



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022**

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

General Information

MEMBERS OF COUNCIL AS AT 30 JUNE 2022

Executive Mayor	J Botha
Deputy Executive Mayor	S Laban
Speaker	M Gouws
Councillors	G Mckenzie
	A Theron
	L Potgieter
	J Pieterse

AUDITORS

Auditor-General of South Africa
No. 19 Park Lane Building, Park Lane, Century City, Cape Town
Western Cape

BANKERS

ABSA Bank
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Laingsburg, 6900

REGISTERED OFFICE

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Laingsburg
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MUNICIPAL MANAGER

Mr J Booyesen

CHIEF FINANCIAL OFFICER

Ms A Groenewald

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

General Information (Continued)

LEGAL FORM

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

The Objects of Local Government are:

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

The municipality must strive, within its financial and administrative capacity, to achieve the objects as set out above.

JURISDICTION

Greater Laingsburg area which includes:

Laingsburg town,
the settlements Matjiesfontein and Vleiland,
and scattered farming community

LAINGSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Approval of Annual Financial Statements

MEMBERS OF THE LAINGSBURG MUNICIPALITY

Ward	Representative	
1	Pieterse	J
2	Theron	A
3	Potgieter	L
4	Gouws	M
Proportional	Botha	J
Proportional	Laban	S
Proportional	Mckenzie	G

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in accordance with Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

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 Office Bearers Act and the Minister for Cooperative Governance and Traditional Affairs' determination in accordance with this Act.



Mr J Booyson
Municipal Manager

31 August 2022

Date

LAINSBURG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Report of the Auditor General

- Insert Audit Report -

LAINSBURG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Note	Actual	
		2022	2021
		R	Restated R
ASSETS			
Current Assets		20 553 065	27 584 219
Inventories	2.	306 365	640 536
Receivables from Exchange Transactions	3.	5 220 521	4 703 549
Statutory Receivables from Exchange Transactions	4.	6 175 830	5 362 853
Statutory Receivables from Non-Exchange Transactions	5.	5 731 155	7 094 723
Cash and Cash Equivalents	6.	3 089 852	9 767 293
Lease Receivables	11.	29 341	15 266
Non-Current Assets		214 618 218	226 721 885
Property, Plant and Equipment	7.	190 796 446	202 678 338
Intangible Assets	8.	349 850	519 832
Investment Property	9.	23 414 114	23 480 362
Heritage Assets	10.	43 354	43 354
Long-term Receivables	16.	14 454	-
Total Assets		235 171 283	254 306 105
LIABILITIES			
Current Liabilities		19 610 266	22 360 264
Consumer Deposits	12.	849 771	797 186
Payables from Exchange Transactions	13.	14 038 707	10 601 487
Unspent Conditional Grants and Receipts	14.	1 710 918	8 401 013
Lease Payables	15.	2 998	743
Employee Benefit Liabilities	16.	242 000	267 000
Provisions	17.	2 765 872	2 292 833
Non-Current Liabilities		24 794 166	33 638 768
Employee Benefit Liabilities	16.	6 014 000	5 518 000
Provisions	17.	18 780 166	28 120 768
Total Liabilities		44 404 432	55 999 032
Total Assets and Liabilities		190 766 851	198 307 073
NET ASSETS		190 766 851	198 307 073
Accumulated Surplus / (Deficit)	18.	190 766 851	198 307 073
Total Net Assets		190 766 851	198 307 073

LAINGSBURG MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual	
		2022	2021
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions		67 388 540	75 015 968
Property Rates	19.	4 657 378	4 451 723
Fines, Penalties and Forfeits	20.	23 990 174	20 170 476
Transfers and Subsidies	22.	37 467 286	50 341 900
Surcharges and Taxes	23.	1 035 394	-
Interest, Dividends and Rent on Land Earned	28.	238 308	51 869
Revenue from Exchange Transactions		26 467 790	22 918 559
Licences and Permits	21.	467 255	363 402
Service Charges	24.	22 834 044	20 013 732
Sales of Goods and Rendering of Services	25.	104 749	183 542
Income from Agency Services	26.	193 586	180 194
Rental from Fixed Assets	27.	1 795 215	1 740 216
Interest, Dividends and Rent on Land Earned	28.	977 476	419 578
Operational Revenue	29.	95 465	17 894
Gains on Disposal of Property, Plant and Equipment	41.	-	-
Total Revenue		93 856 330	97 934 527
EXPENDITURE			
		101 288 673	98 075 009
Employee Related Costs	30.	29 721 790	29 732 003
Remuneration of Councillors	31.	3 171 688	3 104 345
Depreciation and Amortisation	32.	9 117 123	10 988 220
Impairment Losses	33.	23 259 694	17 653 599
Interest, Dividends and Rent on Land	34.	2 996 152	1 088 105
Bulk Purchases	35.	11 734 645	10 238 091
Contracted Services	36.	5 966 459	7 477 323
Inventory Consumed	37.	2 591 486	2 293 690
Transfers and Subsidies Paid	38.	181 498	350 935
Operating Leases	39.	519 006	289 387
Operational Costs	40.	10 442 093	14 596 634
Loss on Disposal of Property, Plant and Equipment	41.	1 587 039	262 678
Total Expenditure		101 288 673	98 075 009
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		(7 432 343)	(140 482)
SURPLUS / (DEFICIT) FOR THE YEAR		(7 432 343)	(140 482)

Refer to Budget Statement for explanation of budget variances

LAINGSBURG MUNICIPALITY

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

	Total Net Assets
	R
2021	
Balance at 30 June 2020	166 488 528
Correction of Error (Note 43)	31 959 027
Restated Balance	198 447 555
Surplus / (Deficit) as per prior 2020/21 AFS	4 351 829
Correction of Error (Note 43)	(4 492 312)
Restated Surplus / (Deficit) for the year	(140 482)
Balance at 30 June 2021	198 307 073
2022	
Appropriations from Accumulated Surplus	(107 879)
Restated Balance	198 199 194
Surplus / (Deficit) for the year	(7 432 343)
Balance at 30 June 2022	190 766 851

Details on the movement of the Funds and Reserves are set out in Note 18.

LAINGSBURG MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2022 R	2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	19.	4 579 400	5 146 175
Transfers and Subsidies	22.	30 777 191	46 741 678
Service Charges	24.	21 963 296	2 614 527
External Interest and Dividends Received	28.	280 155	285 565
Other Receipts	29.	8 641 700	21 673 124
Payments			
Employee Related Costs	30.	(28 790 749)	(28 332 455)
Remuneration of Councillors	31.	(3 171 688)	(3 104 345)
External Interest and Dividends Paid	34.	(535 553)	(369 567)
Suppliers Paid	36.	(28 221 449)	(17 027 055)
Other Payments	40.	(11 250 477)	(9 348 355)
VAT Paid	4.	(812 977)	(757 198)
NET CASH FLOWS FROM OPERATING ACTIVITIES	45.	<u>(6 541 152)</u>	<u>17 522 093</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7.	(121 834)	(19 929 698)
Decrease / (Increase) in Long-term Receivables		(14 454)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(136 289)</u>	<u>(19 929 698)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Finance Leases (Leases Redeemed)		-	(6 225)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>0</u>	<u>(6 225)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(6 677 441)</u>	<u>(2 413 830)</u>
Cash and Cash Equivalents at Beginning of Financial Year	6.	9 767 293	12 181 123
Cash and Cash Equivalents at End of Financial Year	6.	3 089 852	9 767 293

LAINGSBURG MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
FINANCIAL POSITION							
Current Assets							
Cash and Cash Equivalents	(1 951 002)	26 091 097	26 091 097	3 089 852	(23 001 245)	-88.16%	-258.37%
Call Investment Deposits	1 622 298	1 775 039	1 775 039	-	(1 775 039)	-100.00%	-100.00%
Consumer Debtors	8 538 342	(9 015 455)	(9 015 455)	11 396 352	20 411 807	-226.41%	33.47%
Other Debtors	5 557 666	7 784 235	7 784 235	5 731 155	(2 053 080)	-26.37%	3.12%
Current Portion of Long-term Receivables	-	-	-	29 341	29 341	0.00%	0.00%
Inventory	719 915	640 537	640 537	306 365	(334 172)	-52.17%	-57.44%
Non-Current Assets							
Long-term Receivables	-	14 454	14 454	14 454	0	0.00%	0.00%
Investment Property	22 622 662	23 480 361	23 480 361	23 414 114	(66 247)	-0.28%	3.50%
Property, Plant and Equipment	190 714 775	164 082 601	164 082 601	190 796 446	26 713 845	16.28%	0.04%
Intangible	201 014	202 425	202 425	349 850	147 425	72.83%	74.04%
Other Non-current Assets	43 354	43 354	43 354	43 354	-	0.00%	0.00%
Total Assets	228 069 024	215 098 648	215 098 648	235 171 283	20 072 635	9.33%	3.11%
Current Liabilities							
Borrowing	6 225	-	-	2 998	2 998	0.00%	-51.84%
Consumer Deposits	714 824	799 569	799 569	849 771	50 202	6.28%	18.88%
Trade and Other Payables	5 639 312	20 944 815	20 944 815	15 749 625	(5 195 190)	-24.80%	179.28%
Provisions	25 290 825	23 078 763	23 078 763	3 007 872	(20 070 891)	-86.97%	-88.11%
Non-Current Liabilities							
Borrowing	-	743	743	-	(743)	-100.00%	0.00%
Provisions	6 403 673	13 119 838	13 119 838	24 794 166	11 674 328	88.98%	287.19%
Total Liabilities	38 054 859	57 943 728	57 943 728	44 404 432	(13 539 296)	150.53%	179.73%
Total Assets and Liabilities	190 014 165	157 154 920	157 154 920	190 766 851	33 611 931	95.54%	88.22%
Net Assets (Equity)							
Accumulated Surplus / (Deficit)	190 014 165	157 154 920	157 154 920	190 766 851	33 611 931	95.54%	88.22%
Total Net Assets	190 014 165	157 154 920	157 154 920	190 766 851	33 611 931	95.54%	88.22%

LAINGSBURG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE							
Property Rates	4 698 800	4 616 784	4 616 784	4 657 378	40 594	0.88%	-0.88%
Service Charges	23 343 300	24 474 780	24 474 780	22 834 044	- 1 640 736	-6.70%	-2.18%
Rental of Facilities and Equipment	1 211 580	1 697 640	1 697 640	1 795 215	97 575	5.75%	48.17%
Interest Earned - External Investments	672 552	398 136	398 136	280 155	- 117 981	-29.63%	-58.34%
Interest Earned - Outstanding Debtors	773 160	679 128	679 128	878 111	198 983	29.30%	13.57%
Fines, Penalties and Forfeits	32 410 176	32 514 468	32 514 468	23 990 174	- 8 524 294	-26.22%	-25.98%
Licences and Permits	927 000	213 036	213 036	467 255	254 219	119.33%	-49.59%
Agency Services	166 200	210 000	210 000	193 586	- 16 414	-7.82%	16.48%
Transfers and Subsidies	29 001 854	26 324 686	26 324 686	24 563 499	- 1 761 187	-6.69%	-15.30%
Surcharges and Taxes	-	-	-	1 035 394	1 035 394	0.00%	0.00%
Other Revenue	151 572	- 524 136	- 524 136	257 733	781 869	-149.17%	70.04%
Total Revenue	93 356 194	90 604 522	90 604 522	80 952 543	- 9 651 979	-10.65%	-13.29%
Expenditure							
Employee Related Costs	29 911 186	28 853 604	28 853 604	29 721 790	868 186	3.01%	-0.63%
Remuneration of Councillors	3 300 156	3 358 524	3 358 524	3 171 688	- 186 836	-5.56%	-3.89%
Debt Impairment	25 957 668	20 210 256	20 210 256	21 723 900	1 513 644	7.49%	-16.31%
Depreciation and Asset Impairment	6 052 848	6 052 848	6 052 848	10 652 917	4 600 069	76.00%	76.00%
Finance Charges	772 500	1 570 008	1 570 008	2 996 152	1 426 144	90.84%	287.85%
Bulk Purchases	10 463 084	11 718 804	11 718 804	11 734 645	15 841	0.14%	12.15%
Other Materials	2 774 028	3 104 136	3 104 136	2 591 486	- 512 650	-16.52%	-6.58%
Contracted Services	6 502 000	6 893 340	6 893 340	5 966 459	- 926 881	-13.45%	-8.24%
Transfers and Subsidies	448 996	353 568	353 568	181 498	- 172 070	-48.67%	-59.58%
Other Expenditure	13 286 700	18 952 164	18 952 164	10 961 100	- 7 991 064	-42.16%	-17.50%
Loss on Disposal of Property, Plant and Equipment	-	-	-	1 587 039	1 587 039	0.00%	0.00%
Total Expenditure	99 469 166	101 067 252	101 067 252	101 288 673	221 421	0.22%	1.83%
Surplus / (Deficit)	- 6 112 972	- 10 462 730	- 10 462 730	- 20 336 130	- 9 873 400	94.37%	232.67%
Transfers and Subsidies - Capital	13 879 050	14 479 050	14 479 050	12 903 787	- 1 575 263	-10.88%	-7.03%
Surplus/(Deficit for the Year)	7 766 078	4 016 320	4 016 320	- 7 432 343	- 11 448 663	-285.05%	-195.70%

30 June 2022

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION							
Finance and Administration	(13 826 217)	129 800	129 800	179 935	50 135	38.62%	-101.30%
Community and Social Services	-	-	-	(1 144 089)	(1 144 089)	0.00%	0.00%
Sport and Recreation	-	-	-	(396 836)	(396 836)	0.00%	0.00%
Road Transport	-	-	-	5 922	5 922	0.00%	0.00%
Energy Sources	581 920	-	-	(171 472)	(171 472)	0.00%	-129.47%
Water Management	55 319 865	14 346 848	14 346 848	(2 009 335)	(16 356 183)	-114.01%	-103.63%
Waste Water Management	5 444 942	-	-	4 065 470	4 065 470	0.00%	-25.33%
Waste Management	19 019 868	36 260	36 260	122 080	85 820	236.68%	-99.36%
Total Capital Expenditure	66 540 378	14 512 908	14 512 908	651 675	(13 861 233)	-95.51%	-99.02%

LAINGSBURG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

30 June 2022

Description	Original Budget	Adjustment Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R
CASH FLOW							
Cash Flow from Operating Activities							
Receipts							
Property Rates	4 791 522	4 791 522	4 791 522	4 579 400	(212 122)	83.13%	90.54%
Service Charges	23 224 942	23 224 942	23 224 942	21 963 296	(1 261 646)	12.85%	11.01%
Other Revenue	9 081 822	9 081 822	9 081 822	8 641 700	(440 122)	334.15%	244.53%
Government - Operating	24 102 950	23 502 950	23 502 950	17 873 404	(5 629 546)	104.63%	124.43%
Government - Capital	13 879 050	14 479 050	14 479 050	12 903 787	(1 575 263)	-10.88%	-7.03%
Interest	672 552	672 552	672 552	280 155	(392 397)	58.83%	21.72%
Payments							
Suppliers and Employees	(64 236 441)	(64 331 869)	(64 331 869)	(72 065 843)	(7 733 974)	86.04%	88.37%
Finance Charges	(772 500)	(772 500)	(772 500)	(535 553)	236 947	1759.84%	46.49%
Transfers and Grants	(448 996)	(353 568)	(353 568)	(181 498)	172 070	-48.67%	-59.58%
Net Cash from/(used) Operating Activities	10 294 901	10 294 901	10 294 901	(6 541 152)	(16 836 053)	-163.54%	-163.54%
Cash Flows from Investing Activities							
Receipts							
Decrease / (Increase) in Non-current Receivables	-	-	-	(14 454)	(14 454)	0.00%	0.00%
Payments							
Capital Assets	(6 338 369)	(6 338 369)	(6 338 369)	(121 834)	6 216 535	-98.08%	-98.08%
Net Cash from/(used) Investing Activities	(6 338 369)	(6 338 369)	(6 338 369)	(136 289)	6 202 080	-97.85%	-97.85%
Net Increase/(Decrease) In Cash Held	(3 956 532)	(3 956 532)	(3 956 532)	6 677 441	(22 141 393)	-268.77%	-268.77%
Cash/Cash Equivalents at the Year Begin:	(1 740 128)	(1 740 128)	(1 740 128)	9 767 293	(21 267 945)	-661.30%	-661.30%
Cash/Cash Equivalents at the Year End:	2 216 404	2 216 404	2 216 404	3 089 852	873 448	39.41%	39.41%

LAINGSBURG MUNICIPALITY

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

1. BASIS OF PRESENTATION

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

The Annual Financial Statements have been prepared in accordance with the historical cost convention, except where indicated otherwise.

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

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- Revenue for Traffic Fines:

There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the municipality.

LAINGSBURG MUNICIPALITY

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

1.2.2 Water Inventory

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

1.2.3 Impairment of Financial Assets

Accounting Policy 4.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.
- **Impairment of Traffic Fines:**
Assessing and recognising impairment of Receivables for Traffic Fines is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not to be made at the time of initial recognition.

1.2.4 Impairment of Statutory Receivables

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

1.2.5 Capitalisation of Capital Assets

Judgement by management is required to distinguish between expenses incurred to maintain and repair capital assets and expenses incurred that will increase the remaining useful life of capital assets and needs to be capitalised to capital assets.

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

As described in Accounting Policies 6.3, 7.2 and 8.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

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

1.2.7 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 5 on Impairment of Assets, Accounting Policy 3.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment and Accounting Policy 7.2 on Inventory – Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment, impairment testing of Intangible Assets and write-down of Inventories to the lowest of Cost and Net Realisable Value or Current Replacement Cost.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

1.2.8 Service Concession Arrangements

The municipality assesses whether it is a party to any service concession arrangements by considering the principles contained in GRAP 32 and IFRIC 12.

Management has assessed all arrangements in place and concluded that there are no service concession arrangements to which it was a party during this accounting period.

1.2.9 Defined Benefit Plan Liabilities

As described in Accounting Policy 15.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.2.10 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2.11 Principals and Agent Arrangements

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109.

The municipality is assessed to be the agent and only accounts for the amounts which the agent are entitled to in terms of the principal-agent arrangement. In order to assess that the municipality is the agent, the following factors were considered in applying its judgement:

- The municipality acts as an agent for Department of Transport for issuing licenses and permits and collects monies on their behalf.

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

1.2.12 Housing Arrangements

The municipality is not accredited to deliver housing under the national housing programme. However it assesses its roles and responsibilities it undertakes for each project undertaken in terms of the national housing programme by assessing the terms and conditions agreed with the relevant Provincial Department of Human Settlements.

Management has assessed all arrangements in place and concluded that there are no housing arrangements to which it was a project manager or developer during this accounting period.

1.2.13 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.2.14 Segment Reporting

The municipality is assessed to have reportable segments as per the requirements of GRAP 18. In order to assess that the segments could be aggregated, the following factors were considered in applying its judgement:

- For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide.
- No individually material operating segments have been aggregated to form the above reportable operating segments.
- The municipality does not monitor segments geographically.

1.2.15 The effect of COVID-19

Management needs to estimate the effect of COVID-19 on its future cash flow and discount rates to ensure that the municipality will remain a going concern.

Judgement needs to be made on the effect of COVID-19 on credit risk, liquidity risk and going concern.

1.3 Going Concern Assumption

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

The recent COVID-19 pandemic and its effect on the municipality's current and expected performance has been considered by management in the Going Concern Assumption.

LAINGSBURG MUNICIPALITY

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

1.4 Standards, Amendments to Standards and Interpretations published but not yet Effective

The following GRAP Standards and Interpretations have been published but are not yet effective and have not been early adopted by the municipality:

Standard of GRAP / Nature of Impending Changes / Expected Impact	Effective Date	Planned Date for Application by Municipality
<ul style="list-style-type: none"> ● GRAP 1 Presentation of Financial Statements (Revised) Unlikely that there will be a material impact 	01/04/2023	30/06/2024
<ul style="list-style-type: none"> ● GRAP 25 Employee Benefits (Revised) Unlikely that there will be a material impact 	Not yet determined	Not yet determined
<ul style="list-style-type: none"> ● GRAP 104 Financial Instruments (Revised) Unlikely that there will be a material impact 	01/04/2025	30/06/2026
<ul style="list-style-type: none"> ● GRAP 2020 Improvement to the Standards of GRAP 2020 Unlikely that there will be a material impact 	01/04/2023	30/06/2024
<ul style="list-style-type: none"> ● IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction Unlikely that there will be a material impact 	Not yet determined	Not yet determined
<ul style="list-style-type: none"> ● IGRAP 21 The Effect of Past Decisions on Materiality Unlikely that there will be a material impact 	01/04/2023	30/06/2024
<ul style="list-style-type: none"> ● Guideline Accounting for Landfill Sites Unlikely that there will be a material impact 	Not yet determined	Not yet determined
<ul style="list-style-type: none"> ● Guideline The Application of Materiality to Financial Statements Unlikely that there will be a material impact 	Not yet determined	Not yet determined

2. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2021 to 30 June 2022.

LAINGSBURG MUNICIPALITY

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

3. INVENTORIES

3.1 Recognition and Initial Measurement

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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

3.2 Subsequent Measurement

3.2.1 Consumable Stores

Subsequently, Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the Weighted Average Method.

Consumable stores distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the Weighted Average Method.

3.2.2 Water Inventory

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

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

3.2.3 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

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

4. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

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

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

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

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

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

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

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

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

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

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

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

4.3.2 Financial Liabilities:

Financial Liabilities held at Amortised Cost

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

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

4.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

4.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

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

4.6 Derecognition of Financial Liabilities

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

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

LAINSBURG MUNICIPALITY

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

5. STATUTORY RECEIVABLES

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

The municipality has the following Statutory Receivables from Non-exchange Transactions:

- Assessment Rates
- Fines

5.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliably measured.

The municipality recognises Statutory Receivables when they arise.

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

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

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

5.2 Subsequent Measurement

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

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

5.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

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

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- Assessment Rates
- Fines

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

5.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Initial Recognition and Measurement

Property, Plant and Equipment are initially recognised at cost.

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

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

6.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

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

6.3 Depreciation

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

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

	Asset Class	Years		Asset Class	Years
	Buildings			Community	
	Improvements	10 - 100		Community Facilities	15 - 100
				Recreational Facilities	20 - 100
	Infrastructure			Other	
	Electricity	15 - 60		Computer Equipment	5 - 30
	Roads and Paving	10 - 60		Furniture and Office Equipment	6 - 50
	Sanitation / Sewerage	10 - 60		Machinery and Equipment	5 - 40
	Solid Waste	15 - 60		Transport Assets	10 - 45
	Water	5 - 80			

6.4 Land

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

6.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

6.6 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

6.7 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

6.8 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

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7. INTANGIBLE ASSETS

7.1 Initial Recognition and Measurement

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

Intangible Assets are initially recognised at cost.

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

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

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

7.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

	Asset Class	Years
	Computer Software Purchased	5 - 10

7.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

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8. INVESTMENT PROPERTY

8.1 Initial Recognition and Measurement

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

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

8.2 Subsequent Measurement

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 20 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

8.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

9. HERITAGE ASSETS

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

9.1 Initial Recognition and Measurement

Heritage Assets are initially recognised at cost.

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

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

9.2 Subsequent Measurement

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

9.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

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10. IMPAIRMENT OF ASSETS

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

10.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

10.2 Impairment of Non-cash Generating Assets

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

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

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

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

LAINSBURG MUNICIPALITY

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

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

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

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

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

11. CONSUMER DEPOSITS

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

12. PROVISIONS

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

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. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

LAINGSBURG MUNICIPALITY

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

12.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

13. LEASES

13.1 The Municipality as Lessee

13.1.1 Finance Leases

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the finance cost and the capital repayment using the Effective Interest Rate Method. Finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

13.1.2 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

13.2 The Municipality as Lessor

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

Rental revenue from **Operating Leases** is recognised on a Straight-line Basis over the term of the relevant lease.

14. BORROWING COSTS

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

LAINGSBURG MUNICIPALITY

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

15. EMPLOYEE BENEFIT LIABILITIES

15.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

15.1.1 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 year-end 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.

15.1.2 Staff Bonuses Accrued

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

15.1.3 Provision for Performance Bonuses

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

15.2 Post-employment Benefits

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

15.2.1 Defined Contribution Plans

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

LAINGSBURG MUNICIPALITY

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

15.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

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

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

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

Long-service Allowance

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

Provincially-administered 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 charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially 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.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

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

LAINSBURG MUNICIPALITY

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

16. REVENUE RECOGNITION

16.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

16.2 Revenue from Non-exchange Transactions

16.2.1 Rates and Taxes

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-proportionate 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.

16.2.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

16.2.3 Government Grants and Receipts

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

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

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

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

16.2.4 Public Contributions

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

16.2.5 Other Donations and Contributions

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

LAINGSBURG MUNICIPALITY

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

16.2.6 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

16.2.7 Tariff Charges

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

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

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

16.3 Revenue from Exchange Transactions

16.3.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage.

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

16.3.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

16.3.3 Rentals Received

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

16.3.4 Income from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

LAINGSBURG MUNICIPALITY

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

16.3.5 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

Interest on outstanding customer receivables is calculated when the receivable is more than 30 days at prime rate plus 1%, and recognised in surplus or deficit on the time-proportionate basis.

16.3.6 Tariff Charges

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

16.3.7 Sale of Goods (including Houses)

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

- (a) The municipality has transferred to the buyer 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.

17. GRANTS-IN-AID

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

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

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

LAINGSBURG MUNICIPALITY

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

18. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

19. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

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

20. IRREGULAR EXPENDITURE

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

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

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

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

LAINGSBURG MUNICIPALITY

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

22. COMMITMENTS

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP;
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date;
- Items are classified as commitments where the College commits itself to future transactions that will normally result in the outflow of resources;
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements; and
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than the business of the municipality.

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Executive Mayor, Speaker, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements.

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

LAINGSBURG MUNICIPALITY

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

26. SEGMENT REPORTING

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective and also considered separately for each of the towns within the municipal jurisdiction. The components described below have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting).

The following services are considered significant to the municipality and is accordingly managed separately:

- Municipal governance and administration.
- Community and public safety.
- Housing.
- Health.
- Energy, waste, waste water and water.
- Other.

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the municipality as a whole.

The municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

Intersegmental transfers are per the municipality's approved tariff policy. The reconciliation clearly describes the effects of all internal transfers between segments.

The accounting policies for segmental reporting in the management accounts are aligned to the requirements of GRAP as described in these accounting policies.

No changes from were made from prior periods measurement methods used to determine reported segment surplus or deficit.

27. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
1. GENERAL INFORMATION		
<p>Laingsburg Municipality is a local municipality in the Western Cape and is one of three local municipalities under the jurisdiction of the Central Karoo District Municipality. The municipal area includes the town of Laingsburg, the settlements of Matjiesfontein and Vleiland as well rural farms. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).</p>		
2. INVENTORIES		
Consumables	110 268	442 526
Finished Goods	140 614	141 273
Materials and Supplies	38 522	32 844
Water	16 961	23 893
Total Inventories	306 365	640 536

2.1 Allocation for Cash Flow

Suppliers Paid:-

Inventory - Opening Balance	640 536	588 461
Inventory - Closing Balance	(306 365)	(640 536)
Total Inventory allocated to Suppliers Paid	334 171	(52 076)
Total Inventory allocated to Cash Flow	334 171	(52 076)

Materials and Supplies are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Current Replacement Cost were required.

Water is held for distribution and measured at the lower of Cost and Net Realisable Value. No write down of Inventory to Net Realisable Value was required.

The cost of Inventories recognised as an expense includes R2 591 486 (2021: R2 293 690)

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Service Debtors:	7 290 475	4 344 977	2 945 499
Electricity	2 327 601	857 375	1 470 226
Refuse	1 095 793	762 419	333 374
Sewerage	1 051 443	1 348 567	(297 123)
Merchandising, Jobbing and Contracts	9 299	-	9 299
Other Service Charges	1 389 043	95 004	1 294 039
Water	1 417 297	1 281 613	135 684
Other Receivables	1 253 772	963 432	290 340
Other Debtors	(246 393)	-	(246 393)
Prepayments and Advances	27 089	-	27 089
Control, Clearing and Interface Accounts	48 302	-	48 302
Deposits for Land	2 155 685	-	2 155 685
Total Receivables from Exchange Transactions	10 528 930	5 308 409	5 220 521

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Included in Service Debtors is an amount of R 736 355 (2021: R 846 041) in respect of the consumption of metered services not billed as at 30 June.

Receivables from Exchange Transactions are billed monthly at the beginning of the month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate of 10%, determined by council, on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2022, the municipality is owed R715 336 (30 June 2021: R696 774) by National and Provincial Government.

3.2 Ageing of Receivables from Exchange Transactions

As at 30 June 2022

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	1 313 505	159 737	99 746	754 613	2 327 601
Less: Provision for Impairment	142 363	55 945	40 756	618 311	857 375
Net Balances	1 171 142	103 792	58 990	136 302	1 470 226
Refuse:					
Gross Balances	269 226	64 233	52 427	709 907	1 095 793
Less: Provision for Impairment	62 723	46 106	42 481	611 110	762 419
Net Balances	206 503	18 127	9 946	98 797	333 374
Sewerage:					
Gross Balances	(252 566)	74 947	67 388	1 161 674	1 051 443
Less: Provision for Impairment	88 974	60 227	56 845	1 142 520	1 348 567
Net Balances	(341 540)	14 719	10 544	19 154	(297 123)
Merchandising, Jobbing and Contracts:					
Gross Balances	9 299	-	-	-	9 299
Less: Provision for Impairment	-	-	-	-	-
Net Balances	9 299	-	-	-	9 299
Other Service Charges:					
Gross Balances	1 286 858	443	2 478	99 264	1 389 043
Less: Provision for Impairment	1 138	204	1 739	91 922	95 004
Net Balances	1 285 719	239	739	7 342	1 294 039
Water:					
Gross Balances	111 660	79 730	81 110	1 144 796	1 417 297
Less: Provision for Impairment	92 777	66 378	61 413	1 061 044	1 281 613
Net Balances	18 884	13 352	19 697	83 752	135 684
Other Receivables:					
Gross Balances	101 719	26 971	23 309	1 101 773	1 253 772
Less: Provision for Impairment	24 153	22 424	19 898	896 957	963 432
Net Balances	77 566	4 547	3 411	204 817	290 340

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Other Debtors:

Gross Balances	(246 393)	-	-	-	(246 393)
Less: Provision for Impairment	-	-	-	-	-
Net Balances	(246 393)	-	-	-	(246 393)

Control, Clearing and Interface Accounts:

Gross Balances	48 302	-	-	-	48 302
Less: Provision for Impairment	-	-	-	-	-
Net Balances	48 302	-	-	-	48 302

Deposits for Land

Gross Balances	2 155 685	-	-	-	2 155 685
Less: Provision for Impairment	-	-	-	-	-
Net Balances	2 155 685	-	-	-	2 155 685

As at 30 June Receivables of R808 267 were past due but not impaired. The age analysis of these Receivables are as follows:

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

All Receivables:

Gross Balances	4 824 383	406 061	326 459	4 972 027	10 528 930
Less: Provision for Impairment	412 129	251 285	223 131	4 421 864	5 308 409
Net Balances	4 412 255	154 776	103 328	550 163	5 220 521

As at 30 June 2021

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

Electricity:

Gross Balances	952 453	68 124	31 665	780 744	1 832 987
Less: Provision for Impairment	94 522	24 910	13 926	586 183	719 541
Net Balances	857 931	43 214	17 739	194 561	1 113 446

Refuse:

Gross Balances	21 593	34 509	22 783	555 767	634 652
Less: Provision for Impairment	34 340	18 569	15 494	473 961	542 364
Net Balances	(12 747)	15 941	7 289	81 806	92 288

Sewerage:

Gross Balances	(357 000)	38 933	30 011	1 021 623	733 568
Less: Provision for Impairment	42 256	26 366	23 469	1 000 438	1 092 529
Net Balances	(399 256)	12 568	6 542	21 185	(358 961)

Merchandising, Jobbing and Contracts:

Gross Balances	9 690	-	-	-	9 690
Less: Provision for Impairment	-	-	-	-	-
Net Balances	9 690	-	-	-	9 690

Other Service Charges:

Gross Balances	1 146 536	671	172	79 807	1 227 186
Less: Provision for Impairment	2 471	605	171	78 704	81 951
Net Balances	1 144 065	65	1	1 103	1 145 234

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Water:

Gross Balances	(181 263)	42 861	34 424	970 381	866 403
Less: Provision for Impairment	44 593	27 732	27 789	884 880	984 995
Net Balances	(225 857)	15 128	6 634	85 501	(118 593)

Other Receivables:

Gross Balances	(449 965)	12 807	15 451	1 022 978	601 271
Less: Provision for Impairment	31 132	8 794	11 635	838 910	890 471
Net Balances	(481 097)	4 013	3 816	184 068	(289 199)

Other Debtors:

Gross Balances	982 577	-	-	-	982 577
Less: Provision for Impairment	-	-	-	-	-
Net Balances	982 577	-	-	-	982 577

Control, Clearing and Interface Accounts:

Gross Balances	40 233	-	-	-	40 233
Less: Provision for Impairment	-	-	-	-	-
Net Balances	40 233	-	-	-	40 233

Deposits for Land

Gross Balances	2 086 834	-	-	-	2 086 834
Less: Provision for Impairment	-	-	-	-	-
Net Balances	2 086 834	-	-	-	2 086 834

As at 30 June Receivables of R701 175 were past due but not impaired. The age analysis of these Receivables are as follows:

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

All Receivables:

Gross Balances	4 251 688	197 905	134 507	4 431 300	9 015 400
Less: Provision for Impairment	249 315	106 976	92 485	3 863 076	4 311 851
Net Balances	4 002 374	90 929	42 022	568 224	4 703 549

3.3 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2022				
<u>Current:</u>				
0 - 30 days	3 871 123	847 295	71 846	34 119
<u>Past Due:</u>				
31 - 60 Days	223 246	144 921	20 281	17 613
61 - 90 Days	204 581	88 953	18 692	14 233
+ 90 Days	2 714 419	673 199	604 517	979 891
Sub-total	7 013 369	1 754 369	715 336	1 045 856
Less: Provision for Impairment	3 040 819	733 694	514 786	1 019 109
Total Trade Receivables by Customer Classification	3 972 550	1 020 675	200 550	26 746

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2021				
<u>Current:</u>				
0 - 30 days	3 427 506	755 576	55 559	13 047
<u>Past Due:</u>				
31 - 60 Days	124 400	28 577	42 243	2 686
61 - 90 Days	89 883	31 344	13 279	0
+ 90 Days	3 220 965	675 181	585 694	(50 540)
Sub-total	6 862 755	1 490 678	696 774	(34 807)
Less: Provision for Impairment	3 235 957	550 495	504 712	20 688
Total Trade Receivables by Customer Classification	3 626 798	940 183	192 062	(55 495)

2022	2021
R	R

3.4 Reconciliation of the Provision for Impairment

Balance at beginning of year	4 311 851	4 674 714
Impairment Losses recognised	858 724	(203 755)
Impairment Losses reversed	137 833	(159 107)
Balance at end of year	5 308 409	4 311 851

3.4.1 Allocation for Cash Flow

Provision for Impairment at Beginning of Year	4 311 851	4 674 714
Movement in Non-cash Transactions:-		
Impairment Recognised	858 724	(203 755)
Impairment Reversed	137 833	(159 107)
Total Receivables from Exchange Transactions Impairment allocated to Non-cash Transactions	996 557	(362 862)
Provision for Impairment at End of Year	5 308 409	4 311 851

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
VAT Receivable	6 175 830	-	6 175 830
Total Statutory Receivables from Exchange Transactions	6 175 830	-	6 175 830
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
VAT Receivable	5 362 853	-	5 362 853
Total Statutory Receivables from Exchange Transactions	5 362 853	-	5 362 853

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
4.1 Allocation for Cash Flow		
VAT Paid	(812 977)	(757 198)
Total VAT allocated to Cash Flow	<u>(812 977)</u>	<u>(757 198)</u>

VAT is payable on the receipts basis. The municipality however uses accrual accounting, and only once payment is received from debtors, VAT is paid over to SARS.

Furthermore, VAT is claimable on the payment basis.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

5. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2022			
Property Rates	3 520 880	3 272 439	248 442
Fines	128 308 513	122 825 799	5 482 713
Total Statutory Receivables from Non-Exchange Transaction	<u>131 829 393</u>	<u>126 098 238</u>	<u>5 731 155</u>
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2021			
Property Rates	3 204 594	3 106 770	97 825
Fines	109 261 024	102 264 125	6 996 898
Total Statutory Receivables from Non-Exchange Transaction	<u>112 465 618</u>	<u>105 370 895</u>	<u>7 094 723</u>

The prior year amount for Statutory Receivables from Exchange Transactions has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

	2022 R	2021 R
5.1 Allocation for Cash Flow		
Property Rates:-		
Property Rates Debtors - Opening Balance	97 825	120 039
Property Rates Debtors - Closing Balance	(248 442)	(97 825)
Property Rates Debtors: Provision for Impairment - Opening Balance	3 106 770	2 637 295
Property Rates Debtors: Provision for Impairment - Closing Balance	(3 272 439)	(3 106 770)
Total Statutory Receivables from Non-exchange Transactions allocated to Property Rates	<u>(316 286)</u>	<u>(447 260)</u>
Other Receipts:		
Fines Debtors - Opening Balance	6 996 898	5 923 567
Fines Debtors - Closing Balance	(5 482 713)	(6 996 898)
Fines Debtors: Provision for Impairment - Opening Balance	102 264 125	85 456 739
Fines Debtors: Provision for Impairment - Closing Balance	(122 825 799)	(102 264 125)
Total Statutory Receivables from Non-Exchange Transactions allocated to Other Receipts	<u>(19 047 489)</u>	<u>(17 880 717)</u>
Total Statutory Receivables from Non-Exchange Transactions allocated to Cash Flow	<u>(19 363 775)</u>	<u>(18 327 977)</u>

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Property Rates is a tax levied by a municipality to a property owner used to fund services delivered. Property Rates are calculated by multiplying the market value of the property with a rate determined by the Municipal Council. The levying of this revenue stream is governed by the Municipal Property Rates Act 6 of 2004.

Traffic Fines arise from fines issued by the municipality's traffic officials. These fines are issued according to the National Road Traffic Act 93 of 1996. The fines issued are divided into Radar Fines and Section 56 Fines.

Radar fines are speed control fines issued when a motorist is caught speeding on a radar camera device. The device takes a picture of the vehicle and takes a speed reading. The speeding fine is then delivered to the registered owner of the vehicle by post.

The Section 56 fine is imposed when a motorist is stopped by the traffic officer and his or her identity therefore is known and a Traffic Offence occurred.

5.2 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2022

	Current	Past Due			
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	220 515	51 394	43 787	3 205 184	3 520 880
Less: Provision for Impairment	19 310	36 837	34 887	3 181 404	3 272 439
Net Balances	201 205	14 556	8 900	23 780	248 442
Fines:					
Gross Balances	128 308 513	-	-	-	128 308 513
Less: Provision for Impairment	122 825 799	-	-	-	122 825 799
Net Balances	5 482 713	-	-	-	5 482 713

As at 30 June Receivables of R47 236 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
All Receivables:					
Gross Balances	128 529 027	51 394	43 787	3 205 184	131 829 393
Less: Provision for Impairment	122 845 109	36 837	34 887	3 181 404	126 098 238
Net Balances	5 683 919	14 556	8 900	23 780	5 731 155

As at 30 June 2021

	Current	Past Due			
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	125 465	37 331	52 633	2 989 165	3 204 594
Less: Provision for Impairment	22 662	29 139	43 425	3 011 544	3 106 770
Net Balances	102 803	8 193	9 208	(22 379)	97 825
Fines:					
Gross Balances	109 261 024	-	-	-	109 261 024
Less: Provision for Impairment	102 264 125	-	-	-	102 264 125
Net Balances	6 996 898	-	-	-	6 996 898

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

As at 30 June Receivables of R-4 979 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	109 386 489	37 331	52 633	2 989 165	112 465 618
Less: Provision for Impairment	102 286 787	29 139	43 425	3 011 544	105 370 895
Net Balances	7 099 701	8 193	9 208	(22 379)	7 094 723

5.3 Summary of Assessment Rates Debtors by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2022				
<u>Current:</u>				
0 - 30 days	216 686	1 656	2 168	5
<u>Past Due:</u>				
31 - 60 Days	37 952	10 026	2 961	455
61 - 90 Days	36 828	4 037	2 902	20
+ 90 Days	2 773 963	163 340	267 635	246
Sub-total	3 065 429	179 060	275 666	726
Less: Provision for Impairment	2 910 732	204 371	157 073	263
Total Rates Debtors by Customer Classification	154 697	(25 312)	118 593	463

	Household	Industrial/ Commercial	National and Provincial Government	Other
	R	R	R	R
As at 30 June 2021				
<u>Current:</u>				
0 - 30 days	120 904	1 004	3 553	4
<u>Past Due:</u>				
31 - 60 Days	29 554	3 277	4 088	412
61 - 90 Days	31 092	10 864	10 674	3
+ 90 Days	2 495 852	79 394	413 654	265
Sub-total	2 677 402	94 538	431 969	685
Less: Provision for Impairment	2 557 163	120 371	428 843	393
Total Rates Debtors by Customer Classification	120 239	(25 833)	3 126	292

2022	2021
R	R

5.4 Reconciliation of Provision for Impairment

Balance at Beginning of year	105 370 895	88 094 034
Impairment Losses Recognised	20 727 343	(632 461)
Amounts Written-off as uncollectable	-	17 909 322
Balance at end of year	126 098 238	105 370 895

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
5.4.1 Allocation for Cash Flow		
Provision for Impairment at Beginning of Year	105 370 895	88 094 034
Movement in Non-cash Transactions:-		
Impairment Recognised	20 727 343	(632 461)
Total Receivables from Non-exchange Transactions Impairment allocated to Non-cash Transactions	<u>20 727 343</u>	<u>(632 461)</u>
Movement in Property Rates:-		
Amounts Written-off	-	1 089 843
Total Receivables from Non-exchange Transactions Impairment allocated to Property Rates	<u>-</u>	<u>1 089 843</u>
Movement in Other Receipts:-		
Amounts Written-off	-	16 819 479
Total Receivables from Non-exchange Transactions Impairment allocated to Other Receipts	<u>-</u>	<u>16 819 479</u>
Provision for Impairment at End of Year	<u>126 098 238</u>	<u>105 370 895</u>

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

6. CASH AND CASH EQUIVALENTS

Current Investments	451 983	1 775 158
Bank Accounts	2 634 969	7 989 234
Cash on Hand	2 900	2 900
Total Bank, Cash and Cash Equivalents	<u>3 089 852</u>	<u>9 767 293</u>

The prior year amount for Cash and Cash Equivalents has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

6.1 Allocation for Cash Flow:

Increase / (Decrease) in Cash Equivalents:-		
Cash and Cash Equivalents - Opening Balance	9 767 293	12 181 123
Cash and Cash Equivalents - Closing Balance	(3 089 852)	(9 767 293)
Total Cash and Cash Equivalents allocated to Increase / (Decrease) in Cash Equivalents	<u>6 677 441</u>	<u>2 413 830</u>
Total Cash and Cash Equivalents allocated to Cash Flow	<u>6 677 441</u>	<u>2 413 830</u>

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

6.2 Current Investment Deposits

Call Deposits	451 983	1 775 158
Total Current Investment Deposits	<u>451 983</u>	<u>1 775 158</u>

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Municipality has the following investment accounts:

	Bank Statement Balances		Cash Book Balances	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
ABSA Bank - Account Number 50 6431 4329 (Call Deposit)	447 664	436 271	447 664	436 390
Standard Bank - Account Number 2887048000 (Money Market)	4 319	1 338 768	4 319	1 338 768
	<u>451 983</u>	<u>1 775 039</u>	<u>451 983</u>	<u>1 775 158</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 2,23% to 4,50% (2021: 2,08% to 3,37%) per annum.

	2022 R	2021 R
6.3 Bank Accounts		
Cash in Bank	2 634 969	7 989 234
Total Bank Accounts	<u>2 634 969</u>	<u>7 989 234</u>

The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	7 989 234	10 478 315
Cash book balance at end of year	<u>2 634 969</u>	<u>7 989 234</u>

ABSA Bank - Laingsburg Branch - Cheque Account Number: 25040140874

Bank statement balance at beginning of year	6 016 949	7 654 877
Bank statement balance at end of year	<u>1 842 723</u>	<u>6 016 949</u>

Standard Bank - Laingsburg Branch - Cheque Account Number: 203247663

Bank statement balance at beginning of year	1 688 133	2 775 842
Bank statement balance at end of year	<u>847 244</u>	<u>1 688 133</u>

ABSA Bank - Laingsburg Branch - Cheque Account Number: 4074336029

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>-</u>	<u>-</u>

Standard Bank - Ceres Branch - Cheque Account Number: 203247671

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>-</u>	<u>-</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.4 Cash and Cash Equivalents

Cash Floats and Advances	2 900	2 900
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>2 900</u>	<u>2 900</u>

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2022

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2021	17 787 141	2 211 925	167 226 532	10 930 305	1 903 073	2 619 363	202 678 338
Cost	17 787 141	10 089 021	285 415 947	23 885 037	5 331 138	5 556 028	348 064 312
- Completed Assets	17 787 141	10 089 021	270 365 222	23 885 037	5 331 138	5 556 028	333 013 587
- Under Construction	-	-	15 050 725	-	-	-	15 050 725
Accumulated Impairment Losses	-	(334 722)	(201 601)	(155 654)	(50 021)	(25 591)	(767 588)
Accumulated Depreciation	-	(7 542 374)	(117 987 814)	(12 799 078)	(3 378 045)	(2 911 075)	(144 618 386)
Acquisition of Assets							
- Cost	-	10 367	10 600 602	-	466 208	542 600	11 619 777
- Capital Under Construction	-	-	482 656	-	-	-	482 656
Decommissioning and other Liabilities	-	-	(11 980 598)	-	-	-	(11 980 598)
Depreciation	-	(87 354)	(7 837 797)	(402 540)	(317 892)	(301 168)	(8 946 751)
Carrying value of Disposals:	-	(31 879)	(75 190)	(1 071 142)	(159 848)	(183 123)	(1 521 182)
- Cost	-	(36 000)	(1 132 823)	(1 336 243)	(688 682)	(1 053 662)	(4 247 410)
- Accumulated Impairment Losses	-	-	-	-	19 699	85 591	105 289
- Accumulated Depreciation	-	4 121	1 057 633	265 101	509 135	784 949	2 620 939
Impairment Losses	-	-	(1 348 054)	-	(97 441)	(90 299)	(1 535 793)
Carrying values at 30 June 2022	17 787 141	2 103 059	157 068 151	9 456 623	1 794 099	2 587 374	190 796 446
Cost	17 787 141	10 063 388	283 385 784	22 548 793	5 108 663	5 044 966	343 938 736
- Completed Assets	17 787 141	10 063 388	267 852 403	22 548 793	5 108 663	5 044 966	328 405 355
- Under Construction	-	-	15 533 381	-	-	-	15 533 381
Accumulated Impairment Losses	-	(334 722)	(1 549 655)	(155 654)	(127 763)	(30 299)	(2 198 092)
Accumulated Depreciation	-	(7 625 607)	(124 767 979)	(12 936 517)	(3 186 801)	(2 427 294)	(150 944 198)

LAINSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2021

Reconciliation of Carrying Value

Description	Land	Buildings	Infra-structure	Community	Other	Transport Assets	Total
	R	R		R	R	R	R
Carrying values at 01 July 2020	17 787 141	2 759 607	159 538 960	9 187 081	2 235 717	2 946 317	194 454 824
Cost	17 787 141	10 218 821	267 729 666	21 622 857	5 592 142	5 608 586	328 559 214
- Completed Assets	17 787 141	10 089 021	251 553 500	21 550 905	5 592 142	5 608 586	312 181 297
- Under Construction	-	129 800	16 176 166	71 952	-	-	16 377 918
Accumulated Impairment Losses	-	-	-	-	(4 703)	(25 591)	(30 294)
Accumulated Depreciation	-	(7 459 214)	(108 190 706)	(12 435 776)	(3 351 721)	(2 636 679)	(134 074 096)
Acquisition of Assets							
- Cost	-	-	18 811 721	2 334 131	226 889	-	21 372 741
- Capital Under Construction	-	(129 800)	(1 125 440)	(71 952)	-	-	(1 327 192)
Depreciation	-	(83 160)	(9 797 109)	(363 302)	(278 126)	(298 059)	(10 819 757)
Carrying value of Disposals:	-	-	-	-	(233 783)	(28 895)	(262 678)
- Cost	-	-	-	-	(487 893)	(52 559)	(540 451)
- Accumulated Impairment Losses	-	-	-	-	2 306	-	2 306
- Accumulated Depreciation	-	-	-	-	251 803	23 664	275 467
Impairment Losses	-	(334 722)	(201 601)	(155 654)	(47 624)	-	(739 600)
Carrying values at 30 June 2021	17 787 141	2 211 925	167 226 532	10 930 305	1 903 073	2 619 363	202 678 338
Cost	17 787 141	10 089 021	285 415 947	23 885 037	5 331 138	5 556 028	348 064 312
- Completed Assets	17 787 141	10 089 021	270 365 222	23 885 037	5 331 138	5 556 028	333 013 587
- Under Construction	-	-	15 050 725	-	-	-	15 050 725
Accumulated Impairment Losses	-	(334 722)	(201 601)	(155 654)	(50 021)	(25 591)	(767 588)
Accumulated Depreciation	-	(7 542 374)	(117 987 814)	(12 799 078)	(3 378 045)	(2 911 075)	(144 618 386)

The prior year amount for Property, Plant and Equipment has been adjusted. Refer to Note 43.4 on "Correction of Error" for details of the restatement.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
7. PROPERTY, PLANT AND EQUIPMENT (Continued)		
7.1 Allocation for Cash Flow		
Property, Plant and Equipment at Beginning of Year	202 678 338	194 454 824
Property, Plant and Equipment	187 627 613	178 076 907
Construction Work-in-Progress	15 050 725	16 377 918
Movement in Non-cash Transactions:-		
Depreciation for the Year	(8 946 751)	(10 819 757)
Impairment for the Year	(1 535 793)	(739 600)
Donated Assets	-	115 851
Total Property, Plant and Equipment allocated to Non-cash Transactions	<u>(10 482 544)</u>	<u>(11 443 506)</u>
Purchase of Property, Plant and Equipment:-		
Acquisition of Property, Plant and Equipment	(360 821)	21 372 741
Acquisition of Construction Work-in-Progress	482 656	(1 327 192)
Less: Donated Assets	-	(115 851)
Total Property, Plant and Equipment allocated to Purchase of Property, Plant and Equipment	<u>121 834</u>	<u>19 929 698</u>
Disposal of Property, Plant and Equipment:-		
Carrying Value of Disposals	(1 521 182)	(262 678)
Total Property, Plant and Equipment allocated to Proceeds on Disposal of Property, Plant and Equipment	<u>(1 521 182)</u>	<u>(262 678)</u>
Property, Plant and Equipment at End of Year	<u>190 796 446</u>	<u>202 678 338</u>
Proceeds on Disposal of Property, Plant and Equipment:-		
Disposals as per Reconciliation of Property, Plant and Equipment Note 7.1	1 521 182	262 678
Gains / Losses on Disposal of Property, Plant and Equipment Note 41	(1 587 039)	(262 678)
Total Proceeds on Disposal of Property, Plant and Equipment allocated to Cash Flow	<u>(65 858)</u>	<u>-</u>
7.2 Impairment of Property, Plant and Equipment		
Impairment Losses on Property, Plant and Equipment to the amount of R1 535 793 (2021: R739 600) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 33.		
Buildings	-	334 722
Community Assets	-	155 654
Infrastructure	1 348 054	201 601
Other Assets	97 441	47 624
Transport Assets	90 299	-
Total Impairment of Property, Plant and Equipment	<u>1 535 793</u>	<u>739 600</u>
Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.		
7.3 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed		
A change in the estimated useful life of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned asset classes for the financial year:		
Other Assets	(6 462)	-
Total Change in Estimate for Useful Life of Property, Plant and Equipment	<u>(6 462)</u>	<u>-</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

7.4 Work-in-Progress

The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:

Infrastructure	15 533 381	15 050 725
Total Carrying Amounts of Work-in-Progress	15 533 381	15 050 725

7.5 Delayed Projects

Project Details	Delayed or Halted		
Infrastructure Asset			
High Mast Lights	Delayed	-	88 900
Reason: The project was delayed due to legal constraints and turnover of senior key personnel			
Infrastructure Asset			
Bergsig Reservoir	Delayed	-	40 292
Reason: The project was delayed due to legal constraints and turnover of senior key personnel			
Total Carrying Amounts of Delayed or Halted Projects		-	129 192

7.6 Expenditure incurred for Repairs and Maintenance

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

Electrical Infrastructure	210 170	368 008
- Contracted Services	210 170	368 008
Sanitation Infrastructure	37 097	(7 024)
- Contracted Services	37 097	(7 024)
Community Assets	7 412	(1 941)
- Contracted Services	7 412	(1 941)
Furniture and Office Equipment	2 035	5 727
- Contracted Services	2 035	5 727
Machinery and Equipment	480 473	298 742
- Contracted Services	480 473	298 742
Other Assets - Buildings	142 570	1 030 280
- Contracted Services	142 570	1 030 280
Transport Assets	692 302	669 807
- Contracted Services	692 302	669 807
Total Expenditure related to Repairs and Maintenance Projects	1 572 060	2 363 600

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8.2 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

8.3 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

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

	2022 R	2021 R
9. INVESTMENT PROPERTY		
At Cost less Accumulated Depreciation	<u>23 414 114</u>	<u>23 480 362</u>
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July	23 480 362	23 544 495
Cost	25 114 496	25 114 496
Accumulated Depreciation	(1 634 135)	(1 570 002)
Acquisitions during the Year	-	-
Cost	-	-
Depreciation during the Year	(66 248)	(64 133)
Carrying values at 30 June	23 414 114	23 480 362
Cost	25 114 496	25 114 496
Accumulated Depreciation	(1 700 383)	(1 634 135)
9.1 Allocation for Cash Flow		
Investment Property at Beginning of Year	23 480 362	23 544 495
Movement in Non-cash Transactions:-		
Depreciation for the Year	(66 248)	(64 133)
Total Investment Property allocated to Non-cash Transactions	<u>(66 248)</u>	<u>(64 133)</u>
Investment Property at End of Year	<u>23 414 114</u>	<u>23 480 362</u>
Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:		
Rental Revenue earned from Investment Property	1 578 190	1 479 934
Direct Operating Expenses - incurred to generate rental revenue	88 161	229 022

LAINSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

10. HERITAGE ASSETS

30 June 2022

Reconciliation of Carrying Value

	R	R	R	R	R	R
Carrying values at 01 July 2021	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2022	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354

30 June 2021

Reconciliation of Carrying Value

	R	R	R	R	R	R
Carrying values at 01 July 2020	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2021	43 354	-	-	-	-	43 354
Cost	43 354	-	-	-	-	43 354

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
11. LEASE RECEIVABLES		
Current Lease Receivables	29 341	15 266
Total Lease Receivables	29 341	15 266

11.1 Operating Lease Receivables

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	15 266	-
Operating Lease - Straight lining	45 151	41 317
Operating Lease Revenue effected	(31 076)	(26 051)
Total Operating Lease Receivables	29 341	15 266

The prior year amount for Operating Lease Receivables has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

11.1.1 Allocation for Cash Flow

Other Receipts:-

Operating Lease Receivables - Opening Balance	15 266	-
Operating Lease Receivables - Closing Balance	(29 341)	(15 266)
Total Operating Lease Receivables allocated to Other Receipts	(14 075)	(15 266)
Total Operating Lease Receivables allocated to Cash Flow	(14 075)	(15 266)

11.1.2 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with a lease term of 9 years and 11 months.

The lease amount is escalated annually by 10%.

11.1.3 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Land and Buildings, which are receivable as follows:

Up to 1 year	34 184	31 076
2 to 5 years	174 472	158 619
More than 5 years	182 143	232 180
Total Operating Lease Arrangements	390 799	421 875

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R14 075 (2021: increase of R15 266) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreement:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
12. CONSUMER DEPOSITS		
Electricity	234 176	245 881
Water	472 862	424 876
Other Deposits:-	142 734	126 430
- Hiring of Decorative Items	5 530	5 530
- Posters	3 000	1 000
- Rental Properties	134 204	119 900
Total Consumer Deposits	849 771	797 186

The prior year amount for Consumer Deposits has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

12.1 Allocation for Cash Flow

Service Charges:-

Consumer Deposits: Trading Services - Opening Balance	(670 756)	(591 851)
Consumer Deposits: Trading Services - Closing Balance	707 038	670 756
Total Consumer Deposits allocated to Service Charges	36 281	78 905

Other Receipts:-

Consumer Deposits: Other Services - Opening Balance	(126 430)	(114 513)
Consumer Deposits: Other Services - Closing Balance	142 734	126 430
Total Consumer Deposits allocated to Other Receipts	16 304	11 917

Total Consumer Deposits allocated to Cash Flow

	52 585	90 822
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Consumer Deposits - Electricity and Water

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

Consumer Deposits - Decorative Items

Deposits are paid for cutlery and crockery. Deposits are not repaid in the case of missing or broken cutlery/crockery.

Consumer Deposits - Posters

Deposits are paid for posters displayed. Deposits are forfeited when posters are not removed.

Consumer Deposits - Rental Properties

Deposits are paid for the rental of properties. Deposits will not be repaid in the case of outstanding rent or in the case of property being damaged.

No interest is paid on Consumer Deposits held.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
13. PAYABLES FROM EXCHANGE TRANSACTIONS		
Other Payables	27 166	84 491
Control, Clearing and Interface Accounts	20 789	33 787
Unallocated Deposits	6 377	50 704
Retentions	360 087	388 051
Trade Creditors	13 501 385	9 841 566
Auditor-General of South Africa	6 445 940	4 487 684
Payables and Accruals	7 055 445	5 353 881
Advance Payments	150 069	287 380
Total Payables from Exchange Transactions	14 038 707	10 601 487

The prior year amount for Payables from Exchange Transactions has been adjusted. Refer to Note 43.3 on "Correction of Error" for details of the restatement.

13.1 Allocation for Cash Flow

Service Charges:-

Advance Payments	(137 311)	(47 177)
Total Payables from Exchange Transactions allocated to Service Charges	(137 311)	(47 177)

Other Receipts:-

Unallocated Deposits	(44 327)	44 327
Total Payables from Exchange Transactions allocated to Other Receipts	(44 327)	44 327

Employee Related Costs:-

Control, Clearing and Interface Accounts: Salary Clearing and Control	(12 998)	5 488
Total Payables from Exchange Transactions allocated to Employee Related Costs	(12 998)	5 488

Suppliers Paid:-

Auditor-General of South Africa	1 958 255	5 299 428
Payables and Accruals	1 701 564	(1 846 568)
Retentions	(27 963)	(293 441)
Total Payables from Exchange Transactions allocated to Suppliers Paid	3 631 856	3 159 419

Total Payables from Exchange Transactions allocated to Cash Flow	3 437 219	3 162 056
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The average credit period on purchases is 160 (2021: 66) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did default on payment of its Creditors. However, no terms for payment have been re-negotiated by the municipality.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
National Government	661 213	7 502 990
Provincial Government	1 049 705	898 024
Total Unspent Conditional Grants and Receipts	1 710 918	8 401 013
14.1 Allocation for Cash Flow		
Transfers and Subsidies:-		
Unspent Conditional Grants and Receipts - Opening Balance	(8 401 013)	(11 885 385)
Unspent Conditional Grants and Receipts - Closing Balance	1 710 918	8 401 013
Total Unspent Conditional Grants and Receipts allocated to Transfers and Subsidies	(6 690 095)	(3 484 371)
Total Unspent Conditional Grants and Receipts allocated to Cash Flow	(6 690 095)	(3 484 371)

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

See Note 22 for the reconciliation of Grants from Government and other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

15. LEASE PAYABLES

Current Lease Payables	2 998	743
Total Lease Payables	2 998	743
15.1 Operating Lease Payables		
Balance at beginning of year	743	-
Operating Lease Expenses recorded	31 754	7 939
Operating Lease Payments effected	(29 500)	(7 195)
Total Operating Lease Liabilities	2 998	743
15.1.1 Allocation for Cash Flow		
Suppliers Paid:-		
Operating Lease Payables - Opening Balance	(743)	-
Operating Lease Payables - Closing Balance	2 998	743
Total Operating Lease Payables allocated to Suppliers Paid	2 254	743
Total Operating Lease Payables allocated to Cash Flow	2 254	743

15.1.2 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

15.1.3 Amounts Payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

	2022 R	2021 R
Other Equipment:	619 413	1 066 711
Up to 1 year	457 164	451 322
2 to 5 years	162 249	615 390
Total Operating Lease Arrangements	619 413	1 066 711

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	31 754	7 939
Total Operating Lease Expenses	31 754	7 939

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the Municipality in terms of the lease agreements on Rental of Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, loan, pledge, transfer or otherwise encumber the equipment.
- (iii) The lessee may not alter or modify the goods.
- (iv) The lessor is entitled to cede and/or delegate, without notice to the lessee, all or any of its rights and/or obligations.
- (v) The equipment may only be serviced by the lessor or its designated service provider.
- (vi) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.

16. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	6 256 000	5 785 000
Post-retirement Health Care Benefits Liability	4 760 000	4 417 000
Long Service Awards Liability	1 496 000	1 368 000
Less: Current Portion of Employee Benefit Liabilities	242 000	267 000
Post-retirement Health Care Benefits Liability	121 000	117 000
Long Service Awards Liability	121 000	150 000
Post-retirement Health Care Benefits Liability	4 639 000	4 300 000
Long Service Awards Liability	1 375 000	1 218 000
Non-Current Portion of Employee Benefit Liabilities	6 014 000	5 518 000

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
16.1 Allocation for Cash Flow		
16.1.1 Current Portion		
Liabilities at Beginning of Year	267 000	407 000
Movement in Non-cash Transactions:-		
Defined Benefit Obligations	121 000	116 056
Long Service Awards Liability	121 000	160 888
Total Provisions allocated to Non-cash Transactions	<u>242 000</u>	<u>276 944</u>
Movement in Employee Related Costs:-		
Actual Benefit Payments	(117 000)	(111 056)
Reductions (Outflow of Economic Benefits)	(150 000)	(305 888)
Total Provisions allocated to Employee Related Costs	<u>(267 000)</u>	<u>(416 944)</u>
Liabilities at End of Year	<u>242 000</u>	<u>267 000</u>
16.1.2 Non-current Portion		
Employee Benefit Liabilities at Beginning of Year	5 518 000	4 354 000
Movement in Non-cash Transactions:-		
Long-service Awards	157 000	112 000
Post Retirement Health Care	339 000	1 052 000
Total Employee Benefit Liabilities allocated to Non-cash Transactions	<u>496 000</u>	<u>1 164 000</u>
Employee Benefit Liabilities at End of Year	<u>6 014 000</u>	<u>5 518 000</u>

16.2 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Medical Aid R	Pension Fund R	Long-term Service R
30 June 2022			
Opening Balance	117 000	-	150 000
Increases	-	-	121 000
Current service cost	121 000	-	-
Actual employer benefit payments	(117 000)	-	(150 000)
Other Reductions	-	-	-
Balance at end of year	<u>121 000</u>	<u>-</u>	<u>121 000</u>
30 June 2021			
Opening Balance	112 000	-	295 000
Increases	-	-	89 000
Current service cost	116 056	-	-
Actual employer benefit payments	(111 056)	-	(305 888)
Other Reductions	-	-	71 888
Balance at end of year	<u>117 000</u>	<u>-</u>	<u>150 000</u>

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
16.3 Post-retirement Health Care Benefits Liability		
Opening Balance	4 417 000	3 360 000
Interest Cost	450 000	353 000
Current Service Cost	211 000	131 000
Actual Employer Benefit Payments	(117 000)	(111 056)
Actuarial Loss/ (Gain) recognised in the year	(201 000)	684 056
Balance at end of Year	4 760 000	4 417 000
Transfer to Current Provisions	121 000	117 000
Total Post-retirement Health Care Benefits Liability	4 639 000	4 300 000

The municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

The two current continuation members and their eligible dependants receive a 70% subsidy. At this valuation, there were not yet any continuation members entitled to a 60% subsidy.

All 60% post-employment subsidies are subject to a maximum of R5 007 per principal member per month, for the year ending 30 June 2023. The maximum subsidy amount has been assumed to increase annually on 1 July at 75% of salary inflation.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	27	28
In-service Non-members (Employees)	40	40
Continuation Members (Retirees, widowers and orphans)	2	2
Total Members	69	70

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

In-service Members	2 890 000	2 626 000
In-service Non-members	363 000	301 000
Continuation Members	1 507 000	1 490 000
Total Liability	4 760 000	4 417 000

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

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

The Current-service Cost for the year ending 30 June 2022 is estimated to be R211 000, whereas the cost for the ensuing year is estimated to be R198 000 (30 June 2021: R131 000 and R211 000 respectively).

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

Discount Rate	11.53%	10.33%
Health Care Cost Inflation Rate	8.14%	6.92%
Net Effective Discount Rate	3.13%	3.19%
Expected Retirement Age - Females	62	59
Expected Retirement Age - Males	62	62

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits receivable and the contributions payable would remain unchanged, with the exception of allowing for inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable, and will continue.

Continuation of Membership:

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

Family Profile:

It has been assumed that female spouses will be five years younger than their male counterparts. Furthermore, it has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a subsidised spouse dependant. For current retiree members, actual subsidised spouse dependants were used and the potential for remarriage was ignored.

Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.53% per annum has been used. The corresponding index-linked yield at this term is 4.11%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 17 June 2022.

Impact of COVID-19:

It is difficult to estimate what impact the pandemic is likely to have on the municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected health care cost inflation rate, or an increase in the discount rate, or a reduction in expected longevity.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	4 417 000	3 360 000
Interest Cost	450 000	353 000
Current Service Cost	211 000	131 000
Benefits Paid	(117 000)	(111 056)
Actuarial Losses / (Gains)	(201 000)	684 056
Total Recognised Benefit Liability	4 760 000	4 417 000
The amounts recognised in the Statement of Financial Position are as follows:		
Present Value of Fund Obligations	4 760 000	4 417 000
Total Benefit Liability	4 760 000	4 417 000
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	211 000	353 000
Interest cost	450 000	131 000
Actuarial losses / (gains)	(201 000)	684 056
Total Post-retirement Benefit included in Employee Related Costs (Note 30.)	460 000	1 168 056

The history of fair values are as follows:

	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	4 760 000	4 417 000	3 360 000	3 626 158	3 409 000
Deficit	4 760 000	4 417 000	3 360 000	3 626 158	3 409 000
Experienced adjustments on Plan Liabilities	(204 000)	61 000	92 000	349 000	(946 000)

	2022 R	2021 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	89 000	65 000
Effect on the defined benefit obligation	554 000	567 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(86 000)	(62 000)
Effect on the defined benefit obligation	(550 000)	(546 000)

The municipality expects to make a contribution of R740 000 (2021: R661 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 50, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	R	R
16.4 Long Service Awards Liability		
Opening Balance	1 368 000	1 401 000
Increases	115 000	110 000
Payments Made	(150 000)	(305 888)
Other Reductions	38 000	71 888
Increases (Passage of Time/Discounted Rate)	125 000	91 000
Balance at end of Year	1 496 000	1 368 000
Transfer to Current Provisions	121 000	150 000
Total Long Service Awards Liability	1 375 000	1 218 000

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 67 (2021: 68) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2022 is estimated to be R115 000, whereas the cost for the ensuing year is estimated to be R125 000 (30 June 2021: R110 000 and R115 000 respectively).

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

Discount Rate	10.92%	9.62%
Cost Inflation Rate	7.11%	5.91%
Net Effective Discount Rate	3.56%	3.50%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

General:

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

Discount Rate:

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.92% per annum has been used. The corresponding liability-weighted index-linked yield is 4.07%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 17 June 2022. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 10.25 years.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Impact of COVID-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

	2022 R	2021 R			
Movements in the present value of the Defined Benefit Obligation were as follows:					
Opening Balance	1 368 000	1 401 000			
Interest Cost	125 000	91 000			
Current Service Cost	115 000	110 000			
Benefits Paid	(150 000)	(305 888)			
Actuarial Losses / (Gains)	38 000	71 888			
Total Recognised Benefit Liability	<u>1 496 000</u>	<u>1 368 000</u>			
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations	1 496 000	1 368 000			
Total Benefit Liability	<u>1 496 000</u>	<u>1 368 000</u>			
The amounts recognised in the Statement of Financial Performance are as follows:					
Current service cost	115 000	110 000			
Interest cost	125 000	91 000			
Actuarial losses / (gains)	38 000	71 888			
Total Post-retirement Benefit included in Employee Related Costs (Note 30.)	<u>278 000</u>	<u>272 888</u>			
The history of experienced adjustments is as follows:					
	2022 R	2021 R	2020 R	2019 R	2018 R
Present Value of Defined Benefit Obligation	1 496 000	1 368 000	1 401 000	1 265 607	1 094 000
Deficit	<u>1 496 000</u>	<u>1 368 000</u>	<u>1 401 000</u>	<u>1 265 607</u>	<u>1 094 000</u>
Experienced adjustments on Plan Liabilities	55 000	114 888	29 045	85 267	(71 658)

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2022
R

2021
R

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	19 000	16 000
Effect on the defined benefit obligation	102 000	95 000

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(18 000)	(14 000)
Effect on the defined benefit obligation	(91 000)	(86 000)

The municipality expects to make a contribution of R282 000 (2021: R240 000) to the defined benefit plans during the next financial year.

17. PROVISIONS

Current Provisions	2 765 872	2 292 833
Non-current Provisions	18 780 166	28 120 768
Total Provisions	21 546 038	30 413 601

17.1 Current Provisions

Current Portion of Non-Current Provisions:	2 765 872	2 292 833
Bonus	878 822	725 342
Leave	1 887 050	1 567 491
Total Provisions	2 765 872	2 292 833

17.1.1 Allocation for Cash Flow

Provisions at Beginning of Year	2 292 833	1 922 773
Movement in Non-cash Transactions:-		
Provisions	530 323	378 759
Total Provisions allocated to Non-cash Transactions	530 323	378 759
Movement in Employee Related Costs:-		
Provisions: Reductions (Outflow of Economic Benefits)	(57 284)	(8 699)
Total Provisions allocated to Employee Related Costs	(57 284)	(8 699)
Provisions at End of Year	2 765 872	2 292 833

The movement in Current Provisions is reconciled as follows:

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

	Bonus Provision	Leave Provision
	R	R
30 June 2022		
Opening Balance	725 342	1 567 490
Increases	153 480	376 843
Payments Made	-	(57 284)
Balance at end of year	878 822	1 887 050

LAINGSBURG MUNICIPALITY

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	2022 R	2021 R
	Bonus Provision R	Leave Provision R
30 June 2021		
Opening Balance	573 322	1 349 451
Increases	152 021	226 739
Payments Made	-	(8 699)
Balance at end of year	725 342	1 567 491

Bonus Provision: Staff bonuses accrued to employees according to the standard contract of employment. Provision is made for the full cost of accrued bonuses at reporting date. This provision will be realised when bonuses are paid during November of the next year.

Leave Provision: 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.

17.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	17 446 357	26 966 356
Insurance Workmen's Compensation Act	1 333 809	1 154 412
Total Non-current Provisions	18 780 166	28 120 768

17.2.1 Allocation for Cash Flow

Non-current Provisions at Beginning of Year	28 120 768	21 513 631
Decommissioning, Restoration and Similar Liabilities	28 120 768	21 513 631

Movement in Non-cash Transactions:-

Decommissioning, Restoration and Similar Liabilities	(9 520 000)	6 607 137
Increases	2 460 599	6 607 137
Reductions (without Outflow of Economic Benefits)	(11 980 598)	-
Total Non-current Provisions allocated to Non-cash Transactions	(9 520 000)	6 607 137

Movement in Suppliers Paid:-

Decommissioning, Restoration and Similar Liabilities: Non-specific	179 397	-
Decommissioning, Restoration and Similar Liabilities	179 397	-
Total Non-current Provisions allocated to Suppliers Paid	179 397	-
Non-current Provisions at End of Year	18 780 166	28 120 768

The movement in Non-current Provisions are reconciled as follows:

	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
30 June 2022		
Opening Balance	1 154 412	26 966 357
Increases	-	-
Payments Made	179 397	-
Fair Value Changes	-	(11 980 598)
Increases (Passage of Time/Discounted Rate)	-	2 460 599
Balance at end of year	1 333 809	17 446 357

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
	Insurance Workmen's Compensation Act R	Decommissioning of Landfill Sites R
30 June 2021		
Opening Balance	994 701	20 518 930
Increases	159 711	-
Payments Made	-	-
Fair Value Changes	-	-
Increases (Passage of Time/Discounted Rate)	-	6 447 426
Balance at end of year	1 154 412	26 966 356

Decommissioning, Restoration and Similar Liabilities: Landfill Sites

Landfill site decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average investing rate based on Government Bond Yield Rates.

Insurance Workmen's Compensation Act

The provision for WCA insurance is made in terms of the Workmen's Compensation Act. The provision is calculated based on the Compensation Commissioner returns submitted and the amount is payable on assessment by the Workmen's Compensation Commissioner.

17.3 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the Municipality will incur licensing and rehabilitation costs of R19 224 886 (2021: R26 966 356 to restore the site at the end of its useful live. Provision has been made for the net present value of the future cost, using the average bond yield interest rate.

As measured in the topographical survey, the available airspace has been exhausted. It was recommended that the Municipality applies for a height extension in order to increase the operational lifetime of the landfill site.

It was assumed that a closure licence will be issued in 2022 and rehabilitation will commence by 2027. The first post-closure year was assumed to be 2028.

	Proposed Date of Rehabilitation		
Laingsburg Landfill	2026/27	19 224 886	26 966 356
		19 224 886	26 966 356

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
18. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	190 766 851	198 307 073
Total Accumulated Surplus	<u><u>190 766 851</u></u>	<u><u>198 307 073</u></u>
The prior year amount for Accumulated Surplus has been adjusted. Refer to Note 42.1 on "Correction of Error" for details of the restatement.		
18.1 Allocation for Cash Flow		
Accumulated Surplus at Beginning of Year	198 307 073	198 447 554
Changes in Net Assets:-		
Correction of Prior Period Error	(107 879)	-
Total Accumulated Surplus allocated to Changes in Net Assets	<u>(107 879)</u>	<u>0</u>
Surplus / (Deficit):-		
Deficit as per Financial Performance	(7 432 343)	(140 482)
Total Accumulated Surplus allocated to Surplus / (Deficit)	<u>(7 432 343)</u>	<u>(140 482)</u>
Accumulated Surplus at End of Year	<u><u>190 766 851</u></u>	<u><u>198 307 073</u></u>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
19. PROPERTY RATES		
	Actual Levies	
	July 2022	July 2021
Property Rates Levies	13 496 670	12 803 175
Rates Rebates	(8 839 292)	(8 351 452)
Total Property Rates	4 657 378	4 451 723

The prior year amount for Property Rates has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

19.1 Calculation of Cash Flow:

Property Rates Income	Note 19.1	4 657 378	4 451 723
Non-exchange Interest Earned	Note 28.1	238 308	51 869
Cash Flow from Non-exchange Receivables	Note 5.1	(316 286)	(447 260)
Amounts Written-off as Uncollectable	Note 5.4.1	-	1 089 843
Total Receipts for Property Rates		4 579 400	5 146 175

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2018. A request for extension of the valid period for the valuation roll has been submitted to the MEC for local government and was approved with the condition that the next valuation has to come into effect on 1 July 2024.

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

An general rate is applied as follows to property valuations to determine property rates:

- Agricultural Properties: 0,2570 c/R (2020/21: 0,2420 c/R)
- Business and Commercial Properties: 1,0270 c/R (2020/21: 0,9690 c/R)
- Public Benefit Organisation Properties: 0,2570 c/R (2020/21: 0,2420 c/R)
- Residential Properties: 1,0270 c/R (2020/21: 0,9690 c/R)
- State Owned Properties: 2,0540 c/R (2020/21: 1,9380 c/R)
- Vacant and Other Properties: 1,0270 c/R (2020/21: 0,9690 c/R)

Public Benefit Organisations are exempted from the payment of rates, whilst the first R15 000,00 of the valuation on improved residential properties is exempted from the payment of rates.

20. FINES, PENALTIES AND FORFEITS

Traffic Fines:	23 988 594	20 169 994
Municipal	23 988 594	20 169 994
Other Fines:	1 580	483
Overdue Books Fine	1 580	483
Total Fines, Penalties and Forfeits	23 990 174	20 170 476

20.1 Allocation for Cash Flow:

Total Fines, Penalties and Forfeits allocated to Other Receipts	23 990 174	20 170 476
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LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. LICENCES AND PERMITS

	Exchange Transactions 2022 R	Exchange Transactions 2021 R	Non-Exchange Transactions 2022 R	Non-Exchange Transactions 2021 R
Road and Transport:	467 255	363 402	-	-
Activities on Public Roads	2 784	1 680	-	-
Drivers Licence Application/Duplicate Drivers Licences	5 544	5 643	-	-
Learner Licence Application	49 415	49 780	-	-
Learners Certificate	399 712	242 263	-	-
Motor Vehicle Licence	9 800	64 036	-	-
Total Licences and Permits	467 255	363 402	-	-

	2022 R	2021 R
21.1 Allocation for Cash Flow:		
Total Licences and Permits allocated to Other Receipts	467 255	363 402

22. TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants	12 903 787	21 315 772
Allocations In-kind	-	115 851
Monetary Allocations	12 903 787	21 199 921
Operational Grants	24 563 499	29 026 128
Allocations In-kind	-	-
Monetary Allocations	24 563 499	29 026 128
Total Transfers and Subsidies Received	37 467 286	50 341 900

22.1 Allocation for Cash Flow:		
Total Transfers and Subsidies Received	37 467 286	50 341 900
Adjustment for Non-cash Transactions:	-	(115 851)
- Donated Capital Assets	-	(115 851)
Total Transfers and Subsidies Received allocated to Cash Flow	37 467 286	50 226 049

22.2 Calculation of Cash Flow:

Government Grants and Subsidies Income	Note 22.1	37 467 286	50 226 049
Cash Flow from Unspent Government Grants	Note 14.1	(6 690 095)	(3 484 371)
Total Receipts for Government Grants and Subsidies		30 777 191	46 741 678

22.3 Summary of Grants:

22.3.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2022	2021	2022	2021
National Governments	-	-	12 403 787	14 206 609
Provincial Government	-	115 851	500 000	6 993 312
Total Capital Grants Received	-	115 851	12 903 787	21 199 921

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22.3.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2022	2021	2022	2021
Departmental Agencies and Accounts	-	-	42 795	36 328
District Municipalities	-	-	400 000	400 000
National Governments	-	-	3 779 468	4 758 405
National Revenue Fund	-	-	18 460 990	19 652 000
Private Enterprises	-	-	36 500	23 000
Provincial Government	-	-	1 843 746	4 156 396
Total Operational Grants Received	-	-	24 563 499	29 026 128
			2022	2021
			R	R

22.4 Detailed Summaries

22.4.1 Equitable Share

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	11 358 000	19 652 000
Conditions Met - Transferred to Revenue	(11 358 000)	(19 652 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

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. This grant is used to subsidise the provision of basic services to indigent community members and to subsidise income. All registered indigents receive a monthly subsidy equal to the basic monthly charges for water supply, refuse removal and sanitation based on the monthly billing towards the consumer account. The subsidy is determined annually by Council. All indigent consumers receive 6 kilolitre water and 50kWh electricity free every month. No funds have been withheld.

22.4.2 Sector Education and Training Authority (SETA)

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	36 328
Conditions Met - Transferred to Revenue	-	(36 328)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

The Purpose of the Discretionary Grants is to assist the SETA to achieve its objectives in relation to the development of the sector skills and enable the SETA to address the scarce and critical Skills in the sector. Discretionary Grants are allocated at the sole discretion of the SETA Accounting Authority depending on the availability of funds, adherence to specific criteria as per the Services SETA Discretionary Grants Policy and Guidelines.

2022
R

2021
R

22.4.3 National: EPWP Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 898 000	1 252 000
Conditions Met - Transferred to Revenue	(1 898 000)	(1 252 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

The Expanded Public Works Programme (EPWP) grant is received to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines being the maintenance of roads and buildings; low traffic volume roads and rural roads; basic services infrastructure, including water and sewer reticulation, sanitation, pipelines and dams (excluding bulk infrastructure); and other economic and social infrastructure. No funds have been withheld.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

22.4.4 National: FMG Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 750 000	1 800 000
Conditions Met - Transferred to Revenue	(1 700 000)	(1 800 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	50 000	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds have been withheld.

22.4.5 National: MIG Funds

Unspent Balance at the Beginning of the Year	-	3 987 511
Current Year Receipts	5 519 000	6 529 000
Conditions Met - Transferred to Revenue	(4 907 787)	(10 516 511)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	611 213	-

This grant is allocated to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities. No funds have been withheld.

22.4.6 Community Development Workers (CDW)

Unspent Balance at the Beginning of the Year	45 042	-
Current Year Receipts	94 000	94 000
Conditions Met - Transferred to Revenue	(109 773)	(48 958)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	29 268	45 042

To provide financial assistance to municipalities to cover the operational expenses in respect of the functions of the Community Development Workers (CDW) programme.

22.4.7 Laingsburg New Business Park Project

Unspent Balance at the Beginning of the Year	-	1 288 730
Current Year Receipts	-	1 110 000
Conditions Met - Transferred to Revenue	-	(2 398 730)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant is allocated to support the development of key catalytic infrastructure projects which promote medium to long term economic gains and to increase the sustainability and growth of SMME's. No funds have been withheld.

22.4.8 Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	3 600 000
Conditions Met - Transferred to Revenue	-	(3 600 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

Expenses were incurred to promote rural development and upgrade electricity infrastructure. No funds have been withheld.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
22.4.9 Provincial Library Services		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	1 684 000	1 482 000
Conditions Met - Transferred to Revenue	(1 684 000)	(1 482 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant was received to support municipal investment in library services and to sustain the future professional delivery and development of such services in the most vulnerable B3 municipalities. No funds have been withheld.

22.4.10 Local Government Support Grant (COVID)

Unspent Balance at the Beginning of the Year	400 000	400 000
Current Year Receipts	-	400 000
Conditions Met - Transferred to Revenue	(400 000)	(400 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	400 000

This grant was received to provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief. To provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives. No funds have been withheld.

22.4.11 Main Roads

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	48 895	-
Conditions Met - Transferred to Revenue	(48 895)	-
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant was received for the construction/maintenance of proclaimed municipal main roads. No funds have been withheld.

22.4.12 Local Government Internship Grant & WC FMCB Grant

Unspent Balance at the Beginning of the Year	852 982	729 690
Current Year Receipts	250 000	300 000
Conditions Met - Transferred to Revenue	(86 872)	(176 708)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	1 016 110	852 982

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

22.4.13 Municipal Service Delivery and Capacity Building

Unspent Balance at the Beginning of the Year	-	42 238
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	(42 238)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant was received to develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance. No funds have been withheld.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
22.4.14 Municipal Finance Improvement Programme		
Unspent Balance at the Beginning of the Year	-	403 492
Current Year Receipts	-	1 000 000
Conditions Met - Transferred to Revenue	-	(1 403 492)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant is intended at assisting municipalities to regain clean financial governance abilities. No funds have been withheld.

22.4.15 Municipal Drought Support Grant

Unspent Balance at the Beginning of the Year	-	2 433 724
Current Year Receipts	-	400 000
Conditions Met - Transferred to Revenue	-	(2 833 724)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This allocation may only be utilised for the construction of the bulk pipeline between the Zoutkloof Spring and the main reservoir; the equipping and electricity connection and connection of two boreholes to the Zoutkloof line; the Zoutkloof Spring rehabilitation; and the borehole pump for the existing borehole in Matjiesfontein and Eskom connection. No funds have been withheld.

22.4.16 Municipal Drought Relief Grant (Construction of Main Reservoir)

Balance unspent at the beginning of the year	-	2 600 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue	-	(2 600 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant was received for the construction of a main reservoir to assist with the drought within the municipal area. No funds have been withheld.

22.4.17 Western Cape Drought Funding Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	-	717 350
Conditions Met - Transferred to Revenue	-	(717 350)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

This grant was received to assist with drought within the municipal area. No funds have been withheld.

22.4.18 Western Cape Sport Development Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	-	800 000
Conditions Met - Transferred to Revenue	-	(800 000)
Adjustments / Refunds	-	-
Unspent Balance at the End of the Year	-	-

Funding were made available for the refurbishment and construction of sports facilities by municipalities. No funds have been withheld.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
22.4.19 Water Service Infrastructure Grant (DWA)		
Balance unspent at the beginning of the year	7 102 990	-
Current year receipts	7 496 000	7 496 000
Conditions Met - Transferred to Revenue	(7 496 000)	(393 010)
Adjustments / Refunds	(7 102 990)	-
Unspent Balance at the End of the Year	<u><u>-</u></u>	<u><u>7 102 990</u></u>

This grant is used for water supply at Matjiesfontein, ground water investigation and the compilation of a water master plan. The water master plan needs to be drafted and submitted and the water meters needs to be installed. Unutilised funds have been refunded.

22.4.20 Western Cape Municipal Intervention Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	500 000	
Conditions Met - Transferred to Revenue	(500 000)	-
Adjustments / Refunds		
Unspent Balance at the End of the Year	<u><u>-</u></u>	<u><u>-</u></u>

This grant was received from Local Government to improve infrastructure, systems, structures, corporate governance, service delivery structures, corporate governance, service delivery and compliance with executive obligations.

22.4.21 Western Cape Financial Management Support Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	100 000	
Conditions Met - Transferred to Revenue	(95 673)	-
Adjustments / Refunds		
Unspent Balance at the End of the Year	<u><u>4 327</u></u>	<u><u>-</u></u>

This grant was received from Local Government to assist to improve overall financial governance.

22.4.22 Total Grants

Balance unspent at the beginning of the year	8 401 013	11 885 385
Current year receipts	30 697 895	46 668 678
Conditions Met - Transferred to Revenue	(30 285 001)	(50 153 049)
Adjustments / Refunds	(7 102 990)	-
Unspent Balance at the End of the Year	<u><u>1 710 918</u></u>	<u><u>8 401 013</u></u>

22.4.23 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2022), government grant funding is expected to not change significantly over the forthcoming three financial years.

23. SURCHARGES AND TAXES

Taxes	1 035 394	-
Total Surcharges and Taxes	<u><u>1 035 394</u></u>	<u><u>-</u></u>

23.1 Allocation for Cash Flow:

Total Surcharges and Taxes allocated to Other Receipts	<u><u>1 035 394</u></u>	<u><u>-</u></u>
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LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
24. SERVICE CHARGES		
Sale of Electricity:	15 637 184	14 400 237
- Service Charges	16 938 713	15 649 812
- Revenue Foregone	(1 301 529)	(1 249 575)
Sale of Water:	3 087 711	2 236 976
- Service Charges	4 313 469	3 810 874
- Revenue Foregone	(1 225 758)	(1 573 898)
Refuse Removal:	2 030 025	1 626 447
- Service Charges	3 038 643	2 761 242
- Revenue Foregone	(1 008 618)	(1 134 795)
Sewerage and Sanitation Charges:	2 079 123	1 750 072
- Service Charges	3 286 949	3 110 235
- Revenue Foregone	(1 207 826)	(1 360 163)
Total Service Charges	22 834 044	20 013 732
- Service Charges	27 577 774	25 332 164
- Revenue Foregone	(4 743 730)	(5 318 431)

The prior year amount for Service Charges has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

24.1 Calculation of Cash Flow:

Service Charges Income	Note 24.1	22 834 044	20 013 732
Exchange Interest Earned	Note 28.1	639 803	128 798
Cash Flow from Exchange Receivables	Note 3.1	(1 409 521)	349 591
Cash Flow from Consumer Deposits	Note 12.1	36 281	78 905
Cash Flow from Exchange Payables	Note 13.1	(137 311)	(47 177)
Bad Debt Written-off	Note 33.1	-	(17 909 322)
Total Receipts for Service Charges		21 963 296	2 614 527

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

25. SALES OF GOODS AND RENDERING OF SERVICES

Building Plan Approval	10 262	11 642
Cemetery and Burial	16 564	21 737
Cleaning and Removal	400	1 263
Clearance Certificates	-	15 352
Encroachment Fees	(594)	8 124
Membership Fees	-	8 713
Photocopies and Faxes	2 450	432
Removal of Restrictions	12 750	66 157
Sale of Goods	31 243	20 392
Stone and Gravel	27 312	28 093
Valuation Services	4 363	1 637
Total Sales of Goods and Rendering of Services	104 749	183 542

25.1 Allocation for Cash Flow:

Total Sales of Goods and Rendering of Services allocated to Other Receipts	104 749	183 542
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LAINSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
26. INCOME FROM AGENCY SERVICES		
Commission on Vehicle Registration	193 586	180 194
Total Income from Agency Services	193 586	180 194
26.1 Allocation for Cash Flow:		
Total Income from Agency Services allocated to Other Receipts	193 586	180 194
The municipality is party to a principal / agent agreement.		
The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee, VAT inclusive.		
There were no significant changes in the agreement which occurred during the reporting period.		
No material risks were identified on the agreement for the municipality.		
The municipality does not incur any expenses on behalf of the principal.		
Amount of Revenue Retained by the Municipality		
Income from Agency Fees	193 586	180 194
Amount of Revenue received on behalf of the Principle during the Reporting Period		
Motor Vehicle Licence Fees & RTMC Transaction Fees	1 158 479	1 293 724

27. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue

Investment Property	14 075	15 266
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Other Rental income

Ad-hoc Rental Income from Other Fixed Assets:	1 781 140	1 724 950
Property Plant and Equipment	1 781 140	1 724 950

Total Rental of Facilities and Equipment

	1 795 215	1 740 216
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The prior year amount for Rental of Facilities and Equipment has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.

27.1 Allocation for Cash Flow:

Total Rental of Facilities and Equipment allocated to Other Receipts	1 795 215	1 740 216
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Rental income generated are at market related premiums. All rental income recognised is therefore market related.

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
28. INTEREST, DIVIDENDS AND RENT ON LAND EARNED		
Non-exchange Receivables:		
Outstanding Billing Debtors	238 308	51 869
Total Non-exchange Interest, Dividends and Rent on Land Earned	238 308	51 869
External Investments:		
Bank Account	220 830	231 705
Investments	59 325	53 861
	280 155	285 565
Outstanding Exchange Receivables:		
Other Interest	143 283	80 574
Long-term Debtors	3 171	1 036
Housing & Housing Selling Schemes	3 171	1 036
Outstanding Billing Debtors	493 350	47 188
Electricity	230 520	2 500
Property Rental Debtors	32 575	8 124
Service Charges	69 881	17 137
Waste Management	45 760	5 379
Waste Water Management	46 216	5 657
Water	68 397	8 391
	639 803	128 798
Rent on Land:		
Rent on Land	57 518	5 215
	57 518	5 215
Total Exchange Interest, Dividends and Rent on Land Earned	977 476	419 578
Total Interest, Dividends and Rent on Land Earned	1 215 784	471 447
The prior year amount for Interest, Dividends and Rent on Land Earned has been adjusted. Refer to Note 43.1 on "Correction of Error" for details of the restatement.		
28.1 Allocation for Cash Flow:		
Property Rates:-		
Interest on Outstanding Non-exchange Receivables	238 308	51 869
Total Interest, Dividends and Rent on Land Earned allocated to Property Rates	238 308	51 869
Service Charges:-		
Interest on Outstanding Exchange Receivables	639 803	128 798
Total Interest, Dividends and Rent on Land Earned allocated to Service Charges	639 803	128 798
External Interest and Dividends Received:-		
Interest on External Investments	280 155	285 565
Total Interest, Dividends and Rent on Land Earned allocated to External Interest and Dividends Received	280 155	285 565
Other Receipts:-		
Rent on Land	57 518	5 215
Total Interest, Dividends and Rent on Land Earned allocated to Other Receipts	57 518	5 215
Total External Interest and Dividends Received allocated to Cash Flow	1 215 784	471 447

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
29. OPERATIONAL REVENUE		
Commission	40 279	17 363
Request for Information	186	531
Sale of Property	55 000	-
Total Operational Revenue	95 465	17 894
29.1 Allocation for Cash Flow:		
Total Operational Revenue allocated to Other Receipts	95 465	17 894
29.2 Calculation of Cash Flow allocated to Other Receipts:		
Income from Operational Revenue	95 465	17 894
Income from Exchange Interest Earned	57 518	5 215
Income from Rental from Fixed Assets	1 795 215	1 740 216
Income from Agency Services	193 586	180 194
Income from Sales of Goods and Rendering of Services	104 749	183 542
Income from Surcharges and Taxes	1 035 394	-
Income from Licences and Permits	467 255	363 402
Income from Fines, Penalties and Forfeits	23 990 174	20 170 476
Cash Flow from Exchange Receivables	(8 069)	11 103
Cash Flow from Non-exchange Receivables	-	21 340
Cash Flow from Statutory Non-exchange Receivables	(19 047 489)	(17 880 717)
Cash Flow from Operating Lease Receivables	(14 075)	(15 266)
Cash Flow from Consumer Deposits	16 304	11 917
Cash Flow from Exchange Payables	(44 327)	44 327
Amounts Written-off as Uncollectable	-	16 819 479
Total Receipts for Other Revenue	8 641 700	21 673 124

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 19 to 28, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
30. EMPLOYEE RELATED COSTS		
Salaries, Wages and Service Related Benefits:	22 359 731	22 153 200
Basic	20 949 519	20 442 157
Long Service Awards	(51 619)	107 000
Bonusses	228 273	204 540
Leave Payments	376 843	226 739
Overtime	856 715	1 172 765
Allowances:	2 849 484	2 751 550
Accommodation, Travel and Incidental	46 161	-
Acting and Post Related Allowances	169 199	163 019
Bonus Allowance	1 274 493	1 246 926
Cellular and Telephone	49 440	48 547
Fire Brigade	21 600	16 800
Housing Benefits	63 053	158 963
Standby Allowance	181 789	82 721
Travel or Motor Vehicle	1 043 750	1 034 575
Social Contributions:	3 695 920	3 620 082
Bargaining Council	9 394	8 592
Medical	797 267	862 321
Pension	2 747 695	2 615 982
Unemployment Insurance	141 564	133 187
Post-retirement Benefits:	816 655	1 207 171
Current Service Cost	404 655	114 726
Interest Cost	575 000	336 501
Actuarial Gains and Losses	(163 000)	755 944
Total Employee Related Costs	29 721 790	29 732 003
The prior year amount for Employee Related Costs has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.		
30.1 Allocation for Cash Flow:		
Employee Related Costs	29 721 790	29 732 003
Adjustment for Non-cash Transactions:	(1 268 323)	(1 819 703)
Provisions and Non-current Provisions:-	(530 323)	(378 759)
Performance Bonus	(153 480)	(152 021)
Leave	(376 843)	(226 739)
Employee Benefit Liabilities:-	(738 000)	(1 440 944)
Long-service Awards	(278 000)	(272 888)
Medical	(460 000)	(1 168 056)
Total Employee Related Costs allocated to Cash Flow	28 453 468	27 912 300
30.2 Calculation of Cash Flow:		
Employee Related Costs Expenditure	28 453 468	27 912 300
Cash Flow from Provisions	57 284	8 699
Cash Flow from Exchange Payables	12 998	(5 488)
Cash Flow from Employee Benefit Liabilities	267 000	416 944
Total Payments for Employee Related Costs	28 790 749	28 332 455

LAINSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
30.3 Remuneration of Section 57 Employees:		
Remuneration of the Municipal Manager - J Booysen		
Annual Remuneration	1 243 691	1 243 691
Performance Bonus	174 227	-
Car and Other Allowances	42 000	42 000
Company Contributions to UIF, Medical and Pension Funds	16 848	1 931
Total	1 476 766	1 287 623
30.4 Remuneration of Other Related Parties:		
Remuneration of the Chief Financial Officer - A Groenewald		
Annual Remuneration	946 824	914 796
Annual Bonus	78 902	76 233
Car and Other Allowances	214 734	214 677
Other Payments (Travelling reimbursement)	-	199 381
Company Contributions to UIF, Medical and Pension Funds	202 512	184 213
Total	1 442 972	1 589 300
Remuneration of the Manager: Community Services - N Hendriks		
Annual Remuneration	617 820	574 547
Annual Bonus	51 485	48 578
Car and Other Allowances	169 757	157 082
Other Payments (Long Service Bonus)	35 644	-
Company Contributions to UIF, Medical and Pension Funds	140 655	140 140
Total	1 015 361	920 347
<p>The incumbent was on leave for the period 17 May 2022 to 31 May 2022, for which period an Acting Allowance was paid for.</p>		
Remuneration of Manager: Corporate Services - N Gouws		
Annual Remuneration	603 348	569 280
Annual Bonus	50 279	47 440
Car and Other Allowances	170 321	168 484
Company Contributions to UIF, Medical and Pension Funds	137 080	123 730
Total	961 029	908 934
Remuneration of Manager: Infrastructure - J Komanisi		
Annual Remuneration	746 904	704 728
Annual Bonus	62 242	58 727
Car and Other Allowances	184 455	180 868
Company Contributions to UIF, Medical and Pension Funds	189 449	170 366
Total	1 183 050	1 114 689
Remuneration of Budget and Treasury Officer - G Bothma		
Annual Remuneration	663 384	621 689
Annual Bonus	55 282	52 159
Car and Other Allowances	202 073	202 073
Company Contributions to UIF, Medical and Pension Funds	130 004	114 595
Total	1 050 743	990 515
Remuneration of Supply Chain Officer - K Gertse		
Annual Remuneration	325 668	305 688
Annual Bonus	27 139	24 420
Other Payments (Long Service Bonus / 2021: Travelling reimbursement)	12 526	11 271
Company Contributions to UIF, Medical and Pension Funds	96 756	82 645
Total	462 089	424 024

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
31. REMUNERATION OF COUNCILLORS		
Executive Mayor	843 081	850 466
Deputy Executive Mayor	403 508	407 040
Speaker	662 257	689 253
Total for All Other Councillors	1 262 842	1 157 586
Total Councillors' Remuneration	3 171 688	3 104 345

Remuneration Disclosure - Related Parties:

Designation	Incumbent 2022	Incumbent 2021		
Executive Mayor	J. Botha (Apr 22 - Jun 22)	R.M. Louw	212 617	762 106
Executive Mayor	M. Smith (Nov 21 - Mar 22)		327 349	-
Executive Mayor	R. Louw (Jul 21 - Oct 21)		303 115	-
Deputy Mayor	S. Laban (Nov 21 - Jun 22)	B. van As	259 010	352 913
Deputy Mayor	I. Brown (Jul 21 - Oct 22)		144 498	-
Speaker	M. Gouws (Jul 21 - Jun 22)	L. Potgieter	662 257	526 852
Councillor	L. Potgieter (Jul 21 - Jun 22)	I. Brown	343 565	347 120
Councillor	J. Pieterse (Jul 21 - Jun 22)	M. Daniels	193 134	159 163
Councillor	A. Theron (Nov 21 - Jun 22)	M. Gouws	193 134	550 252
Councillor	G. Mckenzie (Apr 22 - Jun 22)	S. Marits	74 873	106 819
Councillor	W. Theron (Jul 21 - Oct 21)	W. Du P. Theron	106 742	299 491
Councillor	B. Van As (Jul 21 - Oct 21)		126 394	-
Councillor	J. Botha (Nov 21 - Mar 22)		118 261	-
Councillor	S. Maritz (Jul 21 - Oct 21)		106 741	-
			3 171 688	3 104 717

31.1 Calculation of Cash Flow:

Remuneration of Councillors Expenditure	Note 31	3 171 688	3 104 345
Total Payments for Remuneration of Councillors		3 171 688	3 104 345

Remuneration of Councillors:

In-kind Benefits

The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

32. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	8 610 460	10 883 890
Amortisation: Intangible Assets	506 664	104 330
Total Depreciation and Amortisation	9 117 123	10 988 220

The prior year amount for Depreciation and Amortisation has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.

LAINSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
33. IMPAIRMENT LOSSES		
Impairment Losses on Fixed Assets	1 535 793	739 600
Impairment Losses on Financial Assets	21 723 900	16 913 999
Total Impairment Losses	23 259 694	17 653 599
The prior year amount for Impairment Losses has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.		
33.1 Allocation for Cash Flow:		
Total Impairment Losses	23 259 694	17 653 599
Adjustment for Non-cash Transactions:	(23 259 694)	255 723
Total Impairment Losses allocated to Service Charges	-	17 909 322
33.2 Impairment Losses on Fixed Assets		
Impairment Losses	1 535 793	739 600
Property, Plant and Equipment	1 535 793	739 600
	1 535 793	739 600
33.3 Impairment Losses on Financial Assets		
Impairment Losses	21 359 143	(172 732)
Trade and Other Receivables from Exchange Transactions	21 359 143	(172 732)
Bad Debts Written Off	-	17 909 322
Reversal of Impairment Losses	364 757	(822 592)
Other Receivables from Non-exchange Revenue	6 869	457 381
Trade and Other Receivables from Exchange Transactions	357 888	(1 279 973)
	21 723 900	16 913 999
34. INTEREST, DIVIDENDS AND RENT ON LAND PAID		
Interest Paid:	2 996 152	1 088 105
Interest costs non-current Provisions	2 460 599	718 537
Overdue Accounts	535 553	369 567
Total Interest, Dividends and Rent on Land Paid	2 996 152	1 088 105
34.1 Allocation for Cash Flow:		
Non-cash Transactions:-		
Interest Paid	2 460 599	718 537
Total Interest, Dividends and Rent on Land Paid allocated to Non-cash Transactions	2 460 599	718 537
External Interest and Dividends Paid:-		
Interest Paid	535 553	369 567
Total Interest, Dividends and Rent on Land Paid allocated to External Interest and Dividends Paid	535 553	369 567
Total External Interest and Dividends Paid allocated to Cash Flow	2 996 152	1 088 105

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R	
36.4 Contractors			
Building	90 864	(104 204)	
Electrical	31 567	50 507	
Maintenance of Buildings and Facilities	27 550	1 082 036	
Maintenance of Equipment	119 148	289 709	
Maintenance of Computer Software	1 074 500	622 015	
Pest Control and Fumigation	-	58 896	
Plants, Flowers and Other Decorations	3 517	-	
	<u>1 347 146</u>	<u>1 998 958</u>	
 37. INVENTORY CONSUMED			
Consumables	1 479 415	1 067 623	
Materials and Supplies	1 112 071	1 226 067	
	<u>2 591 486</u>	<u>2 293 690</u>	
<p>The prior year amount for Inventory Consumed has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.</p>			
37.1 Allocation for Cash Flow:			
	<u>2 591 486</u>	<u>2 293 690</u>	
Total Inventory Consumed allocated to Suppliers Paid			
37.2 Calculation of Cash Flow for Suppliers Paid:			
Expenditure for Inventory Consumed	Note 37.1	2 591 486	2 293 690
Expenditure for Contracted Services	Note 36.1	17 947 057	7 477 323
Expenditure for Bulk Purchases	Note 35.1	11 734 645	10 238 091
Cash Flow from Inventories	Note 2.1	(334 171)	52 076
Cash Flow from Exchange Receivables	Note 3.1	95 939	126 037
Cash Flow from Exchange Payables	Note 13.1	(3 631 856)	(3 159 419)
Cash Flow from Operating Lease Payables	Note 15.1.1	(2 254)	(743)
Cash Flow from Non-current Provisions	Note 17.2	(179 397)	-
		<u>28 221 449</u>	<u>17 027 055</u>
Total for Suppliers Paid			

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
38. TRANSFERS AND SUBSIDIES PAID		
Operational Grants	181 498	350 935
Monetary Allocations	181 498	350 935
Total Transfers and Subsidies Paid	181 498	350 935
38.1 Allocation for Cash Flow:		
Total Transfers and Subsidies Paid allocated to Other Payments	181 498	350 935
38.2 Operational Grants		
	Allocations In-kind	Monetary Allocations
	2022	2021
	2022	2021
Households	-	-
	181 498	350 935
Total Operational Grants Paid	-	-
	2022	2021
	R	R
39. OPERATING LEASES		
Furniture and Office Equipment	499 326	289 387
Libraries	19 680	-
Total Operating Leases	519 006	289 387
39.1 Allocation for Cash Flow:		
Total Operating Leases allocated to Other Payments	519 006	289 387
39.2 Leasing Arrangements		
The Municipality as Lessee:		
Operating leases relate to Property, Plant and Equipment with lease terms not longer than 5 years.		

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
40. OPERATIONAL COSTS		
Included in General Expenses are the following:		
Advertising, Publicity and Marketing	72 987	152 685
Assets less than the Capitalisation Threshold	3 004	29 436
Bank Charges, Facility and Card Fees	452 433	366 050
Commission	853 438	747 813
Communication	234 045	465 730
Contribution to Provisions	-	5 819 889
Deeds	6 917	5 650
Drivers Licences and Permits	114 916	84 962
Entrance Fees	-	143 928
External Audit Fees	2 622 935	1 312 789
External Computer Service	2 010 417	1 393 163
Indigent Relief	(33 363)	-
Insurance Underwriting	322 528	335 634
Learnerships and Internships	267 031	381 978
Levies Paid - Water Resource Management Charges	110 228	79 501
Licences	130 434	59 326
Municipal Services	902 410	848 069
Permits	-	638
Printing, Publications and Books	388 960	488 385
Professional Bodies, Membership and Subscription	500 000	500 000
Registration Fees	18 000	-
Remuneration to Ward Committees	212 982	196 804
Resettlement Cost	-	107 053
Skills Development Fund Levy	236 199	189 404
Toll Gate Fees	310	166
Travel and Subsistence	806 578	334 871
Uniform and Protective Clothing	3 627	101 653
Wet Fuel	23 043	291 346
Workmen's Compensation Fund	182 035	159 711
Total Operational Costs	10 442 093	14 596 634

The prior year amount for Operational Costs has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.

40.1 Allocation for Cash Flow:

Total Operational Costs	10 442 093	14 596 634
Adjustment for Non-cash Transactions:-	-	(5 819 889)
Contribution to Provisions	-	(5 819 889)
Total Operational Costs allocated to Other Payments	10 442 093	8 776 745

40.2 Calculation of Cash Flow:

Expenditure for Operational Costs	Note 40.1	10 442 093	8 776 745
Expenditure for Operating Leases	Note 39.1	519 006	289 387
Expenditure for Transfers and Subsidies Paid	Note 38.1	181 498	350 935
Cash Flow from Non-exchange Payables	Note 16.1	-	-
Transactions posted against Accumulated Surplus	Note 18.1	107 879	-
Minor Variance on Other Non-cash Transactions		-	(68 711)
Total for Other Payments		11 250 477	9 348 355

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
40.3 Travel and Subsistence		
Domestic	763 839	329 625
Accommodation	229 659	82 690
Daily Allowance	59 250	29 950
Food and Beverage (Served)	102 889	45 133
Incidental Cost	14 729	14 344
Transport without Operator	357 311	157 508
Non-employees	42 739	5 246
	<u>806 578</u>	<u>334 871</u>
40.4 Material Losses	<u>2 484 645</u>	<u>2 696 871</u>
Distribution Losses:		
Electricity Losses	675 495	992 529
Water Losses	1 809 150	1 704 341

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 47.1.10).

No other extra-ordinary expenses were incurred.

41. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Property, Plant and Equipment	(1 587 039)	(262 678)
Total Losses on Disposal of Capital Assets	<u>1 587 039</u>	<u>262 678</u>

The prior year amount for Operational Costs has been adjusted. Refer to Note 43.2 on "Correction of Error" for details of the restatement.

41.1 Allocation for Cash Flow:

Disposal of Property, Plant and Equipment:

Losses on Disposal of Capital Assets	Note 7.1	(1 587 039)	(262 678)
Total Gains on Disposal of Capital Assets allocated to Property, Plant and Equipment		<u>(1 587 039)</u>	<u>(262 678)</u>
Total Gains / (Losses) on Disposal of Capital Assets allocated to Cash Flow		<u>(1 587 039)</u>	<u>(262 678)</u>

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
42. RECLASSIFICATION OF ANNUAL FINANCIAL STATEMENTS		
42.1 Reclassification of Accumulated Surplus		
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.		
The effect of the changes are as follows:		
		Accumulated Surplus
Balance published as at 30 June 2020		166 488 528
Correction of Error:-		
Adjustment for Impairment of Receivables	(1 012 262)	
Adjustment for Exchange Receivables for Unbilled Services	630 152	
Adjustment for Capital Assets as per Revised Asset Register	31 458 321	
Adjustment for Exchange Receivables as per Working Papers	48 084	
Adjustment for Statutory Non-exchange Receivables as per Working Papers	(32 933)	
Adjustment for Cash and Cash Equivalents as per Working Papers	11 566	
Adjustment for Consumer Deposits as per Working Papers	2 482	
Adjustment for Rounding Errors	853 618	31 959 027
Restated Balance as at 30 June 2020		198 447 554
Transactions incurred for the Year 2020/21		4 351 830
Correction of Error:-		
Adjustment for Impairment of Receivables	78 708	
Adjustment for Exchange Receivables for Unbilled Services	(148 095)	
Adjustment for Capital Assets as per Revised Asset Register	(5 663 075)	
Adjustment for Exchange Receivables as per Working Papers	(3 400)	
Adjustment for Statutory Non-exchange Receivables as per Working Papers	(1 853)	
Adjustment for Operating Lease Receivables as per Working Papers	15 266	
Adjustment for Cash and Cash Equivalents as per Working Papers	139 044	
Adjustment for Exchange Payables as per Working Papers	1 091 095	(4 492 312)
Restated Balances as at 30 June 2021		198 307 073

42.2 Reclassification of Revenue

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

The effect of the Correction of Error is as follows:

	Prior Year 2020/21 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2020/21
Property Rates	4 453 576	-	(1 853)	4 451 723
Fines, Penalties and Forfeits	20 170 476	-	-	20 170 476
Transfers and Subsidies	50 341 900	-	-	50 341 900
Interest, Dividends & Rent on Land Non-Exchange	51 869	-	-	51 869
Licences and Permits - Exchange	363 402	-	-	363 402
Service Charges	20 173 251	-	(159 519)	20 013 732
Sales of Goods and Rendering of Services	183 542	-	-	183 542
Income from Agency Services	180 194	-	-	180 194
Rental from Fixed Assets	1 624 344	-	115 871	1 740 216
Interest, Dividends & Rent on Land Exchange	419 459	-	119	419 578
Operational Revenue	17 894	-	-	17 894
	97 979 908	-	(45 382)	97 934 527

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42.3 Reclassification of Expenditure

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

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Employee Related Costs	29 735 003	-	(3 000)	29 732 003
Remuneration of Councillors	3 104 345	-	-	3 104 345
Depreciation and Amortisation	6 356 135	-	4 632 085	10 988 220
Impairment Losses	17 732 307	-	(78 708)	17 653 599
Interest, Dividends and Rent on Land	1 088 105	-	-	1 088 105
Bulk Purchases	10 238 091	-	-	10 238 091
Contracted Services	6 445 871	-	1 031 452	7 477 323
Inventory Consumed	2 342 540	-	(48 850)	2 293 690
Transfers and Subsidies Paid	350 935	-	-	350 935
Operating Leases	289 387	-	-	289 387
Operational Costs	15 682 221	-	(1 085 587)	14 596 634
Loss on Disposal of PPE	263 140	-	(462)	262 678
	93 628 079	-	4 446 930	98 075 009

42.4 Reclassification of Statement of Financial Position

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

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Current Assets				
Inventories	640 536	-	-	640 536
Receivables from Exchange Transactions	4 681 520	-	22 029	4 703 549
Statutory Receivables from Exchange Transactions	5 362 853	-	-	5 362 853
Statutory Receivables from Non-exchange Transactions	7 558 352	-	(463 629)	7 094 723
Cash and Cash Equivalents	9 616 683	-	150 610	9 767 293
Lease Receivables	-	-	15 266	15 266
Non-Current Assets				
Property, Plant and Equipment	177 200 499	-	25 477 839	202 678 338
Intangible Assets	202 425	-	317 407	519 832
Investment Property	23 480 362	-	-	23 480 362
Heritage Assets	43 354	-	-	43 354
Current Liabilities				
Consumer Deposits	(799 668)	-	2 482	(797 186)
Payables from Exchange Transactions	(12 546 199)	-	1 944 712	(10 601 487)
Unspent Conditional Grants and Receipts	(8 401 013)	-	-	(8 401 013)
Lease Payables	(743)	-	-	(743)
Employee Benefit Liabilities	(267 000)	-	-	(267 000)
Provisions	(2 292 833)	-	-	(2 292 833)
Non-Current Liabilities				
Employee Benefit Liabilities	(5 518 000)	-	-	(5 518 000)
Provisions	(28 120 768)	-	-	(28 120 768)
Net Assets				
Accumulated Surplus / (Deficit)	(170 840 358)	-	(27 466 715)	(198 307 073)
	-	-	-	-

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

42.5 Reclassification of Cash Flow Statement

The prior year figures of the Cash Flow Statement have been restated to correctly classify the nature of cash receipts and expenditures of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2019/20 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2019/20
Receipts				
Property Rates	4 056 332	-	1 089 843	5 146 175
Transfers and Subsidies	46 741 678	-	-	46 741 678
Service Charges	2 646 914	-	(32 387)	2 614 527
External Interest and Dividends Received	285 446	-	119	285 565
Other Receipts	21 541 568	-	131 556	21 673 124
Payments				
Employee Related Costs	(28 335 455)	-	3 000	(28 332 455)
Remuneration of Councillors	(3 104 345)	-	-	(3 104 345)
External Interest and Dividends Paid	(369 567)	-	-	(369 567)
Suppliers Paid	(14 958 866)	-	(2 068 189)	(17 027 055)
Other Payments	(9 332 006)	-	(16 349)	(9 348 355)
VAT Paid	(757 198)	-	-	(757 198)
NET CASH FLOWS FROM OPERATING ACTIVITIES	18 414 500	-	(892 408)	17 522 093
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(20 961 150)	-	1 031 452	(19 929 698)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(20 961 150)	-	1 031 452	(19 929 698)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in Finance Leases (Leases Redeemed)	(6 225)	-	-	6 225
NET CASH FLOWS FROM FINANCING ACTIVITIES	(6 225)	-	-	(6 225)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVA	(2 552 874)	-	139 044	(2 413 830)
Cash and Cash Equivalents at Beginning of Period	12 169 557	-	11 566	12 181 123
Cash and Cash Equivalents at End of Period	9 616 683	-	150 610	9 767 293

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

43. CORRECTION OF ERROR

Corrections were made on disclosures of the previous financial year. These disclosures are limited to re-classification of line items within the different categories of the financial statements. Details of the corrections are described below:

43.1 Reclassification of Revenue

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Property Rates	Service Charges	Rental from Fixed Assets	Interest, Dividends & Rent on Land Exchange
Balance previously reported	4 453 576	20 173 251	1 624 344	419 459
Adjust Property Rates as per Working Papers	(1 853)	-	-	-
Adjust Service Charges for Unbilled Services	-	(148 095)	-	-
Adjust Service Charges as per Working Papers	-	(11 424)	-	-
Adjust Rental from Fixed Assets as per Working Papers	-	-	15 266	-
Adjust Rental and Interest as per Working Papers	-	-	100 606	119
Restated Balance now reported	<u>4 451 723</u>	<u>20 013 732</u>	<u>1 740 216</u>	<u>419 578</u>

Property Rates:

The **prior year amounts** for Property Rates have been restated to correctly disclose the revenue for Property Rates, restated as per Working Papers prepared for Correction of Errors.

Service Charges:

The **prior year amounts** for Service Charges and Grants and Exchange Receivables have been restated to correctly disclose the revenue for Electricity and Water Services, unbilled services at year-end previously not recognised.

Furthermore, the **prior year amounts** for Service Charges have been restated to correctly disclose the revenue for Service Charges, restated as per Working Papers prepared for Correction of Errors.

Rental from Fixed Assets:

The **prior year amounts** for Rental from Fixed Assets and Operating Lease Receivables have been restated to correctly disclose the revenue for Rentals of Leased Buildings, the straight lining thereof previously not recognised.

Furthermore, the **prior year amounts** for Rental from Fixed Assets have been restated to correctly disclose the revenue for Rentals of Leased Buildings, restated as per Working Papers prepared for Correction of Errors.

Interest, Dividends & Rent on Land:

The **prior year amounts** for Interest, Dividends and Rent of Land have been restated to correctly disclose the revenue for Finance Charges, restated as per Working Papers prepared for Correction of Errors.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

43.2 Reclassification of Expenditure

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Related Costs	Depreciation and Amortisation	Impairment Losses
Balance previously reported	29 735 003	6 356 135	17 732 307
Adjust Employee Cost as per Working Papers	(3 000)	-	-
Adjust Depreciation as per Asset Register	-	4 632 085	-
Adjust Impairment of Receivables	-	-	(78 708)
Restated Balance now reported	29 732 003	10 988 220	17 653 599

Employee Related Costs:

The **prior year amounts** for Employee Related Costs have been restated to correctly disclose the expenditure for Employee Costs, restated as per Working Papers prepared for Correction of Errors.

Depreciation and Amortisation:

The **prior year amounts** for Depreciation & Amortisation and Property, Plant & Equipment have been restated to correctly disclose depreciation for assets as per Asset Register compiled for the Year.

Impairment Losses:

The **prior year amounts** for Impairment Losses, Receivables from Exchange Transactions and Statutory Receivables from Non-exchange Transactions have been restated to correctly disclose the impairment of Receivables, Government Debtors previously not included in the calculations.

	Contracted Services	Inventory Consumed	Operational Costs	Loss on Disposal of PPE
Balance previously reported	6 445 871	2 342 540	15 682 221	263 140
Adjust Asset Purchases as per Revised Asset Register	1 031 452	-	-	-
Adjust Inventory Consumed as per Working Papers	-	(48 850)	-	-
Adjust Operational Costs as per Working Papers	-	-	(1 085 587)	-
Adjust Disposal of Capital Assets as per Asset Register	-	-	-	(462)
Restated Balance now reported	7 477 323	2 293 690	14 596 634	262 678

Contracted Services:

The **prior year amounts** for Contracted Services and Property, Plant & Equipment have been restated to correctly disclose the expenditure for Contracted Services in terms of the Asset Register compiled.

Inventory Consumed:

The **prior year amounts** for Inventory Consumed have been restated to correctly disclose the expenditure for Inventory Consumed, restated as per Working Papers prepared for Correction of Errors.

Operational Costs:

The **prior year amounts** for Operational Costs have been restated to correctly disclose the expenditure for Operational Costs, restated as per Working Papers prepared for Correction of Errors.

Loss on Disposal of Property, Plant and Equipment:

The **prior year amounts** for Loss on Disposal of PPE and Property, Plant & Equipment have been restated to correctly disclose disposal of assets as per Asset Register compiled for the Year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Cash and Cash Equivalents:

The **opening balances** of Cash and Cash Equivalents have been restated to correctly disclose the value of Cash, restated as per Working Papers prepared for Correction of Errors.

The **prior year amounts** of Cash and Cash Equivalents have been restated to correctly disclose the value of Cash, restated as per Working Papers prepared for Correction of Errors.

Operating Lease Receivable:

The **prior year amounts** of Operating Lease Receivables and Rental from Fixed Assets have been restated to correctly disclose the amount for Lease Receivables accrued, the straight lining thereof previously not recognised.

	Property, Plant and Equipment	Intangible Assets	Consumer Deposits	Payables from Exchange Transactions
Balances previously published per AFS as at 30 June 2020	163 334 415	286 249	(708 846)	(8 293 049)
Adjust Cost of Capital Assets	31 820 219	-	-	-
Adjust Accumulated Depreciation of Capital Assets	(699 810)	337 912	-	-
Adjust Consumer Deposits as per Working Papers	-	-	2 482	-
Adjust Exchange Payables as per Working Papers	-	-	-	853 618
Balances now published per AFS as at 30 June 2020	194 454 824	624 162	(706 365)	(7 439 431)
Transactions incurred for the Year 2020/21	13 866 084	(83 825)	(90 822)	(4 253 151)
Adjust Acquisition Cost of Capital Assets	(1 031 452)	-	-	-
Adjust Depreciation of Capital Assets	(4 611 580)	(20 505)	-	-
Adjust Loss on Disposal of Capital Assets	462	-	-	-
Adjust Exchange Payables as per Working Papers	-	-	-	1 091 095
Balances now published per AFS as at 30 June 2021	202 678 338	519 832	(797 186)	(10 601 487)

Property, Plant and Equipment:

The **opening balances** for Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

The **prior year amounts** for Property, Plant & Equipment, Amortisation & Depreciation, Impairment and Disposal of Capital Assets have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

Intangible Assets:

The **opening balances** for Intangible Assets and Accumulated Surplus have been restated to correctly disclose the value of Capital Assets as per Register compiled for the Prior Year.

The **prior year amounts** for Intangible Assets, Amortisation & Depreciation, Impairment and Disposal of Capital Assets have been restated to correctly disclose the value of Capital Assets as per Asset Register compiled for the Prior Year.

Consumer Deposits:

The **opening balances** of Payables from Consumer Deposits have been restated to correctly disclose the value of Deposits, restated as per Working Papers prepared for Correction of Errors.

Payables from Exchange Transactions:

The **opening balances** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated as per Working Papers prepared for Correction of Errors.

The **prior year amounts** of Payables from Exchange Transactions have been restated to correctly disclose the value of Payables, restated as per Working Papers prepared for Correction of Errors.

LAINGSBURG MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

43.4 Reclassification of Cash Flow Statement

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

Cash Flows from Operating Activities - Receipts:

	Property Rates	Transfers & Subsidies	Service Charges
Balance previously reported	4 056 332	46 741 678	2 646 914
Adjust Impairment of Receivables	1 089 843	-	(18 856)
Adjust Service Charges as per Working Papers	-	-	(13 531)
Restated Balance now reported	<u>5 146 175</u>	<u>46 741 678</u>	<u>2 614 527</u>

Property Rates:

The prior year amounts for Property Rates have been restated to correctly disclose the cash inflow from Property Rates, restated as per Working Papers prepared for Correction of Errors.

Service Charges:

The prior year amounts for Service Charges have been reclassified to correctly disclose the revenue, adjusted for non-cash movements and movements in financial assets allocated to Impairment Costs. The effect of these reclassifications on net Cash Flow is zero.

The prior year amounts for Service Charges have been restated to correctly disclose the cash inflow from Service Charges, restated as per Working Papers prepared for Correction of Errors.

	Interest & Dividends Received	Other Receipts	VAT Received
Balance previously reported	285 446	21 541 568	-
Adjust Interest and Dividends Received as per Working Papers	119	-	-
Adjust Impairment of Receivables	-	30 950	-
Adjust Other Receipts as per Working Papers	-	100 606	-
Restated Balance now reported	<u>285 565</u>	<u>21 673 124</u>	<u>-</u>

Interest Received:

The prior year amounts for Interest Received have been restated to correctly disclose the cash inflow from Interest, restated as per Working Papers prepared for Correction of Errors.

Other Receipts:

The prior year amounts for Other Receipts have been reclassified to correctly disclose the revenue, adjusted for non-cash movements and movements in financial assets allocated to Impairment Costs. The effect of these reclassifications on net Cash Flow is zero.

Furthermore, the prior year amounts for Other Receipts have been restated to correctly disclose the cash inflow from Other Receipts, restated as per Working Papers prepared for Correction of Errors.

Cash Flows from Operating Activities - Payments:

	Employee Related Costs	Remuneration of Councillors	Interest & Dividends Paid
Balance previously reported	(28 335 455)	(3 104 345)	(369 567)
Adjust Employee Related Costs as per Working Papers	3 000	-	-
Restated Balance now reported	<u>(28 332 455)</u>	<u>(3 104 345)</u>	<u>(369 567)</u>

Employee Related Costs:

The prior year amounts for Employee Related Costs have been restated to correctly disclose the cash outflow from Employee Costs, restated as per Working Papers prepared for Correction of Errors.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Suppliers Paid	Other Payments	VAT Paid
Balance previously reported	(14 958 866)	(9 332 006)	(757 198)
Adjust Suppliers Paid as per Asset Register	(1 031 452)	-	-
Adjust Suppliers Paid as per Working Papers	(1 036 737)	-	-
Adjust Impairment of Receivables	-	(1 101 936)	-
Adjust Other Payments as per Working Papers	-	1 085 587	-
Restated Balance now reported	<u>(17 027 055)</u>	<u>(9 348 355)</u>	<u>(757 198)</u>

Suppliers Paid:

The **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated as per Asset Register compiled for the Year.

Furthermore, the **prior year amounts** for Suppliers Paid have been restated to correctly disclose the cash outflow from Suppliers Paid, restated as per Working Papers prepared for Correction of Errors.

Other Payments:

The **prior year amounts** for Suppliers Paid have been reclassified to correctly disclose the expenditure, adjusted for non-cash movements and movements in financial assets allocated to Impairment Costs. The effect of these reclassifications on net Cash Flow is zero.

Furthermore, the **prior year amounts** for Other Payments have been restated to correctly disclose the cash outflow from Other Payments, restated as per Working Papers prepared for Correction of Errors.

Cash Flows from Investing Activities:

	Purchase of PPE	Purchase of Intangible Assets	Purchase of Investment Property
Balance previously reported	(20 961 150)	-	-
Adjust Acquisition Cost of Capital Assets	1 031 452	-	-
Restated Balance now reported	<u>(19 929 698)</u>	<u>-</u>	<u>-</u>

Purchase of Property, Plant and Equipment:

The **prior year amounts** for Purchase of Property, Plant and Equipment have been restated to correctly disclose expenditure for the acquisition of assets, adjusted in terms of Asset Register compiled for the Year.

Net Increase / (Decrease) in Cash and Cash Equivalents:

	Cash at Start of Period	Cash at Start of Period
Balance previously reported	12 169 557	9 616 683
Adjust Cash as per Working Papers	11 566	150 610
Restated Balance now reported	<u>12 181 123</u>	<u>9 767 293</u>

Change in Cash and Cash Equivalents:

The **prior year amounts** for Change in Cash and Cash Equivalents have been restated to correctly disclose the cash inflow/outflow in Cash, restated as per Working Papers prepared for Correction of Errors.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
44. CHANGE IN ACCOUNTING ESTIMATES		
44.1 Depreciation Expenditure:		
The remaining useful lives and residual values of Capital Assets were re-assessed in the current year and affected the amount of depreciation for the 2021/22 financial year. The adjustments are as follows:		
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of Capital Assets	(6 462)	-
Increase / (Decrease) in Depreciation of Capital Assets	(6 462)	-
Depreciation as previously stated	9 123 586	10 988 220
Adjustment due to Change in Accounting Estimate	(6 462)	-
Depreciation as per Note 32.	9 117 123	10 988 220
45. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(7 432 343)	(140 482)
Adjustment for Non-cash Transactions included in Surplus / (Deficit):		
Transfers and Subsidies Received	Refer Note 22.1	-
Employee Related Costs	Refer Note 30.1	1 268 323
Depreciation and Amortisation	Refer Note 32.1	9 117 123
Impairment Losses	Refer Note 33.1	23 259 694
Interest, Dividends and Rent on Land	Refer Note 34.1	2 460 599
Contracted Services	Refer Note 36.1	(11 980 598)
Operational Costs	Refer Note 40.1	-
		5 819 889
Adjustment for Cash Transactions not included in Surplus / (Deficit):		
Statutory Exchange Receivables: Bad Debts Written-off	Refer Note 5.4.1	-
Expenditure from Current Employee Benefit Liabilities	Refer Note 16.1.1	(267 000)
Expenditure from Current Provisions	Refer Note 17.1	(57 284)
Expenditure from Non-current Provisions	Refer Note 17.2	179 397
Expenditure from Accumulated Funds	Refer Note 18.1	(107 879)
		17 909 322
		(416 944)
		(8 699)
		-
		0
Adjustment for Non-cash Transactions included in Working Capital:		
Decrease/(Increase) in Impairment of Exchange Receivables	Refer Note 3.4	(996 557)
Decrease/(Increase) in Impairment of Statutory Non-exchange Receivables	Refer Note 5.4	(20 727 343)
		362 862
		(17 276 861)
Adjustment for Transactions included in Surplus / (Deficit) directly recognised in Cash Flow:		
Gains / (Losses) on Disposal of Capital Assets	Refer Note 41.1	1 587 039
Minor Variance on Other Non-cash Transactions		-
		262 678
		68 711
Operating Surplus before Working Capital Changes	(3 696 830)	19 735 363
Decrease/(Increase) in Inventories	334 171	(52 076)
Decrease/(Increase) in Receivables from Exchange Transactions	(516 973)	(128 205)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(812 977)	(757 198)
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	21 340
Decrease/(Increase) in Statutory Receivables from Non-exchange Transactions	1 363 568	(1 051 116)
Decrease/(Increase) in Operating Lease Receivables	(14 075)	(15 266)
Increase/(Decrease) in Consumer Deposits	52 585	90 822
Increase/(Decrease) in Payables from Exchange Transactions	3 437 219	3 162 056
Increase/(Decrease) in Unspent Conditional Grants and Receipts	(6 690 095)	(3 484 371)
Increase/(Decrease) in Operating Lease Payables	2 254	743
Cash Generated by / (Utilised in) Operations	(6 541 152)	17 522 093

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised Expenditure

	2022	2021
	R	R
Reconciliation of Unauthorised Expenditure:		
Opening Balance:	22 854 019	12 554 957
Unauthorised Expenditure Current Year:	7 681 235	10 299 062
Unauthorised Expenditure awaiting authorisation	<u>30 535 254</u>	<u>22 854 019</u>

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
- Executive and Council - R1 543 276 (2021: R0)	To be condoned by Council // No disciplinary steps taken
- Finance and Administration - R0 (2021: R2 886 544)	To be condoned by Council // No disciplinary steps taken
- Road Transport - R449 695 (2021: R1 589 663)	To be condoned by Council // No disciplinary steps taken
- Energy Sources - R0 (2021: R1 072 550)	To be condoned by Council // No disciplinary steps taken
- Waste Water Management - R3 454 726 (2021: R268 629)	To be condoned by Council // No disciplinary steps taken
- Water Management - R1 191 775 (2021: R321 469)	To be condoned by Council // No disciplinary steps taken
- Waste Management - R1 041 762 (2021: R0)	To be condoned by Council // No disciplinary steps taken
- Capital Expenses - R0 (2021: R4 160 207)	To be condoned by Council // No disciplinary steps taken

46.2 Fruitless and Wasteful Expenditure

	2022	2021
	R	R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance	1 097 157	368 292
Fruitless and Wasteful Expenditure	535 553	728 865
- Current Year	535 553	369 444
- Prior Year	-	359 421
Fruitless and Wasteful Expenditure awaiting condonement	<u>1 632 710</u>	<u>1 097 157</u>

Incident	Disciplinary Steps / Criminal Proceedings
Interest and penalties on late payment of trade creditors. - R535 553 (2021: R369 567)	Currently None - subject to possible future investigation
Adjustment for Interest - R0 (2021: R-124)	Currently None - subject to possible future investigation

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

46.3 Irregular Expenditure

	2022	2021
	R	R
Reconciliation of Irregular Expenditure:		
Opening Balance:	96 446 838	82 586 300
Irregular Expenditure Current Year:	5 400 157	13 860 538
- Current Year	5 360 707	13 860 538
- Prior Year	39 450	-
Irregular Expenditure awaiting condonation	<u><u>101 846 995</u></u>	<u><u>96 446 838</u></u>

The amounts disclosed for Irregular Expenditure are inclusive of VAT.

Current Year:

Incident	Deviation	Disciplinary Steps / Criminal Proceedings
Non-compliance with Municipal SCM Regulations:		
- Regulation 8 - R0 (2021: R1 953 922)	Specific conditions regarding locally produced or manufactured goods not adhered to	None, still to be investigated
- Regulation 13 (b) & (c) - R0 (2021: R427 611)	General preconditions for consideration of written quotations or bids not adhered to	None, still to be investigated
- Regulation 16 - R69 425 (2021: R352 336)	Request for Quotations processes not followed	None, still to be investigated
- Regulation 17(2) - R171 786 (2021: R101 759)	Formal Written Price Quotations processes not followed	None, still to be investigated
- Regulation 19 - R4 200 256 (2021: R4 408 268)	Contract not awarded through a competitive bidding process	None, still to be investigated
- Regulation 30 - R20 476 (2021: R0)	Procurement of Banking Services	None, still to be investigated
- Regulation 32 - R122 107 (2021: R6 323 181)	Goods and services were procured under contracts secured by other organs of State	None, still to be investigated
- Regulation 36 - R400 094 (2021: R228 908)	Continuation of irregular contracts and deviations of SCM procedures	None, still to be investigated
Non-compliance with Municipal Systems		
- Section 67(1) - R376 562 (2021: R64 552)	Ensure fair, efficient, effective and transparent personnel administration	None, still to be investigated

2022	2021
R	R

47. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

47.1 MUNICIPAL FINANCE MANAGEMENT ACT

47.1.1 Contributions to Organised Local Government - SALGA

Opening Balance	500 000	500 000
Council Subscriptions	500 000	500 000
Amount Paid - current year	(100 000)	-
Amount Paid - previous years	(500 000)	(500 000)
Balance Unpaid (included in Creditors)	<u><u>400 000</u></u>	<u><u>500 000</u></u>

The balance unpaid represents the municipal subscriptions for the prior financial year and is payable in the following financial year

47.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	5 883 126	5 667 145
Amount Paid - current year	(5 883 126)	(5 667 145)
Balance Unpaid (included in Creditors)	<u><u>-</u></u>	<u><u>-</u></u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
47.1.3 Audit Fees		
Opening Balance	4 188 085	3 545 721
Current year Audit Fees	3 476 871	1 742 364
Amount Paid - current year	(1 219 017)	-
Amount Paid - previous years	-	(1 100 000)
Balance Unpaid (included in Creditors)	6 445 940	4 188 085

The prior year's amounts have been restated due to recalculations done on documentation submitted.

47.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	9 374	9 374
Current year Payroll Deductions	4 724 770	4 578 070
Amount Paid - current year	(4 724 770)	(4 578 070)
Amount Paid - previous years	(9 374)	-
Balance Unpaid (included in Creditors)	(0)	9 374

47.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 7. All VAT returns have not been submitted by the due date throughout the year, resulting in penalties and fines being charged by SARS against the municipality.

- -

47.1.6 Councillor's arrear Consumer Accounts

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

30 June 2022	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor I Brown	53 219	-	53 219
Total Councillor Arrear Consumer Accounts	53 219	-	53 219

30 June 2021	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor I Brown	54 715	1 495	53 219
Total Councillor Arrear Consumer Accounts	54 715	1 495	53 219

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2022	Highest amount outstanding	Ageing
Councillor I Brown	53 219	> 90 Days
30 June 2021	Highest amount outstanding	Ageing
Councillor I Brown	53 219	> 90 Days

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

47.1.10 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

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

Electricity:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Electricity Losses	<u>368 953</u>	<u>1.8308</u>	<u>675 495</u>
30 June 2021	Unaccounted Electricity Losses	<u>536 224</u>	<u>1.8510</u>	<u>992 529</u>

Electricity Losses occur due to inter alia, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2022 R	2021 R
Volumes in kWh/year:		
System Input Volume	7 500 219	7 733 847
Billed Consumption	<u>7 131 266</u>	<u>7 197 623</u>
	<u>368 953</u>	<u>536 224</u>
Percentage Distribution Loss	4.92%	6.93%

Water:

		Lost Units	Tariff	Value
30 June 2022	Unaccounted Water Losses	<u>156 494</u>	<u>11.5605</u>	<u>1 809 150</u>
30 June 2021	Unaccounted Water Losses	<u>170 303</u>	<u>10.0077</u>	<u>1 704 341</u>

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

	2022 R	2021 R
Volumes in Kl/year:		
System Input Volume	469 182	453 470
Billed Consumption	<u>312 688</u>	<u>283 167</u>
Distribution Loss	<u>156 494</u>	<u>170 303</u>
Percentage Distribution Loss	33.35%	37.56%

48. COMMITMENTS FOR EXPENDITURE

48.1 Capital Commitments

- Approved and Contracted for:-	1 685 163	462 202
Infrastructure	<u>1 685 163</u>	<u>462 202</u>
Total Capital Commitments	<u>1 685 163</u>	<u>462 202</u>
This expenditure will be financed from:		
Government Grants	1 685 163	462 202
	<u>1 685 163</u>	<u>462 202</u>

The Capital Commitments are VAT inclusive.

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	2022 R	2021 R	
49. FINANCIAL INSTRUMENTS			
49.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:			
Financial Assets at Amortised Cost:			
Non-current Long-term Receivables	Trading Service Debtors	14 454	-
Receivables from Exchange Transactions	Electricity	1 470 226	1 113 446
Receivables from Exchange Transactions	Refuse	333 374	92 288
Receivables from Exchange Transactions	Sewerage	(297 123)	(358 961)
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	9 299	9 690
Receivables from Exchange Transactions	Other Service Charges	1 294 039	1 145 234
Receivables from Exchange Transactions	Water	135 684	(118 593)
Receivables from Exchange Transactions	Property Rental Debtors	340 299	(258 506)
Receivables from Exchange Transactions	Housing Selling Scheme	(49 958)	(30 693)
Receivables from Exchange Transactions	Other Debtors	(246 393)	982 577
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	48 302	40 233
Receivables from Exchange Transactions	Deposits for Land	2 155 685	2 086 834
Cash and Cash Equivalents	Call Deposits	451 983	1 775 158
Cash and Cash Equivalents	Bank Balances	2 634 969	7 989 234
Cash and Cash Equivalents	Cash Floats and Advances	2 900	2 900
Total Financial Assets	8 297 739	14 470 842	
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
Consumer Deposits	Electricity	234 176	245 881
Consumer Deposits	Water	472 862	424 876
Consumer Deposits	Other Deposits	142 734	126 430
Payables from Exchange Transactions	Other Payables	27 166	84 491
Payables from Exchange Transactions	Retentions	360 087	388 051
Payables from Exchange Transactions	Trade Creditors	13 501 385	9 841 566
Unspent Conditional Grants and Receipts	National Government	661 213	7 502 990
Unspent Conditional Grants and Receipts	Provincial Government	1 049 705	898 024
Total Financial Liabilities	16 449 327	19 512 307	

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

49.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 18. and the Statement of Changes in Net Assets.

Risks and exposures are disclosed as follows:

Market Risk

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

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 49.7 to the Annual Financial Statements.

49.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49..7 below). No formal policy exists to hedge volatilities in the interest rate market.

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

49.5.1 Foreign Currency Risk Management

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

49.5.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

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

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

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

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

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

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 49.7 below:

Cash and Cash Equivalents:

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

- Surplus for the year ended 30 June 2022 would have increased / decreased by R16 064 (30 June 2021: R27 428). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

49.6 Credit Risk Management

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

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

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

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

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

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

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

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

Counterparty and Location	30 June 2022		30 June 2021	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
Child Welfare of South Africa	-	417 805	-	412 581
National Government of the RSA	-	214 226	-	345 604
Central Karoo FIF Project	-	191 282	-	156 917
Department of Home Affairs	-	145 767	-	146 187
DJ Bothma Trust	-	134 679	-	113 607

2022	2021
R	R

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Receivables from Exchange Transactions	10 528 930	9 015 400
Bank, Cash and Cash Equivalents	3 089 852	9 767 293
Maximum Credit and Interest Risk Exposure	13 618 782	18 782 693

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

	%	%
Exchange Debtors:		
- Service Debtors	69.24%	58.84%
- Other Receivables	11.91%	6.67%
- Other Debtors	-2.34%	10.90%
- Other Minor Classes	20.93%	23.59%
Non-Exchange Debtors:		
- Other not Classified	0.00%	0.00%
Total Credit Risk	100.00%	100.00%

Bank and Cash Balances

ABSA Bank Ltd	3 082 633	8 425 624
Standard Bank	4 319	1 338 768
Cash Equivalents	2 900	2 900
Total Bank and Cash Balances	3 089 852	9 767 293

Credit quality of Financial Assets:

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

Receivables from Exchange Transactions

Counterparties without external credit rating:-

High	4 198 701	2 954 552
Medium	213 553	1 047 821
Low	-	-
Total Receivables from Exchange Transactions	4 412 255	4 002 374

Credit quality Groupings:

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

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

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

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

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49. FINANCIAL INSTRUMENTS (Continued)

49.7 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

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

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

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
30 June 2022								
Non-interest Bearing		0.00%	16 449 327	16 449 327	-	-	-	-
- Consumer Deposits			849 771	849 771	-	-	-	-
- Payables from Exchange transactions			13 888 638	13 888 638	-	-	-	-
- Unspent Conditional Grants and Receipts			1 710 918	1 710 918	-	-	-	-
Fixed Interest Rate Instruments			-	-	-	-	-	-
- Non-current Finance Lease Obligations		10.90%	-	-	-	-	-	-
- Current Finance Lease Obligations		10.90%	-	-	-	-	-	-
			16 449 327	16 449 327	-	-	-	-
30 June 2021								
Non-interest Bearing		0.00%	19 512 307	19 512 307	-	-	-	-
- Consumer Deposits			797 186	797 186	-	-	-	-
- Payables from Exchange transactions			10 314 107	10 314 107	-	-	-	-
- Unspent Conditional Grants and Receipts			8 401 013	8 401 013	-	-	-	-
Fixed Interest Rate Instruments			(0)	(0)	-	-	-	-
- Non-current Finance Lease Obligations		10.90%	(0)	(0)	-	-	-	-
- Current Finance Lease Obligations		10.90%	(0)	(0)	-	-	-	-
			19 512 307	19 512 307	-	-	-	-

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

Description	Note ref in AFS #	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
30 June 2022								
Non-interest Bearing		0.00%	5 210 787	5 210 787	-	-	-	-
- Trade Receivables from Exchange Transactions			5 193 433	5 193 433	-	-	-	-
- Cash and Cash Equivalents			2 900	2 900	-	-	-	-
Variable Interest Rate Instruments		4.36%	3 086 952	3 086 952	-	-	-	-
- Call Deposits			451 983	451 983	-	-	-	-
- Bank Account			2 634 969	2 634 969	-	-	-	-
			8 297 739	8 297 739	-	-	-	-
30 June 2021								
Non-interest Bearing		0.00%	4 706 449	4 706 449	-	-	-	-
- Trade Receivables from Exchange Transactions			4 703 549	4 703 549	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
- Cash and Cash Equivalents			2 900	2 900	-	-	-	-
Variable Interest Rate Instruments		2.60%	9 764 393	9 764 393	-	-	-	-
- Call Deposits			1 775 158	1 775 158	-	-	-	-
- Bank Account			7 989 234	7 989 234	-	-	-	-
			14 470 842	14 470 842	-	-	-	-

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

49.1 Other Price Risks

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

50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality does not make provision for post-retirement benefits to councillors. However, one councillor belongs to a pension fund but no contributions are made by the municipality on behalf of the councillor to the fund. This membership was terminated October 2021.

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below.

Council contributes to the LA Retirement Fund, a defined contribution scheme, and the Consolidated Retirement Fund for Local Government, LA Retirement Fund, National Fund for Municipal Workers and SAMWU National Provident Fund, which are defined contribution funds. In terms of the schemes' rules, pension is being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

These funds are governed by the Pension Funds Act, 1956, and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2 747 695 (2021: R2 615 982) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

50.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund, previously Cape Joint Pension Fund (Defined Benefit Scheme):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of 7,5% or 9,0% and the employer at a rate of 18,0%. The actuarial valuation report at 30 June 2021 indicated that the defined benefit scheme of the fund is in a sound financial position, with assets amounting to R1 486 (2020: R1 421) million, with a funding level of 104,9% (2020: 100,0%).

50.2 DEFINED CONTRIBUTION SCHEMES

Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The actuarial valuation report at 30 June 2021 revealed that the net assets of the fund amounted to R34 148 (30 June 2020: R28 424) million with a funding level of 100,5% (30 June 2020: 101,0%). The contribution rate paid by the members (7,5% or 9,0%) and the employer (19,5% or 18,0%) is sufficient to fund the benefits accruing from the fund in the future.

The fund is in a sound financial condition at the valuation date.

LA Retirement Fund (previously Cape Joint Pension Fund):

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of 7,5% or 9,0% and the employer at a rate of 18,0%. The actuarial valuation report at 30 June 2021 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R2 083 (2020: R1 892) million with a funding level of 100,0% (2020: 100,0%).

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Municipal Workers Retirement Fund (previously South African Municipal Workers' Union Provident Fund):

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The contribution rate payable is not less than 7,5% by the members and 18% by their councils. As from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates.

The actuarial valuation report at 30 June 2017 disclosed assets amounting to R7 721 (2014: R6 575) million, with a funding level of 102,0% (2014: 111,7%). The Fund's assets are sufficient to cover the members' Fund Credits. The Fund is therefore in a sound financial position.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. The statutory valuation performed as at 30 June 2019 revealed that the net assets of the fund amounted to R17 107 (30 June 2018 : R15 394) million, with funding levels of 100,40% (30 June 2018: 100,46%).

The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the Fund, its administrator as well as the various participating employers.

The assets of the fund are sufficient to cover the members' liabilities and the fund is hence financially sound.

None of the above mentioned plans are State Plans.

51. RELATED PARTY TRANSACTIONS

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

51.1 Interest of Related Parties

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
G Mackenzie	Councillor	Director of ZAR Empire Holdings (Pty) Ltd, Patriotic Alliance (Pty) Ltd, No One Sleeps Hungry (Pty) Ltd, Oersonskraal Mining (Pty) Ltd and Xconcepts Publications (Pty) Ltd
L Potgieter	Councillor	Director of Unity Karoo (Pty) Ltd
A Theron	Councillor	Member of Walmar Eiendomme CC
W Du P Theron	Councillor	Director of Dwars-in-die-Weg Boerdery (Edms) Bpk; Director with shareholding at Koup Produsente Koöp Korporasie
B van As	Councillor	Director of Viskuil Enterprise (Pty) Ltd
C Hendrikse (Spouse of)	Manager	Director of Hammat and Hendrikse Enterprise (Pty) Ltd
M Terblanche-Komanisi (Spouse of)	Manager	Director with 100% shares of MJ Treats Pty (Ltd)

The following Councillors and/or Management of the municipality and/or close family members of Councillors / Management have relationships with businesses in final deregistration:

Name of Related Person	Designation	Description of Related Party Relationship
G Mackenzie	Councillor	Director of Tobiwel (Pty) Ltd, Talirex (Pty) Ltd, NSO What Trading (Pty) Ltd, Nu Money Records (Pty) Ltd, Black Solar (Pty) Ltd, Damash Minerals (Pty) Ltd, Portkey SA (Pty) Ltd, Science Fixing (Pty) Ltd, Ray Star Productions (Pty) Ltd, Gas Afrique (Pty) Ltd, Afrobrew Beverages (Pty) Ltd and G Gas (Pty) Ltd
MJ Smith	Councillor	Director at Funtime Entertainment (Pty) Ltd
KJ Gertse	Snr SCM Officer	Director of GP2 Development Enterprises

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51.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
Councillors	22 865	73 156	8 514	53 219
Municipal Manager and Other Senior Personnel	6 783	152 928	154 220	-
Total Services	29 648	226 084	162 734	53 219
Councillors	20 903	94 612	20 299	56 888
Municipal Manager and Other Senior Personnel	6 880	133 238	131 642	-
Total Services	27 783	227 850	151 941	56 888

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Key Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

51.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by the municipality.

51.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 30.3, 30.4 and 31 to the Annual Financial Statements.

2022	2021
R	R

51.5 Purchases from Related Parties

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

Company Name	Related Person	Municipal Capacity	Nature of relationship	Purchases for the Year	Purchases for the Year
MJ Treats	M Terblanche-Koman	Manager	Spouse of Director	5 400	-
Total Purchases				5 400	-

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

52. CONTINGENT LIABILITIES

52.1 Court Proceedings:

(i) Claim for Services Rendered:
Phambili Civils lodged a claim against the municipality for services rendered that is payable in respect of a contract. Settlement negotiations were unsuccessful and an application was made by the plaintiff for a hearing date. Legal costs is estimated at R100 000 (2020/21: R60 000). The outcome of the matter is still uncertain.

585 671	585 671
585 671	585 671

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	2022 R	2021 R
53. CONTINGENT ASSETS		
53.1 Insurance Claims:	-	202 860
(i) Lost / Damaged Assets:	-	202 860
The municipality has claims outstanding against its Insurers for lost and/or damaged assets. The management believe that it is probable that the claims will be successful and that compensation of R0 (2021: R202 860) will be recovered.		

54. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 43.).

55. OTHER EXTRA-ORDINARY DISCLOSURES

55.1 COVID-19 EXPENDITURE

COVID-19 in South Africa

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

	2022 R	2021 R
The table below indicates the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2022:		
COVID-19 EXPENDITURE		
Operating Expenditure		
Materials and supplies	412 017	653 880
Total Operating Expenditure	412 017	653 880
Total COVID-19 Expenditure	412 017	653 880

The table below indicates the Funding Sources for the total COVID-19 response expenditure (inclusive of VAT where applicable) for the period ending 30 June 2022:

COVID-19 FUNDING

Funding Sources for COVID-19 Expenditure

Municipal Disaster Relief Grant (MDRG)	-	272 562
Safety Response to Covid-19 Grant (CKDM)	405 624	381 319
Equitable Share	5 452	-
Community Development Workers (CDW) Operational Support Grant	942	-
Total Funding for COVID-19 Expenditure	412 017	653 880

56. GOING CONCERN ASSESSMENT

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein. The municipality has not been immune to the impact of the pandemic. The impact and duration of the COVID-19 pandemic in the Province and Laingsburg's jurisdiction is uncertain at the date of this submission. Management of the municipality is however of the opinion that regardless of the possible effect of the COVID-19 pandemic, the municipality will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited to this timeframe.

Management also considered the following matters in relation to the Going Concern position of Laingsburg Municipality:

(i) On 31 May 2021 the Council adopted the 2021/22 to 2023/24 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an on-going inflow of revenue to support the on-going delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

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

57. SEGMENT REPORTING

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

- **The segment for Municipal Governance and Administration Services:-**
 - This segment consists of services such as executive services, support services to the executive and finance & administration services.
- **The segment for Community and Public Safety Services:-**
 - This segment consists of all services for community & social development, public safety and sport & recreation.
- **The segment for Housing Services:-**
 - This segment consists of all services for the providing of housing to the community.
- **The segment for Health Services:-**
 - This segment consists of all services for the providing of health to the community.
- **The segment for Economic and Environmental Services:-**
 - This segment consists of environmental services such as planning & development, environmental protection and roads & storm water.
- **The segment for Trading Services:-**
 - This segment consists of the following infrastructure services delivered to the community.
- **The segment for Energy Sources:-**
 - This segment consists of all services for energy supply to the community.
- **The segment for Waste Management:-**
 - This segment consists of all services for the management of solid waste in the municipal area.
- **The segment for Waste Water Management:-**
 - This segment consists of all services for the management of waste water, including sewage, in the municipal area.
- **The segment for Water Management:-**
 - This segment consists of all services for water supply to the community.
- **The segment for Other Services:-**
 - This segment consists of minor services rendered in the municipal jurisdiction area.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are set off against each other as internal charges, and are therefore eliminated and not reported in Segment Reporting. The quality of services provided internally is monitored as part of the service performance information.

The municipality operates within the following geographical areas:

Ward	Area
1	Town of Laingsburg and surrounding farms

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

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

57.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2022

Description	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE															
Revenue from Non-exchange Transactions															
Property Rates	-	4 657 378	-	-	-	-	-	-	-	-	-	-	-	-	4 657 378
Fines, Penalties and Forfeits	-	-	1 580	23 988 594	-	-	-	-	-	-	-	-	-	-	23 990 174
Transfers and Subsidies	-	29 092 661	1 684 000	-	-	-	-	-	1 946 895	1 301 529	1 008 618	1 207 826	1 225 758	-	37 467 286
Surcharges and Taxes	-	1 035 394	-	-	-	-	-	-	-	-	-	-	-	-	1 035 394
Interest, Dividends and Rent on Land Earned	-	238 308	-	-	-	-	-	-	-	-	-	-	-	-	238 308
Revenue from Exchange Transactions															
Licences and Permits	-	-	-	467 255	-	-	-	-	-	-	-	-	-	-	467 255
Service Charges	-	15 453	-	-	-	-	-	-	-	15 637 184	2 030 025	2 063 670	3 087 711	-	22 834 044
Sales of Goods and Rendering of Services	-	59 189	16 564	-	-	-	1 285	-	27 312	-	400	-	-	-	104 749
Income from Agency Services	-	193 586	-	-	-	-	-	-	-	-	-	-	-	-	193 586
Rental from Fixed Assets	-	1 696 711	-	-	2 287	16 196	-	-	80 020	-	-	-	-	-	1 795 215
Interest, Dividends and Rent on Land Earned	-	977 476	-	-	-	-	-	-	-	-	-	-	-	-	977 476
Operational Revenue	-	95 465	-	-	-	-	-	-	-	-	-	-	-	-	95 465
Total Revenue	-	38 061 621	1 702 144	24 455 849	2 287	16 196	1 285	-	2 054 228	16 938 713	3 039 043	3 271 496	4 313 469	-	93 856 330
EXPENDITURE															
Employee Related Costs	4 424 351	8 243 208	1 262 847	3 146 022	184 146	-	-	693 262	8 125 579	-	836 992	976 046	1 513 130	316 209	29 721 790
Remuneration of Councillors	3 171 688	-	-	-	-	-	-	-	-	-	-	-	-	-	3 171 688
Depreciation and Amortisation	239 091	739 067	-	-	-	-	-	-	2 831 696	319 488	2 101 459	1 234 218	1 652 104	-	9 117 123
Impairment Losses	1 348 054	207 661	-	20 727 343	-	66 092	-	-	-	137 833	220 055	256 038	296 617	-	23 259 694
Interest, Dividends and Rent on Land	-	535 553	-	-	-	-	-	-	-	-	2 460 599	-	-	-	2 996 152
Bulk Purchases	-	-	-	-	-	-	-	-	-	11 734 645	-	-	-	-	11 734 645
Contracted Services	27 805	4 157 421	19 189	252 457	5 044	-	-	-	267 444	230 219	289 505	515 504	200 204	1 666	5 966 459
Inventory Consumed	16 256	119 762	15 186	214 009	20 792	-	-	-	542 128	304 458	521 450	228 096	586 079	23 269	2 591 486
Transfers and Subsidies Paid	86 626	94 872	-	-	-	-	-	-	-	-	-	-	-	-	181 498
Operating Leases	-	496 099	22 908	-	-	-	-	-	-	-	-	-	-	-	519 006
Operational Costs	596 130	7 417 844	45 730	970 291	37 609	6 043	1 511	17 298	378 839	216 437	71 802	71 768	577 312	33 479	10 442 093
Loss on Disposal of Property, Plant and Equipment	-	1 587 039	-	-	-	-	-	-	-	-	-	-	-	-	1 587 039
Total Expenditure	9 910 000	23 598 526	1 365 859	25 310 122	247 591	72 135	1 511	710 560	12 145 687	12 943 080	6 501 862	3 281 670	4 825 447	374 623	101 288 673
Surplus/(Deficit) for the Year	(9 910 000)	14 463 095	336 284	(854 273)	(245 303)	(55 939)	(225)	(710 560)	(10 091 459)	3 995 633	(3 462 819)	(10 175)	(511 978.40)	(374 622.72)	(7 432 343)

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Year Ended 30 June 2021

Description	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE															
Revenue from Non-exchange Transactions															
Property Rates	-	4 451 723	-	-	-	-	-	-	-	-	-	-	-	-	4 451 723
Fines, Penalties and Forfeits	-	-	483	20 169 994	-	-	-	-	-	-	-	-	-	-	20 170 476
Transfers and Subsidies	-	31 688 395	1 482 000	-	717 350	-	-	-	1 302 000	4 849 575	1 134 795	1 360 163	7 807 621	-	50 341 900
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land Earned	-	51 869	-	-	-	-	-	-	-	-	-	-	-	-	51 869
Revenue from Exchange Transactions															
Licences and Permits	-	-	-	363 402	-	-	-	-	-	-	-	-	-	-	363 402
Service Charges	-	6 577	-	-	-	-	-	-	-	14 400 237	1 626 447	1 743 495	2 236 976	-	20 013 732
Sales of Goods and Rendering of Services	-	132 449	21 737	-	-	-	-	-	28 093	-	1 263	-	-	-	183 542
Income from Agency Services	-	180 194	-	-	-	-	-	-	-	-	-	-	-	-	180 194
Rental from Fixed Assets	-	1 533 112	-	-	309	20 220	-	-	186 574	-	-	-	-	-	1 740 216
Interest, Dividends and Rent on Land Earned	-	419 578	-	-	-	-	-	-	-	-	-	-	-	-	419 578
Operational Revenue	-	17 894	-	-	-	-	-	-	-	-	-	-	-	-	17 894
Total Revenue	-	38 481 792	1 504 220	20 533 396	717 659	20 220	-	-	1 516 667	19 249 812	2 762 505	3 103 657	10 044 598	-	97 934 527
EXPENDITURE															
Employee Related Costs	3 622 496	8 942 090	1 280 338	3 321 041	161 395	-	-	589 902	8 234 104	-	683 282	1 059 521	1 549 848	287 987	29 732 003
Remuneration of Councillors	3 104 345	-	-	-	-	-	-	-	-	-	-	-	-	-	3 104 345
Depreciation and Amortisation	640 407	252 645	-	-	-	-	-	-	2 815 264	319 488	4 506 788	1 078 067	1 375 562	-	10 988 220
Impairment Losses	-	1 165 831	-	16 819 479	-	(154 009)	-	-	-	(67 930)	(25 761)	(47 024)	(36 988)	-	17 653 599
Interest, Dividends and Rent on Land	-	460 567	-	-	-	-	-	-	-	-	627 537	-	-	-	1 088 105
Bulk Purchases	-	-	-	-	-	-	-	-	-	10 238 091	-	-	-	-	10 238 091
Contracted Services	44 333	5 794 234	-	185 537	2 743	-	58 896	-	238 164	423 658	262 072	159 752	311 129	(3 195)	7 477 323
Inventory Consumed	11 225	466 895	10 959	133 563	21 084	-	(3 561)	-	104 944	248 814	417 405	59 489	821 751	1 123	2 293 690
Transfers and Subsidies Paid	1 925	349 009	-	-	-	-	-	-	-	-	-	-	-	-	350 935
Operating Leases	-	289 387	-	-	-	-	-	-	-	-	-	-	-	-	289 387
Operational Costs	163 061	11 895 466	53 096	796 936	60 871	6 802	1 833	37 740	558 425	231 520	58 913	217 118	493 615	21 240	14 596 634
Loss on Disposal of Property, Plant and Equipm	-	262 678	-	-	-	-	-	-	-	-	-	-	-	-	262 678
Total Expenditure	7 587 792	29 878 803	1 344 393	21 256 556	246 093	(147 207)	57 167	627 642	11 950 900	11 393 642	6 530 235	2 526 923	4 514 915	307 155	98 075 009
Surplus/(Deficit) for the Year	(7 587 792)	8 602 990	159 826	(723 160)	471 567	167 427	(57 167)	(627 642)	(10 434 233)	7 856 170	(3 767 730)	576 735	5 529 682.57	(307 154.88)	(140 482)

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

57.2 Other Segmental Analysis Disclosures

Year Ended 30 June 2022

Description	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Financial Position															
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:															
Receivables from Exchange Transactions:															
- Electricity										1 470 226					1 470 226
- Refuse											333 374				333 374
- Sewerage												(297 123)			(297 123)
- Water													135 684		135 684
	-	-	-	-	-	-	-	-	-	1 470 226	333 374	(297 123)	135 684	-	1 642 161
Statutory Receivables from Non-exchange Transactions:															
- Fines				5 482 713											5 482 713
- Property Rates		248 442													248 442
	-	248 442	-	5 482 713	-	-	-	-	-	-	-	-	-	-	5 731 155
Property, Plant and Equipment															
- Property, Plant and Equipment															-
- Intangible Assets															-
- Investment Property															-
- Heritage Assets															-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total for Financial Position	-	248 442	-	5 482 713	-	-	-	-	-	1 470 226	333 374	(297 123)	135 684	-	7 373 316
Capital Expenditure															
Property, Plant and Equipment		12 102 433													12 102 433
Intangible Assets		-													-
Investment Property		-													-
Heritage Assets		-													-
	-	12 102 433	-	-	-	-	-	-	-	-	-	-	-	-	12 102 433

LAINGSBURG MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Year Ended 30 June 2021

Description	Executive and Council	Finance and Administration	Community and Social Services	Public Safety	Sport and Recreation	Housing	Health	Planning and Development	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Financial Position															
The main components of the Financial Position that is currently considered, and managed, within the defined municipal segments have been determined as follows:															
Receivables from Exchange Transactions:															
- Electricity										1 113 446					1 113 446
- Refuse											92 288				92 288
- Sewerage												(358 961)			(358 961)
- Water													(118 593)		(118 593)
	-	-	-	-	-	-	-	-	-	1 113 446	92 288	(358 961)	(118 593)	-	728 180
Statutory Receivables from Non-exchange Transactions:															
- Fines				6 996 898											6 996 898
- Property Rates		97 825													97 825
	-	97 825	-	6 996 898	-	-	-	-	-	-	-	-	-	-	7 094 723
Property, Plant and Equipment															
- Property, Plant and Equipment															-
- Intangible Assets															-
- Investment Property															-
- Heritage Assets															-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total for Financial Position	-	97 825	-	6 996 898	-	-	-	-	-	1 113 446	92 288	(358 961)	(118 593)	-	7 822 903
Capital Expenditure															
Property, Plant and Equipment		20 045 549													20 045 549
Intangible Assets		-													-
Investment Property		-													-
Heritage Assets		-													-
	-	20 045 549	-	-	-	-	-	-	-	-	-	-	-	-	20 045 549