 102**	**353 253 551**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**35 305 076**	**(6 472 648)**	**(12 144 956)**	**(10 866 305)**	**(3 427 655)**	**(17 332 965)**	**22 461 172**	**6 168 893**	**1 485 011**	**385 054**	**15 560 675**
Less: Government Grants and Subsidies - Capital	(12 852 021)	(72 539)	(738 555)	-	-	-	(2 241 117)	-	-	-	**(15 904 232)**
Less: Contributed Assets	-	-	-	-	-	-	-	-	-	(1 760 000)	**(1 760 000)**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**22 453 054**	**(6 545 188)**	**(12 883 511)**	**(10 866 305)**	**(3 427 655)**	**(17 332 965)**	**20 220 055**	**6 168 893**	**1 485 011**	**(1 374 946)**	**(2 103 557)**
CAPITAL EXPENDITURE FOR THE YEAR	5 008 357	77 948	2 169 073	196 788	4 984	8 925 402	6 148 242	1 926 684	29 981 505	9 880 618	**64 319 601**

67 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
Financial Performance						
Property rates	77 675 100	-	77 675 100	80 905 871	3 230 771	76 729 997
Service charges	224 410 940	2 176 800	226 587 740	223 788 737	(2 799 003)	195 277 635
Investment revenue	2 404 900	-	2 404 900	4 783 168	2 378 268	3 138 479
Transfers recognised - operational	50 084 150	8 737 084	58 821 234	53 820 503	(5 000 731)	60 005 734
Other own revenue	30 828 700	(3 796 800)	27 031 900	39 086 835	12 054 935	29 133 403
Total Operating Revenue	**385 403 790**	**7 117 084**	**392 520 874**	**402 385 114**	**9 864 240**	**364 285 248**
Employee costs	160 776 637	(3 048 570)	157 728 067	159 844 223	2 116 156	152 436 095
Remuneration of councillors	6 212 100	-	6 212 100	5 576 721	(635 379)	5 625 636
Debt impairment	10 159 300	(3 494 800)	6 664 500	8 813 336	2 148 836	6 501 119
Depreciation & asset impairment	11 823 300	7 179 900	19 003 200	19 540 110	536 910	16 389 220
Finance charges	12 044 300	(1 185 100)	10 859 200	9 429 546	(1 429 654)	6 972 421
Bulk purchases	107 252 540	5 100 000	112 352 540	112 352 246	(294)	95 449 389
Inventory Consumed	27 786 000	5 011 310	32 797 310	23 603 636	(9 193 674)	28 759 387
Contracted Services	26 913 100	(3 666 600)	23 246 500	23 417 928	171 428	22 141 052
Transfers and grants	2 645 700	(490 000)	2 155 700	2 295 562	139 862	3 300 370
Other expenditure	29 339 070	2 098 330	31 437 400	27 229 966	(4 207 434)	28 469 596
Losses	-	-	-	1 941 041	1 941 041	344 520
Total Expenditure	**394 952 047**	**7 504 470**	**402 456 517**	**394 044 316**	**(8 412 201)**	**366 388 805**
Surplus/(Deficit)	**(9 548 257)**	**(387 386)**	**(9 935 643)**	**8 340 798**	**18 276 441**	**(2 103 557)**
Transfers recognised - capital	21 562 850	4 451 608	26 014 458	24 792 676	(1 221 782)	15 904 232
Contributed Assets	-	-	-	301 066	301 066	1 760 000
Surplus/(Deficit) for the year	**12 014 593**	**4 064 222**	**16 078 815**	**33 434 540**	**17 355 725**	**15 560 675**

67 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
Capital expenditure & funds sources						
Capital expenditure	**53 873 187**	**5 238 663**	**59 111 850**	**58 570 388**	**(541 462)**	**64 319 601**
Transfers recognised - capital	21 562 850	4 451 608	26 014 458	24 728 676	(1 285 782)	15 904 232
Contributed Assets and Donations	-	-	-	365 066	365 066	-
Borrowing	15 009 637	41 450	15 051 087	14 678 840	(372 247)	33 530 226
Internally generated funds	17 300 700	745 605	18 046 305	18 797 806	751 501	14 885 143
Total sources of capital funds	**53 873 187**	**5 238 663**	**59 111 850**	**58 570 388**	**(541 462)**	**64 319 601**
Cash flows						
Net cash from (used) operating	20 940 601	13 518 516	34 459 118	34 005 341	(453 776)	51 151 951
Net cash from (used) investing	(51 370 621)	(1 431 785)	(52 802 407)	(46 727 790)	6 074 617	(43 669 262)
Net cash from (used) financing	9 245 359	17 712 598	26 957 957	26 916 237	(41 720)	28 677 955
Net Cash Movement for the year	**(21 184 661)**	**29 799 329**	**8 614 668**	**14 193 789**	**5 579 120**	**36 160 644**
Cash/cash equivalents at beginning of year	48 714 610	60 487 317	109 201 928	109 201 928	-	73 041 284
Cash/cash equivalents at the year end	**27 529 949**	**90 286 647**	**117 816 596**	**123 395 717**	**5 579 120**	**109 201 928**

The prior year actuals were reclassified to ensure budget figures are comparable to current year. Finance charges on Post Retirement Medical Benefits (R3 018 000) are now disclosed as part of Employee Related Costs, while Bulk Purchases of Water is disclosed as part of Other Expenditure and Materials (R145 427). Inventory Consumed (R28 759 387), Losses (R 344 520) and Contracted Services (R 22 141 052) are also now disclosed seperately in line with current year disclosure. Previously included as part of Other Expenditure

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2022

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2021 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2022 R
ANNUITY LOANS							
ABSA	3044713107	10.60%	2026/06/30	758 043	-	(121 430)	636 613
ABSA	3046537820	9.84%	2027/06/30	1 704 857	-	(219 371)	1 485 486
NEDBANK	INFRA 1	9.64%	2023/06/30	1 200 000	-	(600 000)	600 000
NEDBANK	INFRA 2	10.35%	2028/06/30	4 900 000	-	(700 000)	4 200 000
NEDBANK	INFRA 3	9.92%	2029/06/30	8 000 000	-	(1 000 000)	7 000 000
NEDBANK	INFRA 4	9.30%	2024/06/30	2 472 000	-	(824 000)	1 648 000
NEDBANK	Asset Finance	9.30%	2024/06/30	1 728 000	-	(576 000)	1 152 000
STANDARD BANK	Long (655414)	5.94%	2031/06/30	27 082 000	-	(2 048 262)	25 033 738
STANDARD BANK	Medium (655404)	6.14%	2024/06/30	4 800 000	-	(1 503 545)	3 296 455
STANDARD BANK	Asset (655433)	6.32%	2026/06/30	2 318 000	-	(407 448)	1 910 552
FIRST NATIONAL BANK	4-000-520-347-806	6.85%	2032/06/30	-	21 992 850	-	21 992 850
FIRST NATIONAL BANK	4-000-520-347-105	6.81%	2027/06/30	-	8 542 000	-	8 542 000
FIRST NATIONAL BANK	4-000-520-348-543	6.87%	2027/06/30	-	4 091 200	-	4 091 200
Total Annuity Loans				**54 962 900**	**34 626 050**	**(8 000 054)**	**81 588 895**
Total Long-Term Liabilities				**54 962 900**	**34 626 050**	**(8 000 054)**	**81 588 895**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2022

	30 JUNE 2022			30 JUNE 2021		
VOTE	**REVENUE R**	**EXPENDITURE R**	**SURPLUS/ (DEFICIT) R**	**REVENUE R**	**EXPENDITURE R**	**SURPLUS/ (DEFICIT) R**
Engineering Services	255 818 450	(222 543 547)	33 274 903	215 341 711	(192 179 302)	23 162 410
Executive and Council	38 996 267	(44 932 227)	(5 935 960)	38 742 571	(43 073 335)	(4 330 764)
Financial Services & ICT	107 749 734	(71 922 769)	35 826 966	96 083 017	(68 623 018)	27 459 999
Management Services	19 793 007	(49 524 374)	(29 731 368)	18 646 926	(49 377 896)	(30 730 970)
Total	**422 357 459**	**(388 922 918)**	**33 434 540**	**368 814 226**	**(353 253 551)**	**15 560 675**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2022

OPERATING EXPENDITURE	ACTUAL R	BUDGET R	VARIANCE R	EXPLANATION FOR MATERIAL VARIANCES
Engineering Services	222 543 547	222 024 580	518 967	Savings on the operating budget not regarded as material.
Executive and Council	44 932 227	45 579 160	(646 933)	Savings on the operating budget not regarded as material.
Financial Services & ICT	71 922 769	69 963 510	1 959 259	Understatement of the budget with reference to non-cash items: employee related cost - leave provision, debt impairment, depreciation and loss on the disposal of PPE.
Management Services	49 524 374	64 889 267	(15 364 893)	Variance due to underperformance on fines translating into lower than expected debt impairment charge. Variance also impacted by the difference in treatment of the housing agency function between GRAP and mSCOA.
Total	**388 922 918**	**402 456 517**	**(13 533 599)**	
CAPITAL EXPENDITURE				
Engineering Services	51 807 203	51 620 723	186 480	Savings mainly as a result of capital contributed assets not
Executive and Council	1 331 193	1 911 492	(580 299)	Cost savings and RSEP grant projects not fully implemented.
Financial Services & ICT	2 351 180	2 351 335	(155)	Savings on the capital expenditure budget not regarded as material.
Management Services	3 080 812	3 228 300	(147 488)	Savings on the operating budget not regarded as material.
Total	**58 570 388**	**59 111 850**	**(541 462)**	

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	RETURNED TO NT/PT	CLOSING BALANCE
NATIONAL GOVERNMENT	**R**	**R**	**R**	**R**	**R**	**R**
Equitable Share	-	33 290 000	(33 290 000)	-	-	-
Equitable Share - Disaster Relief (COVID 19)	2 093 000	-	-	-	(2 093 000)	-
Water Services Infrastructure Grant (WSIG)	7 700 000	7 700 000	(20 222)	(7 679 778)	(7 700 000)	-
Financial Management Grant (FMG)	-	1 550 000	(1 550 000)	-	-	-
Municipal Infrastructure Grant (MIG)	-	11 373 000	(1 952 702)	(9 227 016)	-	193 281
Skills Development Fund and SETA Bursaries	-	604 417	(373 300)	-	-	231 117
National Electrification Programme (INEP)	-	2 625 000	(628 874)	(1 996 126)	-	-
Energy Efficiency and Demand-side (EEDM)	-	1 500 000	(180 420)	(1 202 801)	-	116 778
Expanded Public Works Program (EPWP)	-	2 297 000	(2 297 000)	-	-	-
Total	**9 793 000**	**60 939 417**	**(40 292 519)**	**(20 105 722)**	**(9 793 000)**	**541 176**
PROVINCIAL GOVERNMENT						
Library Services	-	6 713 000	(6 698 638)	(14 362)	-	-
Library Services (Elim)	-	350 000	(108 015)	-	-	241 985
Internal Audit System (FMSG)	174 000	-	-	-	(174 000)	-
Graduate Bursary Scheme (FMSG)	52 100	-	-	-	(52 100)	-
Drought Support Grant	2 357 234	-	(143 658)	(2 213 576)	-	-
Financial Support Grant (FMSG)	-	149 000	(149 000)	-	-	-
Capacity Building Grant (FMSG)	-	250 000	(250 000)	-	-	-
Thusong Centre	-	150 000	-	-	-	150 000
Community Development Workers (CDW)	-	57 000	(57 000)	-	-	-
LG Public Employment Grant	-	1 000 000	(1 000 000)	-	-	-
LG Capacity Grant - Iris Street Pond	-	1 300 000	(275)	(1 299 725)	-	-
RSEP - Annene Booysen Facililities	712 692	800 000	-	(1 095 292)	-	417 400
Total	**3 296 026**	**10 769 000**	**(8 406 587)**	**(4 622 954)**	**(226 100)**	**809 385**
ALL SPHERES GOVERNMENT	**13 089 026**	**71 708 417**	**(48 699 105)**	**(24 728 676)**	**(10 019 100)**	**1 350 562**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE						
Governance and administration	**134 765 600**	**6 974 000**	**141 739 600**	**161 382 658**	**19 643 058**	**146 233 984**
Executive and council	33 320 000	-	33 320 000	33 384 969	64 969	34 393 243
Finance and administration	101 445 600	6 974 000	108 419 600	127 997 688	19 578 088	111 840 741
Community and public safety	**31 086 600**	**274 000**	**31 360 600**	**21 550 092**	**(9 810 508)**	**28 497 285**
Community and social services	7 298 300	350 000	7 648 300	7 259 171	(389 129)	6 810 323
Sport and recreation	8 310 700	-	8 310 700	6 726 098	(1 584 602)	5 959 209
Public safety	10 550 600	(6 000 000)	4 550 600	2 268 425	(2 282 175)	2 417 499
Housing	4 927 000	5 924 000	10 851 000	5 296 398	(5 554 602)	13 310 254
Economic and environmental services	**6 232 700**	**712 692**	**6 945 392**	**7 394 127**	**448 735**	**7 549 669**
Planning and development	2 983 700	712 692	3 696 392	3 978 904	282 512	4 144 451
Road transport	3 249 000	-	3 249 000	3 415 223	166 223	3 405 218
Trading services	**234 881 740**	**3 608 000**	**238 489 740**	**237 151 980**	**(1 337 760)**	**199 668 542**
Energy Sources	158 606 940	1 350 000	159 956 940	151 470 467	(8 486 473)	132 650 854
Water Management	40 663 400	(2 450 000)	38 213 400	43 258 549	5 045 149	30 176 109
Waste water management	14 297 000	2 975 000	17 272 000	17 308 267	36 267	14 112 423
Waste management	21 314 400	1 733 000	23 047 400	25 114 697	2 067 297	22 729 156
Total Revenue - Standard	**406 966 640**	**11 568 692**	**418 535 332**	**427 478 856**	**8 943 524**	**381 949 480**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
EXPENDITURE						
Governance and administration	**112 610 080**	**1 474 040**	**114 084 120**	**116 905 736**	**2 821 616**	**111 994 101**
Executive and council	15 032 240	29 500	15 061 740	15 456 513	394 773	15 579 146
Finance and administration	95 929 740	1 459 140	97 388 880	99 837 215	2 448 335	94 908 653
Internal audit	1 648 100	(14 600)	1 633 500	1 612 009	(21 491)	1 506 302
Community and public safety	**52 828 217**	**1 723 700**	**54 551 917**	**44 638 598**	**(9 913 319)**	**52 821 777**
Community and social services	12 559 217	151 500	12 710 717	10 913 008	(1 797 709)	11 925 570
Sport and recreation	14 304 930	(21 680)	14 283 250	14 190 762	(92 488)	12 535 073
Public safety	18 262 020	(4 324 910)	13 937 110	11 280 632	(2 656 478)	12 383 201
Housing	7 702 050	5 918 790	13 620 840	8 254 196	(5 366 644)	15 977 933
Economic and environmental services	**33 970 920**	**538 030**	**34 508 950**	**31 047 239**	**(3 461 711)**	**29 299 532**
Planning and development	11 842 460	(1 227 970)	10 614 490	9 464 039	(1 150 451)	8 971 024
Road transport	22 083 960	1 766 000	23 849 960	21 577 794	(2 272 166)	20 323 639
Environmental protection	44 500	-	44 500	5 406	(39 094)	4 870
Trading services	**192 002 790**	**3 888 700**	**195 891 490**	**198 177 403**	**2 285 913**	**169 168 413**
Energy Sources	126 436 230	3 927 800	130 364 030	129 514 757	(849 273)	110 189 683
Water Management	24 052 690	39 000	24 091 690	26 167 828	2 076 138	24 007 217
Waste water management	13 038 710	(424 000)	12 614 710	15 859 404	3 244 694	12 627 412
Waste management	28 475 160	345 900	28 821 060	26 635 415	(2 185 645)	22 344 102
Other	**3 540 040**	**(120 000)**	**3 420 040**	**3 275 339**	**(144 702)**	**3 104 982**
Total Expenditure - Standard	**394 952 047**	**7 504 470**	**402 456 517**	**394 044 316**	**(8 412 201)**	**366 388 805**
Surplus/(Deficit) for the year	**12 014 593**	**4 064 222**	**16 078 815**	**33 434 540**	**17 355 725**	**15 560 675**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE						
Executive and Council	36 563 000	712 692	37 275 692	38 996 267	1 720 575	38 742 571
Financial Services & ICT	87 479 200	2 321 000	89 800 200	107 749 734	17 949 534	96 083 017
Management Services	34 334 500	274 000	34 608 500	24 914 404	(9 694 096)	31 782 180
Engineering Services	248 589 940	8 261 000	256 850 940	255 818 450	(1 032 490)	215 341 711
Total Revenue by Vote	**406 966 640**	**11 568 692**	**418 535 332**	**427 478 856**	**8 943 524**	**381 949 480**
EXPENDITURE						
Executive and Council	47 206 130	(1 626 970)	45 579 160	44 932 227	(646 933)	43 073 335
Financial Services & ICT	68 461 880	1 501 630	69 963 510	71 922 769	1 959 259	68 623 018
Management Services	62 833 767	2 055 500	64 889 267	54 645 772	(10 243 495)	62 513 150
Engineering Services	216 450 270	5 574 310	222 024 580	222 543 547	518 967	192 179 302
Total Expenditure by Vote	**394 952 047**	**7 504 470**	**402 456 517**	**394 044 316**	**(8 412 201)**	**366 388 805**
Surplus/(Deficit) for the year	**12 014 593**	**4 064 222**	**16 078 815**	**33 434 540**	**17 355 725**	**15 560 675**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
REVENUE BY SOURCE						
Property rates	77 675 100	-	77 675 100	80 905 871	3 230 771	76 729 997
Service charges - electricity revenue	155 850 640	(81 200)	155 769 440	147 271 403	(8 498 037)	130 028 154
Service charges - water revenue	32 960 000	(2 450 000)	30 510 000	35 549 182	5 039 182	30 167 902
Service charges - sanitation revenue	14 285 900	2 975 000	17 260 900	16 992 929	(267 971)	14 112 423
Service charges - refuse revenue	21 314 400	1 733 000	23 047 400	23 975 222	927 822	20 969 156
Rental of facilities and equipment	1 358 800	-	1 358 800	2 939 648	1 580 848	1 314 976
Interest earned - external investments	2 404 900	-	2 404 900	4 783 168	2 378 268	3 138 479
Interest earned - outstanding debtors	1 910 600	-	1 910 600	1 921 682	11 082	2 190 098
Fines, penalties and forfeits	10 381 500	(6 000 000)	4 381 500	2 049 311	(2 332 189)	2 437 260
Licences and permits	116 400	-	116 400	4 352	(112 048)	2 600
Agency services	3 249 000	-	3 249 000	3 415 223	166 223	3 405 218
Transfers recognised - operational	50 084 150	8 737 084	58 821 234	53 820 503	(5 000 731)	60 005 734
Other revenue	11 312 400	703 200	12 015 600	15 686 625	3 671 025	14 164 727
Gains on Disposal of Properties	2 500 000	1 500 000	4 000 000	13 069 995	9 069 995	5 618 524
Total Revenue (excluding capital transfers and contributions)	**385 403 790**	**7 117 084**	**392 520 874**	**402 385 114**	**9 864 240**	**364 285 248**

The comparative figures were reclassified in line with the current year disclosure

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
EXPENDITURE BY TYPE						
Employee related costs	160 776 637	(3 048 570)	157 728 067	159 844 223	2 116 156	152 436 095
Remuneration of councillors	6 212 100	-	6 212 100	5 576 721	(635 379)	5 625 636
Debt impairment	10 159 300	(3 494 800)	6 664 500	8 813 336	2 148 836	6 501 119
Depreciation & asset impairment	11 823 300	7 179 900	19 003 200	19 540 110	536 910	16 389 220
Finance charges	12 044 300	(1 185 100)	10 859 200	9 429 546	(1 429 654)	6 972 421
Bulk purchases	107 252 540	5 100 000	112 352 540	112 352 246	(294)	95 449 389
Inventory Consumed	27 786 000	5 011 310	32 797 310	23 603 636	(9 193 674)	28 759 387
Contracted services	26 913 100	(3 666 600)	23 246 500	23 417 928	171 428	22 141 052
Transfers and grants	2 645 700	(490 000)	2 155 700	2 295 562	139 862	3 300 370
Other Expenditure	29 339 070	2 098 330	31 437 400	27 229 966	(4 207 434)	28 469 596
Losses	-	-	-	1 941 041	1 941 041	344 520
Total Expenditure	**394 952 047**	**7 504 470**	**402 456 517**	**394 044 316**	**(8 412 201)**	**366 388 805**
Surplus/(Deficit)	**(9 548 257)**	**(387 386)**	**(9 935 643)**	**8 340 798**	**18 276 441**	**(2 103 557)**
Transfers recognised - capital	21 562 850	4 451 608	26 014 458	24 792 676	(1 221 782)	15 904 232
Contributed Assets	-	-	-	301 066	301 066	1 760 000
Surplus/(Deficit) for the year	**12 014 593**	**4 064 222**	**16 078 815**	**33 434 540**	**17 355 725**	**15 560 675**

The comparative figures were reclassified in line with the current year disclosure

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Financial Services & ICT	1 708 000	(53 160)	1 654 840	1 654 835	(5)	2 025 036
Management Services	370 000	(71 610)	298 390	158 326	(140 064)	43 788
Engineering Services	30 347 287	(9 230 918)	21 116 369	20 348 551	(767 818)	10 081 980
Total Multi-year expenditure	**32 425 287**	**(9 355 688)**	**23 069 599**	**22 161 711**	**(907 888)**	**12 150 804**
Single-year expenditure						
Executive and Council	1 073 500	837 992	1 911 492	1 331 193	(580 299)	1 664 536
Financial Services & ICT	564 200	132 295	696 495	696 345	(150)	1 108 494
Management Services	3 055 500	(125 590)	2 929 910	2 922 486	(7 424)	2 576 581
Engineering Services	16 754 700	13 749 654	30 504 354	31 458 653	954 299	46 819 186
Total Single-year expenditure	**21 447 900**	**14 594 351**	**36 042 251**	**36 408 677**	**366 426**	**52 168 797**
Total Capital Expenditure by Vote	**53 873 187**	**5 238 663**	**59 111 850**	**58 570 388**	**(541 462)**	**64 319 601**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	**2 376 200**	**75 495**	**2 451 695**	**2 451 446**	**(249)**	**3 576 900**
Executive and council	17 500	(4 900)	12 600	12 522	(78)	36 842
Finance and administration	2 358 700	80 395	2 439 095	2 438 924	(171)	3 540 058
Internal audit	-	-	-	-	-	-
Community and public safety	**3 309 000**	**(40 820)**	**3 268 180**	**2 977 009**	**(291 171)**	**2 080 927**
Community and social services	65 000	166 200	231 200	82 493	(148 708)	75 695
Sport and recreation	2 280 000	(67 260)	2 212 740	2 071 167	(141 573)	1 979 849
Public safety	964 000	(139 760)	824 240	823 349	(891)	23 130
Housing	-	-	-	-	-	2 253
Economic and environmental services	**19 588 850**	**1 217 898**	**20 806 748**	**20 264 159**	**(542 589)**	**10 557 718**
Planning and development	886 000	750 732	1 636 732	1 219 285	(417 447)	1 458 659
Road transport	18 642 850	527 166	19 170 016	19 044 874	(125 142)	9 089 945
Environmental protection	60 000	(60 000)	-	-	-	9 115
Trading services	**28 425 137**	**4 051 420**	**32 476 557**	**32 783 187**	**306 630**	**47 937 049**
Energy sources	10 083 637	1 351 600	11 435 237	10 969 406	(465 831)	6 148 242
Water management	11 150 000	(5 498 000)	5 652 000	5 512 521	(139 479)	1 926 684
Waste water management	4 250 000	7 687 210	11 937 210	13 115 699	1 178 489	29 981 505
Waste management	2 941 500	510 610	3 452 110	3 185 560	(266 550)	9 880 618
Other	**174 000**	**(65 330)**	**108 670**	**94 588**	**(14 082)**	**167 007**
Total Capital Expenditure - Standard	**53 873 187**	**5 238 663**	**59 111 850**	**58 570 388**	**(541 462)**	**64 319 601**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	20 747 850	(63 454)	20 684 396	20 105 722	(578 674)	12 946 057
Provincial Government	815 000	4 515 062	5 330 062	4 622 954	(707 108)	2 958 175
Transfers recognised - capital	**21 562 850**	**4 451 608**	**26 014 458**	**24 728 676**	**(1 285 782)**	**15 904 232**
Borrowing	15 009 637	41 450	15 051 087	14 678 840	(372 247)	33 530 226
Contributed Assets and Donations	-	-	-	365 066	365 066	-
Internally generated funds	17 300 700	745 605	18 046 305	18 797 806	751 501	14 885 143
Total Capital Funding	**53 873 187**	**5 238 663**	**59 111 850**	**58 570 388**	**(541 462)**	**64 319 601**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CASH FLOWS

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	73 791 345	1 523 273	75 314 618	79 816 132	4 501 513	75 126 383
Service charges	213 190 393	6 511 534	219 701 927	211 570 621	(8 131 306)	188 786 206
Other revenue	18 662 165	(826 867)	17 835 298	18 287 089	451 791	19 658 191
Government - operating	50 084 150	8 737 084	58 821 234	44 132 660	(14 688 574)	72 240 290
Government - capital	21 562 850	1 385 916	22 948 766	22 529 868	(418 898)	26 653 259
Interest	4 219 970	37 468	4 257 438	6 704 850	2 447 412	5 328 577
Payments						
Suppliers and employees	(351 416 072)	(5 295 892)	(356 711 964)	(343 419 653)	13 292 311	(331 549 111)
Finance charges	(6 508 500)	1 025 000	(5 483 500)	(4 083 211)	1 400 289	(2 497 861)
Transfers and Grants	(2 645 700)	421 000	(2 224 700)	(1 533 015)	691 685	(2 593 984)
NET CASH FROM OPERATING ACTIVITIES	**20 940 601**	**13 518 516**	**34 459 118**	**34 005 341**	**(453 776)**	**51 151 951**
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Assets	2 500 000	1 500 000	4 000 000	3 578 514	(421 486)	7 327 700
Decrease other non-current receivables	2 566	378	2 943	8 290	5 347	5 954
Payments						
Capital assets	(53 873 187)	(2 932 163)	(56 805 350)	(50 314 595)	6 490 755	(51 002 915)
NET CASH USED IN INVESTING ACTIVITIES	**(51 370 621)**	**(1 431 785)**	**(52 802 407)**	**(46 727 790)**	**6 074 617**	**(43 669 262)**

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

CASH FLOWS

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	15 009 637	19 616 413	34 626 050	34 626 050	-	34 200 000
Increase (decrease) in consumer deposits	373 043	(41 081)	331 962	290 242	(41 720)	505 171
Payments						
Repayment of borrowing	(6 137 321)	(1 862 734)	(8 000 055)	(8 000 055)	-	(6 027 216)
NET CASH FROM FINANCING ACTIVITIES	**9 245 359**	**17 712 598**	**26 957 957**	**26 916 237**	**(41 720)**	**28 677 955**
NET INCREASE/ (DECREASE) IN CASH HELD	**(21 184 661)**	**29 799 329**	**8 614 668**	**14 193 788**	**5 579 120**	**36 160 644**
Cash/cash equivalents at the year begin:	48 714 610	60 487 317	109 201 928	109 201 928	-	73 041 284
Cash/cash equivalents at the year end:	27 529 949	90 286 647	117 816 596	123 395 715	5 579 120	109 201 928
NET INCREASE/ (DECREASE) IN CASH HELD	**(21 184 661)**	**29 799 329**	**8 614 668**	**14 193 788**	**5 579 120**	**36 160 644**