

CAPE AGULHAS LOCAL MUNICIPALITY



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CAPE AGULHAS MUNICIPALITY
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ANNUAL FINANCIAL STATEMENTS

30 JUNE 2023

AUDITED

CAPE AGULHAS LOCAL MUNICIPALITY

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CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

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

LEGAL FORM

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

JURISDICTION

The Cape Agulhas Local Municipality includes the following areas:

Bredasdorp	L'Agulhas	Protem
Napier	Arniston	Klipdale
Struisbaai	Suiderstrand	Elim

MEMBERS OF THE COUNCIL

<u>Position</u>	<u>Councillor</u>	<u>Ward</u>	<u>Additional Portfolio</u>
Executive Mayor	PJ Swart	Proportional	
Executive Deputy Mayor	R Ross	Ward 1	
Speaker	G D Burger	Proportional	
Councillor - Full time	K E Donald	Proportional	Member of Executive Mayoral Committee
Councillor - Full time	Dr A Eksteen	Ward 5	Member of Executive Mayoral Committee
Councillor - Part time	D Jantjies	Ward 2	Chairperson of MPAC
Councillor - Part time	M Matthysen	Proportional	
Councillor - Part time	J G A Nieuwoudt	Ward 4	
Councillor - Part time	R Mokotwana	Proportional	
Councillor - Part time	R Louw	Ward 3	
Councillor - Part time	J August-Marthinus	Ward 6	

MEMBERS OF THE AUDIT COMMITTEE

L Stevens	Chairperson
B Vink	Member (resigned on 31 July 2023)
Z Abrahams	Member
J Gourrah	Member

MUNICIPAL MANAGER

Mr E Phillips

CHIEF FINANCIAL OFFICER

Mr H Van Biljon

REGISTERED OFFICE

1 Dirkie Uys Street, Bredasdorp, 7280

CAPE AGULHAS LOCAL MUNICIPALITY

GENERAL INFORMATION

POSTAL ADDRESS

PO Box 51, Bredasdorp, 7280

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA, Bredasdorp

ATTORNEYS

Kruger & Blignaut Attorneys

Kemp & Associates

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Basic Conditions of Employment Act (Act no 75 of 1997)

Unemployment Insurance Act (Act no 30 of 1966)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

mSCOA Regulations

Municipal Cost Containment Regulations, 2019

Employment Equity Act (Act no 55 of 1998)

Local Government: Municipal Staff Regulations

CAPE AGULHAS LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2023, which are set out on pages 1 to 138 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

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

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

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



Mr E Phillips
Municipal Manager

30 November 2023
Date

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
ASSETS			
Current Assets		175 017 923	188 466 749
Cash and Cash Equivalents	2	118 841 327	123 395 715
Receivables from Exchange Transactions	3	42 929 638	52 253 920
Receivables from Non-exchange Transactions	4	10 673 043	10 688 540
Taxes	15	-	-
Operating Lease Asset	5.1	369 782	323 147
Current Portion of Long-term Receivables	6	4 359	3 366
Inventory	7	2 199 774	1 802 060
Non-current Assets		601 159 181	559 766 337
Long-Term Receivables	6	136 102	145 525
Investment Property	8	39 598 001	40 126 531
Property, Plant And Equipment	9	558 296 576	515 671 866
Intangible Assets	10	3 128 503	3 822 416
Total Assets		776 177 104	748 233 086
Current Liabilities		107 096 038	89 106 612
Current Portion of Long-Term Liabilities	11	11 661 619	12 047 044
Consumer Deposits	12	6 143 300	5 822 940
Payables from Exchange Transactions	13	64 223 051	52 670 248
Unspent Conditional Government Grants	14	5 731 423	1 392 123
Taxes	15	1 421 423	480 911
Operating Lease Liability	5.2	30 735	52 273
Current Employee Benefits	16	17 884 487	16 641 073
Non-current Liabilities		178 512 266	178 453 071
Long-Term Liabilities	11	57 951 353	69 541 851
Employee Benefits	17	46 165 000	46 139 000
Non-Current Provisions	18	74 395 913	62 772 221
Total Liabilities		285 608 304	267 559 684
Net Assets		490 568 802	480 673 404
Community Wealth			
Accumulated Surplus	19	451 068 802	441 173 404
Capital Replacement Reserve	19	39 500 000	39 500 000
Total Community Wealth		490 568 802	480 673 404

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

REVENUE	Notes	2023 R (Actual)	2022 R (Restated)
REVENUE FROM NON-EXCHANGE TRANSACTIONS		183 687 922	173 535 246
Taxation Revenue		86 843 163	80 905 871
Property Rates	20	86 843 163	80 905 871
Transfer Revenue		75 410 860	73 936 256
Government Grants and Subsidies - Capital	21	21 965 462	24 687 115
Government Grants and Subsidies - Operating	21	53 315 398	48 699 105
Public Contributions and Donations - Capital	22	-	64 000
Public Contributions and Donations - Operating	22	130 000	184 969
Contributed Assets	23	-	301 066
Other Revenue		21 433 899	18 693 120
Fines	24	2 734 185	2 032 670
Actuarial Gains	25	4 860 785	2 454 867
Third Party - Insurance Receipts		177 647	392 754
Availability Charges	26	12 282 434	12 066 945
Other Income	33	1 378 849	1 745 883
REVENUE FROM EXCHANGE TRANSACTIONS		249 447 532	248 884 347
Operating Activities		249 447 532	248 884 347
Service Charges	27	206 594 720	208 122 954
Rental of Facilities and Equipment	28	9 469 385	9 184 034
Interest Earned - External Investments	29	9 475 099	4 783 168
Interest Earned - Outstanding Debtors	30	2 301 282	1 921 682
Licences and Permits	31	1 127 764	943 207
Agency Services	32	2 784 749	2 623 703
Other Income	33	11 333 495	8 235 604
Gains on Disposal of Properties and Movable Assets	34	6 361 038	13 069 995
TOTAL REVENUE		433 135 454	422 419 593
EXPENDITURE			
Employee Related Costs	35	164 277 204	156 403 030
Remuneration of Councillors	36	5 577 042	5 605 337
Debt Impairment	37	16 271 040	8 813 336
Depreciation and Amortisation	38	21 353 777	18 613 653
Impairments	39	153 523	897 091
Finance Charges	41	18 478 198	13 158 546
Bulk Purchases	42	110 093 903	112 597 732
Contracted Services	43	28 111 971	24 780 651
Transfers and Grants	44	1 104 128	1 533 015
Other Expenditure	45	57 781 429	44 578 736
Loss on Disposal of Property, Plant and Equipment		37 840	1 941 041
TOTAL EXPENDITURE		423 240 056	388 922 169
NET SURPLUS FOR THE YEAR		9 895 398	33 497 425

CAPE AGULHAS LOCAL MUNICIPALITY

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

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2021 - Previously Reported	37 500 000	408 833 338	446 333 338
Prior Period Adjustment - Refer to note 46.06	-	842 641	842 641
Balance on 30 June 2021 - Restated	37 500 000	409 675 979	447 175 979
Net Surplus for the Year	-	33 497 425	33 497 425
Transfers to Reserves	20 797 806	(20 797 806)	-
Property, Plant and Equipment Purchased	(18 797 806)	18 797 806	-
Balance on 30 June 2022 - Restated	39 500 000	441 173 404	480 673 404
Net Surplus for the Year	-	9 895 398	9 895 398
Transfers to Reserves	23 927 645	(23 927 645)	-
Property, Plant and Equipment Purchased	(23 927 645)	23 927 645	-
Balance on 30 June 2023	39 500 000	451 068 802	490 568 802

CAPE AGULHAS LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

	Notes	2023 R (Actual)	2022 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		86 010 383	79 816 132
Service Charges		208 703 313	211 570 621
Other Revenue		24 445 050	18 663 363
Government - Operating		53 414 781	39 385 549
Government - Capital		26 205 380	22 529 868
Interest		11 103 859	6 802 748
Payments			
Suppliers and Employees		(350 428 482)	(338 856 472)
Finance Charges		(7 298 254)	(4 083 211)
Transfers and Grants		(1 104 128)	(1 533 015)
NET CASH FROM OPERATING ACTIVITIES	47	51 051 901	34 295 583
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Assets		15 453 922	3 578 514
Decrease in Long-Term Receivables		8 431	8 290
Payments			
Purchase of Property, Plant and Equipment		(59 092 718)	(50 301 428)
Purchase of Intangible Assets		-	(13 166)
NET CASH USED INVESTING ACTIVITIES		(43 630 365)	(46 727 790)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	34 626 050
Payments			
Loans Repaid		(11 975 923)	(8 000 055)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(11 975 923)	26 625 995
NET INCREASE/(DECREASE) IN CASH HELD		(4 554 389)	14 193 788
Cash and Cash Equivalents at the beginning of the year		123 395 715	109 201 928
Cash and Cash Equivalents at the end of the year	48	118 841 327	123 395 715
NET INCREASE/(DECREASE) IN CASH HELD		(4 554 389)	14 193 788

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
ASSETS			
Current Assets			
Cash	36 226 277	120 818 852	(84 592 575)
Call Investment Deposits	82 615 050	2 379 700	80 235 350
Consumer Debtors	41 292 239	64 869 869	(23 577 630)
Other Receivables	12 680 224	27 704 563	(15 024 339)
Current portion of Long-Term Receivables	4 359	2 129	2 230
Inventory	2 199 774	1 828 929	370 845
Total Current Assets	175 017 923	217 604 042	(42 586 119)
Non Current Assets			
Long-Term Receivables	136 102	146 762	(10 660)
Investment Property	39 598 001	40 116 972	(518 971)
Property, Plant and Equipment	558 296 576	569 093 135	(10 796 559)
Intangible Assets	3 128 503	3 467 406	(338 903)
Total Non-Current Assets	601 159 181	612 824 275	(11 665 094)
TOTAL ASSETS	776 177 104	830 428 317	(54 251 213)
LIABILITIES			
Current Liabilities			
Borrowing	11 661 619	12 047 037	(385 418)
Consumer Deposits	6 143 300	5 903 224	240 076
Trade and Other Payables	71 406 632	65 252 458	6 154 174
Provisions	17 884 487	15 319 070	2 565 417
Total Current Liabilities	107 096 038	98 521 789	8 574 249
Non-Current Liabilities			
Borrowing	57 951 353	80 590 220	(22 638 867)
Provisions	120 560 913	117 718 990	2 841 923
Total Non-Current Liabilities	178 512 266	198 309 210	(19 796 944)
TOTAL LIABILITIES	285 608 304	296 830 999	(11 222 695)
NET ASSETS	490 568 802	533 597 318	(43 028 516)
COMMUNITY WEALTH			
Accumulated Surplus	451 068 802	521 027 757	(69 958 955)
Reserves	39 500 000	39 500 000	-
TOTAL COMMUNITY WEALTH/EQUITY	490 568 802	560 527 757	(69 958 955)

Refer to note 49.2 for further details relating to material variances and adjustments.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R	2023 R	2023 R
	(Original Budget)	(Adjustments)	(Final and Approved Budget)
ASSETS			
Current assets			
Cash	22 851 474	97 967 378	120 818 852
Call Investment Deposits	50 000 000	(47 620 300)	2 379 700
Consumer Debtors	49 048 129	15 821 740	64 869 869
Other Receivables	7 810 939	19 893 624	27 704 563
Current portion of Long-Term Receivables	2 566	(437)	2 129
Inventory	1 565 498	263 431	1 828 929
Total Current Assets	131 278 605	86 325 437	217 604 042
Non-Current Assets			
Long-Term Receivables	149 107	(2 345)	146 762
Investment Property	40 301 199	(184 227)	40 116 972
Property, Plant And Equipment	586 801 991	(17 708 856)	569 093 135
Intangible Assets	3 793 295	(325 889)	3 467 406
Total Non Current Assets	631 045 591	(18 221 316)	612 824 275
TOTAL ASSETS	762 324 196	68 104 121	830 428 317
LIABILITIES			
Current Liabilities			
Borrowing	9 160 056	2 886 981	12 047 037
Consumer Deposits	6 216 540	(313 316)	5 903 224
Trade and Other Payables	61 599 904	3 652 554	65 252 458
Provisions	18 416 501	(3 097 431)	15 319 070
Total Current Liabilities	95 393 001	3 128 788	98 521 789
Non Current Liabilities			
Borrowing	47 526 034	33 064 186	80 590 220
Provisions	114 203 005	3 515 985	117 718 990
Total Non-Current Liabilities	161 729 039	36 580 171	198 309 210
TOTAL LIABILITIES	257 122 040	39 708 959	296 830 999
NET ASSETS	505 202 156	28 395 162	533 597 318
COMMUNITY WEALTH			
Accumulated Surplus	462 702 156	58 325 601	521 027 757
Reserves	42 500 000	(3 000 000)	39 500 000
TOTAL COMMUNITY WEALTH/EQUITY	505 202 156	55 325 601	560 527 757

Refer to note 49.2 for further details relating to material variances and adjustments.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
REVENUE BY SOURCE			
Property Rates	87 883 184	86 611 200	1 271 984
Service Charges - Electricity Revenue	142 667 781	157 842 380	(15 174 599)
Service Charges - Water Revenue	36 690 301	31 974 400	4 715 901
Service Charges - Sanitation Revenue	18 462 354	18 089 400	372 954
Service Charges - Refuse Revenue	26 306 624	24 153 600	2 153 024
Rental Of Facilities and Equipment	2 345 343	2 554 390	(209 047)
Interest Earned - External Investments	9 475 099	5 505 900	3 969 199
Interest Earned - Outstanding Debtors	2 301 282	1 990 900	310 382
Fines, penalties and forfeits	3 182 349	3 620 000	(437 651)
Licences and Permits	3 761	41 800	(38 039)
Agency Services	3 916 829	4 044 610	(127 781)
Transfers and subsidies	61 340 751	70 913 186	(9 572 435)
Other Revenue	18 128 651	13 353 820	4 774 831
Gains	6 361 038	12 000 000	(5 638 962)
TOTAL OPERATING REVENUE	419 065 345	432 695 586	(13 630 241)
EXPENDITURE BY TYPE			
Employee Related Costs	168 412 140	164 380 672	4 031 468
Remuneration of Councillors	5 577 042	5 548 700	28 342
Debt Impairment	16 271 040	9 017 880	7 253 160
Depreciation & Asset Impairment	21 507 300	15 902 099	5 605 201
Finance Charges	8 264 254	6 663 190	1 601 064
Bulk purchases - electricity	109 792 199	110 034 274	(242 075)
Inventory Consumed	33 538 207	54 354 525	(20 816 318)
Contracted Services	26 514 514	25 052 180	1 462 334
Transfers and subsidies	1 999 171	2 353 970	(354 799)
Other Expenditure	39 221 701	41 245 721	(2 024 020)
Losses	37 840	10 020	27 820
TOTAL OPERATING EXPENDITURE	431 135 409	434 563 231	(3 427 822)
OPERATING DEFICIT FOR THE YEAR	(12 070 064)	(1 867 645)	(10 202 419)
Transfers and subsidies - Capital	21 965 462	28 761 194	(6 795 732)
NET SURPLUS FOR THE YEAR	9 895 398	26 893 549	(16 998 151)

Refer to note 49.2 for further details relating to material variances and adjustments.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R (Original Budget)	2023 R (Adjustments)	2023 R (Approved Budget)	2023 R (Virements)	2023 R (Final Budget)
REVENUE BY SOURCE					
Property Rates	81 396 200	5 215 000	86 611 200	-	86 611 200
Service Charges - Electricity Revenue	167 603 230	(9 760 850)	157 842 380	-	157 842 380
Service Charges - Water Revenue	31 974 400	-	31 974 400	-	31 974 400
Service Charges - Sanitation Revenue	18 089 400	-	18 089 400	-	18 089 400
Service Charges - Refuse Revenue	24 153 600	-	24 153 600	-	24 153 600
Rental of Facilities and Equipment	1 564 390	990 000	2 554 390	-	2 554 390
Interest Earned - External Investments	2 505 900	3 000 000	5 505 900	-	5 505 900
Interest Earned - Outstanding Debtors	1 990 900	-	1 990 900	-	1 990 900
Fines, penalties and forfeits	3 520 000	100 000	3 620 000	-	3 620 000
Licences and Permits	141 800	(100 000)	41 800	-	41 800
Agency Services	4 044 610	-	4 044 610	-	4 044 610
Transfers and subsidies	53 036 684	17 876 502	70 913 186	-	70 913 186
Other Revenue	12 291 820	1 062 000	13 353 820	-	13 353 820
Gains	15 000 000	(3 000 000)	12 000 000	-	12 000 000
TOTAL OPERATING REVENUE	417 312 934	15 382 652	432 695 586	-	432 695 586
EXPENDITURE BY TYPE					
Employee Related Costs	167 932 162	(3 551 490)	164 380 672	-	164 380 672
Remuneration of Councillors	5 777 200	(228 500)	5 548 700	-	5 548 700
Debt Impairment	9 017 880	-	9 017 880	-	9 017 880
Depreciation & Asset Impairment	10 827 000	5 075 099	15 902 099	-	15 902 099
Finance Charges	11 569 510	(4 906 320)	6 663 190	-	6 663 190
Bulk purchases - electricity	116 486 980	(6 452 706)	110 034 274	-	110 034 274
Inventory Consumed	23 801 770	30 515 865	54 317 635	36 890	54 354 525
Contracted Services	30 263 250	(5 211 070)	25 052 180	-	25 052 180
Transfers and subsidies	2 361 400	(7 430)	2 353 970	-	2 353 970
Other Expenditure	31 113 690	10 132 031	41 245 721	-	41 245 721
Losses	10 020	-	10 020	-	10 020
TOTAL OPERATING EXPENDITURE	409 160 862	25 365 479	434 526 341	36 890	434 563 231
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	8 152 072	(9 982 827)	(1 830 755)	(36 890)	(1 867 645)
Transfers and subsidies - Capital	31 504 316	(2 743 122)	28 761 194	-	28 761 194
NET SURPLUS FOR THE YEAR	39 656 388	(12 725 949)	26 930 439	(36 890)	26 893 549

Refer to note 49.2 for further details relating to material variances and adjustments

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2023 R (Actual)	2023 R (Final Budget)	2023 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	86 010 383	84 652 956	1 357 427
Service charges	208 703 313	253 199 188	(44 495 875)
Other revenue	24 124 690	20 822 820	3 301 870
Transfers and Subsidies - Operational	70 314 910	35 013 586	35 301 324
Transfers and Subsidies - Capital	26 205 380	27 423 794	(1 218 414)
Interest	11 103 859	5 505 900	5 597 959
Payments			
Suppliers and Employees	(367 328 611)	(388 451 302)	21 122 691
Finance Charges	(7 298 254)	-	(7 298 254)
Transfers and Grants	(1 104 128)	2 353 970	(3 458 098)
NET CASH FROM OPERATING ACTIVITIES	50 731 541	40 520 912	10 210 629
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	15 453 922	(12 000 000)	27 453 922
Decrease in Non-Current Receivables	8 431	146 762	(138 331)
Payments			
Capital Assets	(59 092 718)	(67 361 893)	8 269 175
NET CASH USED IN INVESTING ACTIVITIES	(43 630 365)	(79 215 131)	35 584 766
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	-	19 087 837	(19 087 837)
Increase/(Decrease) in Consumer Deposits	320 360	-	320 360
Payments			
Repayment of borrowing	(11 975 923)	146 762	(12 122 685)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 655 563)	19 234 599	(30 890 162)
NET DECREASE IN CASH HELD	(4 554 389)	(19 459 620)	14 905 231
Cash/cash equivalents at the year begin:	123 395 715	123 456 686	(60 971)
Cash/cash equivalents at the year end:	118 841 327	103 997 066	14 844 261
NET DECREASE IN CASH HELD	(4 554 389)	(19 459 620)	14 905 231

Refer to note 49.2 for further details relating to material variances and adjustments.

CAPE AGULHAS LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2023

ADJUSTMENTS TO APPROVED BUDGET

	2023 R	2023 R	2023 R
	(Original Budget)	(Adjustments)	(Final and Approved Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	78 922 637	5 730 319	84 652 956
Service charges	234 471 902	18 727 286	253 199 188
Other revenue	18 908 352	1 914 468	20 822 820
Transfers and Subsidies - Operational	53 036 684	(18 023 098)	35 013 586
Transfers and Subsidies - Capital	31 504 316	(4 080 522)	27 423 794
Interest	4 436 298	1 069 602	5 505 900
Payments			
Suppliers and Employees	(372 299 714)	(16 151 588)	(388 451 302)
Finance Charges	(5 757 690)	5 757 690	-
Transfers and Grants	(2 361 400)	4 715 370	2 353 970
NET CASH FROM OPERATING ACTIVITIES	40 861 386	(340 474)	40 520 912
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on disposal of PPE	15 000 000	(27 000 000)	(12 000 000)
Decrease in Non-Current Receivables	2 566	144 196	146 762
Payments			
Capital Assets	(70 615 862)	3 253 969	(67 361 893)
NET CASH USED IN INVESTING ACTIVITIES	(55 613 296)	(23 601 835)	(79 215 131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Borrowing long term/refinancing	19 087 837	-	19 087 837
Increase/(Decrease) in Consumer Deposits	351 880	(351 880)	-
Payments			
Repayment of borrowing	(9 500 000)	9 646 762	146 762
NET CASH FROM FINANCING ACTIVITIES	9 939 717	9 294 882	19 234 599
NET DECREASE IN CASH HELD	(4 812 194)	(14 647 426)	(19 459 620)
Cash/cash equivalents at the year begin:	77 663 668	45 793 018	123 456 686
Cash/cash equivalents at the year end:	72 851 474	31 145 592	103 997 066
NET DECREASE IN CASH HELD	(4 812 194)	(14 647 426)	(19 459 620)

Refer to note 49.2 for further details relating to material variances and adjustments.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

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

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

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

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

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

1.2 TRANSITIONAL PROVISIONS

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

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

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

1.3 PRESENTATION CURRENCY

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

1.4 GOING CONCERN ASSUMPTION

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.5 COMPARATIVE INFORMATION

1.5.1 Prior year comparatives

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

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

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

1.5.2 Amended Accounting Policies

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

1.6 MATERIALITY

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

1.7 BUDGET INFORMATION

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

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

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

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

1.8.1 Effective dates determined

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

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

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 20	Related Party Transactions	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

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

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

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

Standard	Description	Effective Date
GRAP 1 (2019)	Presentation of Financial Statements	1 April 2023

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

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

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

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

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

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are
- (d) With the changes in the classification of instruments and impairment approach, there is new information

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

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

The impact, other than additional disclosure, of the Standards on the financial statements will be not be significant.

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

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available
- (b) How a minimum funding requirement might affect the availability of reductions in

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

1.8.2 Effective dates not yet determined

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

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

1.8.2.1 GRAP 103 (Revised 2022) - Heritage Assets

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

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

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

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

The impact of these amendments to the Standard on the financial statements will not be significant.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.9 INVESTMENT PROPERTY

1.9.1 Initial Recognition

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

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

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

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

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

1.9.2 Subsequent Measurement – Cost Model

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

1.9.3 Depreciation – Cost Model

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.9 INVESTMENT PROPERTY (CONTINUED)

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

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

	YEARS
Buildings	100
Land	Indefinite

1.9.4 Impairment

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

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

1.9.5 Derecognition

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

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

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

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

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

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

1.10.2 Subsequent Measurement - Cost Model

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

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

1.10.3 Depreciation

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

1.10.4 Impairment

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

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

1.10.5 Derecognition

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

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

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

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

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

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

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

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

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.11 INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

	Years
Computer Software	5 - 10

1.11.4 Impairment

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

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

1.11.5 Derecognition

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

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

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

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

1.12.1 Recoverable amount of Cash-generating assets

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

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

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

1.12.2 Recoverable amount of Non-cash-generating assets

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

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

1.12.3 Impairment loss

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

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.12 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.12.4 Reversal of an impairment loss

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

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

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

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

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

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

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

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

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.13 INVENTORIES (CONTINUED)

1.13.2 Subsequent Measurement

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

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

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

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

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

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

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

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

1.14 EMPLOYEE BENEFITS

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

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

1.14.1 Post-Retirement Benefits

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.1.1 *Multi-employer defined benefit plans*

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

1.14.1.2 *Post Retirement Medical Obligations*

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

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

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

1.14.2 Long-term Benefits

1.14.2.1 Long Service Awards

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.14 EMPLOYEE BENEFITS (CONTINUED)

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

1.14.3 Short-term Benefits

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

Short-term employee benefits include items such as:

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

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

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

1.14.3.1 Provision for Staff Leave

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

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

1.14.3.2 Staff Bonuses Accrued

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.14 EMPLOYEE BENEFITS (CONTINUED)

1.14.3.3 Provision for Performance Bonuses

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

1.15 PROVISIONS

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

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

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

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

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

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.16 LEASES

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

1.16.1 Municipality as Lessee

1.16.1.1 Finance Leases

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

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

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

1.16.1.2 Operating leases

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

1.16.2 Municipality as Lessor

1.16.2.1 Operating Leases

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

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

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

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.3 Impairment and uncollectability of financial assets

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

1.17.3.1 *Financial assets measured at amortised cost*

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

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

1.17.3.2 *Financial assets measured at cost*

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

1.17.4 Derecognition of financial instruments

1.17.4.1 *Financial assets*

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.17 FINANCIAL INSTRUMENTS (CONTINUED)

1.17.4.2 *Financial liabilities*

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

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

1.17.5 **Offsetting of financial instruments**

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

1.18 STATUTORY RECEIVABLES

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

1.18.1 **Initial Recognition**

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

1.18.2 **Subsequent Measurement**

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

1.18.3 **Impairment and uncollectability of statutory receivables**

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.18 STATUTORY RECEIVABLES (CONTINUED)

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

1.18.4 Derecognition

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

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

1.19 CASH AND CASH EQUIVALENTS

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

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

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

1.20 RECEIVABLES

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

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

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

1.21 TAXES (VALUE ADDED TAX)

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.22 PAYABLES AND ANNUITY LOANS

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

1.23 CONSUMER DEPOSITS

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

1.24 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.25 RESERVES

1.25.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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

- (a) The cash funds that back up the CRR are invested until utilised.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.25 RESERVES (CONTINUED)

- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.26 REVENUE

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

1.26.1 Revenue from Non-Exchange Transactions

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

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

1.26.1.1 Taxation Revenue

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

1.26.1.2 Transfer Revenue

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

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

1.26.1.3 Fines

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.1.4 Insurance Receipts

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

1.26.1.5 Unclaimed deposits

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

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

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

1.26.1.7 Services in-kind

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

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

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

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

1.26.1.8 Contributed Assets

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

1.26.1.9 Availability Charges

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.1.10 Infrastructure Levy

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

1.26.2 Revenue from Exchange Transactions

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

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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

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

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

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

1.26.2.2 Investment income

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

1.26.2.3 Rental income

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.26 REVENUE (CONTINUED)

1.26.2.4 *Income from Agency Services*

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

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

1.26.2.5 *Other Tariffs*

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

1.26.2.6 *Sale of goods*

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

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

1.26.2.7 *Deferred payment*

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

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

1.27 BORROWING COSTS

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.28 UNAUTHORISED EXPENDITURE

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

1.29 IRREGULAR EXPENDITURE

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

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.33 CAPITAL COMMITMENTS

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

1.34 EVENTS AFTER REPORTING DATE

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

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

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

1.35 RELATED PARTIES

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

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

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

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.35 RELATED PARTIES (CONTINUED)

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

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

1.36 ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

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

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.36 ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

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

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

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

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

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

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

1.37 LIVING AND NON-LIVING RESOURCES

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

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

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

1.38 SEGMENT REPORTINGS

A segment is an activity of the Municipality:

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.38 SEGMENT REPORTINGS (CONTINUED)

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

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

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

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

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

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

1.39.1 Application of Directive 7

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

1.39.2 Impairment of Receivables

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

1.39.3 Useful lives and residual values

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

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

1.39.4 Impairment of non-monetary assets

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

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

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

1.39.5 Post-Retirement and Long-term Benefits

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.6 Provisions and Contingent Liabilities

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

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

1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

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

1.39.8 Financial assets and liabilities

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

1.39.9 Revenue Recognition

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

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.39.10 Recognition and Derecognition of Land

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

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

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

1.39.11 Applying materiality

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	36 215 427	20 770 315
Call and Notice Deposits	82 615 050	102 615 050
Cash Floats	10 850	10 350
Total	118 841 327	123 395 715

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

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

	2023 R	2022 R
Unspent Conditional Grants	5 731 423	1 392 123
Unspent Annuity Loans	17 139 911	35 385 502
Unspent Housing Allocation (Rent-to-Own)	18 088 740	10 000 000
Housing Asset Finance Reserve Fund	258 740	-
Capital Replacement Reserve	39 500 000	39 500 000
Committed Investments	3 789 000	3 789 000
Working Capital Requirements	34 333 512	33 329 091
Total	118 841 327	123 395 715

Primary Bank Account

Bredasdorp ABSA - Account number 40 5883 2586

Bank Statement Balance - Opening Balance	19 663 072	25 290 293
Bank Statement Balance - Closing Balance	35 814 134	19 663 072
Cashbook Balance - Opening Balance	20 770 315	26 198 291
Cashbook Balance - Closing Balance	36 215 427	20 770 315

Guarantees relating to The Post Office amounting to R 50 000 (2022 - R 50 000 are held at ABSA):

Other Bank Accounts

Bredasdorp ABSA - Account number 40 6412 1626

The municipality utilises this account for traffic fine deposits. The account is cleared to the Primary Account on a monthly basis. There are no cash book balance nor bank account balance on 30 June 2022 and 30 June 2023.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
2 CASH AND CASH EQUIVALENTS (CONTINUED)		
Call and Notice Deposits		
Call and Notice Deposits consist out of the following		
ABSA - Acc No 2078493223	1 254 000	1 254 000
ABSA - Acc No 2079252816	2 535 000	2 535 000
ABSA - Acc No 2080496409	-	34 626 050
First National Bank - Acc No 76200581231	-	34 200 000
Nedbank - Acc No 7881714298/173	-	20 000 000
Nedbank - Acc No 7881714298/181	9 200 000	-
Nedbank - Acc No 7881714298/182	15 000 000	-
Standard Bank - Acc No 478526628 - 013	-	10 000 000
Standard Bank - Acc No 478526628 - 025	20 000 000	-
Standard Bank - Acc No 478526628 - 024	34 626 050	-
Total	82 615 050	102 615 050

Interest between 9.00% and 9.71% (2022 - 5.75% and 6.79%) were attracted by these short term deposits at year end.

The ABSA Investments, Acc No 2078493223 and Acc No 2079252816, are attached to a guarantee provided by the municipality to Eskom (Electricity Account Guarantee). These deposits are fixed for a period of 12 months from 31 May 2023 and 14 June 2023 (2021 - 31 May 2022 and 14 June 2022) respectively.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2023

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	54 688 661	23 137 417	31 551 244
Electricity	20 465 189	4 045 998	16 419 191
Water	12 543 892	6 158 166	6 385 726
Refuse	8 854 954	5 282 498	3 572 456
Sewerage	6 232 397	3 810 938	2 421 460
Other Services	6 592 230	3 839 818	2 752 411
Other Receivables	11 378 394	-	11 378 394
Asset Sales	6 128 584	-	6 128 584
Pre-paid Electricity	392 343	-	392 343
Accrued Interest	733 493	-	733 493
Sundry Receivables	2 436 110	-	2 436 110
Payments in Advance	1 687 864	-	1 687 864
Total	66 067 056	23 137 417	42 929 638

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2022

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	50 984 240	16 360 735	34 623 505
Electricity	19 553 773	2 835 812	16 717 960
Water	11 267 113	4 360 248	6 906 866
Refuse	7 177 860	3 177 048	4 000 812
Sewerage	5 011 719	2 268 863	2 742 855
Other Services	7 973 776	3 718 764	4 255 012
Other Receivables	17 630 415	-	17 630 415
Asset Sales	15 232 799	-	15 232 799
Pre-paid Electricity	270 115	-	270 115
Accrued Interest	60 971	-	60 971
Payments in Advance	1 595 960	-	1 595 960
Other Arrears	470 569	-	470 569
Total	68 614 655	16 360 735	52 253 920
Balance Previously Reported	68 373 157	16 360 735	52 012 421
Prior Period Adjustment - Refer to note 46.01	241 499	-	241 499
Restated Balance on 30 June 2022	68 614 655	16 360 735	52 253 920

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

	2023 R	2022 R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	13 503 888	14 792 347
Past Due (31 - 60 Days)	2 556 254	1 209 852
Past Due (61 - 90 Days)	668 563	1 090 826
Past Due (90 Days +)	3 736 483	2 460 747
Total	20 465 189	19 553 773
Water Ageing		
Current (0 - 30 days)	4 662 669	4 679 761
Past Due (31 - 60 Days)	1 715 551	1 498 697
Past Due (61 - 90 Days)	509 337	1 704 634
Past Due (90 Days +)	5 656 334	3 384 022
Total	12 543 892	11 267 113

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R	
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)			
Refuse Ageing			
Current (0 - 30 days)	2 287 280	2 280 228	
Past Due (31 - 60 Days)	1 158 580	597 990	
Past Due (61 - 90 Days)	419 027	1 187 153	
Past Due (90 Days +)	4 990 067	3 112 489	
Total	8 854 954	7 177 860	
Sewerage Ageing			
Current (0 - 30 days)	1 406 422	1 395 418	
Past Due (31 - 60 Days)	879 533	421 822	
Past Due (61 - 90 Days)	303 837	882 062	
Past Due (90 Days +)	3 642 605	2 312 416	
Total	6 232 397	5 011 718	
Other Services Ageing			
Current (0 - 30 days)	655 594	2 198 419	
Past Due (31 - 60 Days)	697 416	335 131	
Past Due (61 - 90 Days)	212 670	834 180	
Past Due (90 Days +)	5 026 550	4 606 046	
Total	6 592 230	7 973 776	
Total Service Receivables Ageing			
Current (0 - 30 days)	22 515 853	25 346 173	
Past Due (31 - 60 Days)	7 007 333	4 063 493	
Past Due (61 - 90 Days)	2 113 435	5 698 855	
Past Due (90 Days +)	23 052 039	15 875 720	
Total	54 688 661	50 984 240	
Ageing per Customer Classification - 30 June 2023			
	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	14 493 302	7 583 383	439 168
Past Due (31 - 60 Days)	5 099 313	1 823 429	84 592
Past Due (61 - 90 Days)	1 529 613	522 288	61 534
Past Due (90 Days +)	18 720 022	2 930 539	1 401 478
Sub-Total	39 842 250	12 859 639	1 986 772
Less Allowance for Impairment	(20 046 745)	(3 090 672)	-
Total	19 795 505	9 768 967	1 986 772

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2022

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

Included in Consumers are indigent balances amounting to R 4 150 570 (2022 - R 2 211 171). These balances were fully impaired.

	2023 R	2022 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	16 360 735	20 612 726
Contribution to the provision	15 023 611	6 167 675
Electricity	1 711 727	668 602
Water	4 296 971	2 034 818
Refuse	3 583 366	997 357
Sewerage	2 707 182	765 011
Other Services	2 252 380	1 701 887
Other Arrears	471 985	-
Bad Debts Written off	(8 246 929)	(10 419 665)
Electricity	(501 542)	(806 751)
Water	(2 499 053)	(4 016 969)
Refuse	(1 477 916)	(2 553 298)
Sewerage	(1 165 107)	(2 119 873)
Other Services	(2 131 326)	(922 773)
Other Arrears	(471 985)	-
Balance at the end of the year	23 137 417	16 360 735

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2023

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	16 224 753	6 483 759	9 740 995
Rates	13 715 244	5 954 646	7 760 598
Availability Charges	2 509 510	529 112	1 980 397
Other Receivables	3 480 018	2 547 970	932 048
Unpaid Fines	3 148 400	2 547 970	600 430
Sundry Deposits	331 618	-	331 618
Total	19 704 771	9 031 729	10 673 043

30 JUNE 2022

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

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

	2023	2022
	R	R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	4 873 826	4 838 222
Past Due (31 - 60 Days)	1 232 871	994 448
Past Due (61 - 90 Days)	441 767	1 011 400
Past Due (90 Days +)	7 166 779	6 793 876
Total	13 715 244	13 637 947

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R	
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)			
Availability Charges			
Current (0 - 30 days)	1 108 155	1 112 511	
Past Due (31 - 60 Days)	316 305	301 501	
Past Due (61 - 90 Days)	184 628	160 424	
Past Due (90 Days +)	900 422	939 539	
Total	2 509 510	2 513 975	
Total Service Receivables Ageing			
Current (0 - 30 days)	5 981 981	5 950 734	
Past Due (31 - 60 Days)	1 549 175	1 295 949	
Past Due (61 - 90 Days)	626 395	1 171 824	
Past Due (90 Days +)	8 067 202	7 733 416	
Total	16 224 753	16 151 922	
Ageing per Customer Classification - 30 June 2023			
	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	5 302 195	397 017	282 769
Past Due (31 - 60 Days)	1 368 964	63 623	116 588
Past Due (61 - 90 Days)	490 904	43 614	91 877
Past Due (90 Days +)	5 940 899	682 973	1 443 330
Sub-Total	13 102 962	1 187 227	1 934 565
Less Allowance for Impairment	(5 842 835)	(640 924)	-
Total	7 260 127	546 303	1 934 565
Ageing per Customer Classification - 30 June 2022			
	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	5 101 272	533 164	316 298
Past Due (31 - 60 Days)	1 074 444	65 023	156 482
Past Due (61 - 90 Days)	992 121	46 758	132 945
Past Due (90 Days +)	5 049 343	1 054 954	1 629 119
Sub-Total	12 217 179	1 699 899	2 234 844
Less Allowance for Impairment	(5 150 933)	(1 062 948)	-
Total	7 066 246	636 951	2 234 844

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Included in Consumers are indigent balances amounting to R 394 239 (2022 - R 261 741). These balances were fully impaired.

	2023 R	2022 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	9 051 750	14 026 035
Contribution to the provision	2 954 173	345 774
Rates	1 196 651	671 360
Availability Charges	(149 978)	(1 335 616)
Infrastructure Levy	-	(599 327)
Fines	1 907 501	1 609 358
Bad Debts Written off	(2 974 195)	(5 320 059)
Rates	(755 483)	(1 428 298)
Availability Charges	(21 312)	(155 316)
Infrastructure Levy	-	(159 595)
Fines	(2 197 400)	(3 576 850)
Balance at the end of the year	9 031 729	9 051 750

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

	2023 R	2022 R
5 OPERATING LEASES		
5.1 OPERATING LEASE ASSETS		
Operating Lease Asset	369 782	323 147
The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	323 147	329 524
Movement during the year	46 635	(6 377)
Balance at the end of the year	369 782	323 147

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
5 OPERATING LEASES (CONTINUED)		
The municipality will receive the following lease payments from contracts that have defined lease payments and terms.		
Within 1 Year	1 110 021	839 498
Between 1 and 5 Years	2 305 200	1 753 769
After 5 Years	952 824	425 035
Total	4 368 046	3 018 302

The lease payments are in respect of properties being lease out over a period ranging up to 2031 (2022 - 2030).

5.2 OPERATING LEASE LIABILITIES

Operating Lease Liability	30 735	52 273
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The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.

Reconciliation of Operating Lease Liability:

Balance at the beginning of the year	52 273	38 334
Movement during the year	(21 538)	13 939
Balance at the end of the year	30 735	52 273

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

Within 1 Year	542 552	1 274 555
Between 1 and 5 Years	-	542 552
Total	542 552	1 817 107

The operating lease liability relates to the following lease arrangements:

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
6 LONG-TERM RECEIVABLES		
Receivables with Repayment Arrangements	5 592 933	6 556 120
Individual Housing Loans	140 460	148 891
Total Gross Balance	5 733 393	6 705 011
Less: Allowance for Debt Impairment	(5 592 933)	(6 556 120)
Total Net Balance	140 460	148 891
Less: Current portion of Long-term Receivables	(4 359)	(3 366)
Individual Housing Loans	(4 359)	(3 366)
Total	136 102	145 525

Individual Housing Loans

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

Receivables with repayment arrangements

On 30 June 2023, debtors amounting to R 5 592 933 (2022 - R 6 556 120) have made arrangements to settle their accounts over an re-negotiated period. Total payments to the value of R 3 190 328 (2022 - R 3 390 382) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables. Total payments to the value of R 2 402 605 (2022 - R 3 165 738) are due within the next 12 month. As these amount are fully impaired, there are no balance to be transferred to current receivables.

	2023 R	2022 R
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	6 556 120	4 757 494
Contribution to/(Reversal of) the provision	(963 187)	1 798 626
Balance at the end of the year	5 592 933	6 556 120

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
7 INVENTORY		
Consumables	2 106 074	1 714 068
Water	93 700	87 992
Total	2 199 774	1 802 060

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

No inventory were pledged as security for liabilities.

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

Inventory recognised as an expense during the year.	2 700 145	2 696 492
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8 INVESTMENT PROPERTY

Investment Property - Carrying Value	39 598 001	40 126 531
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The movement in investment properties is reconciled as follows:

Opening Carrying Value	40 126 531	40 336 859
Cost	40 297 284	40 499 082
Accumulated Depreciation	(170 754)	(162 224)
Depreciation for the year	(8 530)	(8 530)
Disposals	(520 000)	(201 798)
Closing Carrying Value	39 598 001	40 126 531
Cost	39 777 284	40 297 284
Accumulated Depreciation	(179 284)	(170 754)

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT

30 June 2023	Cost				Accumulated Depreciation				Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land and Buildings	94 109 072	146 305	(28 000)	94 227 377	12 431 362	420 331	(14 274)	12 837 419	1 060 592	-	1 060 592	80 329 366
Land	58 977 197	-	(3 000)	58 974 197	-	-	-	-	-	-	-	58 974 197
Buildings	35 131 875	146 305	(25 000)	35 253 180	12 431 362	420 331	(14 274)	12 837 419	1 060 592	-	1 060 592	21 355 169
Capitalised Restoration Cost	34 919 530	7 035 229	(15 115)	41 939 645	24 497 739	3 046 494	-	27 544 233	3 439 887	153 523	3 593 410	10 802 002
Infrastructure	459 319 262	46 643 487	(145 023)	505 817 726	104 229 866	11 846 136	(107 183)	115 968 818	-	-	-	389 848 907
Roads and Storm water	179 837 488	14 778 464	(145 023)	194 470 928	34 341 304	5 049 738	(107 183)	39 283 860	-	-	-	155 187 068
Electricity Network	93 947 961	11 050 609	-	104 998 570	23 288 628	2 433 340	-	25 721 968	-	-	-	79 276 602
Sewerage Network	109 842 190	10 915 253	-	120 757 443	20 040 049	2 552 155	-	22 592 204	-	-	-	98 165 238
Water Network	73 041 732	7 295 031	-	80 336 763	24 774 856	1 637 436	-	26 412 292	-	-	-	53 924 471
Refuse Removal	2 649 891	2 604 131	-	5 254 022	1 785 028	173 466	-	1 958 494	-	-	-	3 295 528
Community Assets	44 965 799	2 064 009	(99 364)	46 930 444	6 085 416	1 134 575	(24 413)	7 195 578	-	-	-	39 734 866
Cemeteries	320 729	-	-	320 729	20 871	4 164	-	25 035	-	-	-	295 694
Clinics	201 995	-	-	201 995	41 532	1 920	-	43 452	-	-	-	158 542
Community Halls	15 012 273	64 588	-	15 076 860	1 219 138	164 052	-	1 383 190	-	-	-	13 693 671
Libraries	4 878 443	199 010	-	5 077 453	1 870 061	72 923	-	1 942 984	-	-	-	3 134 469
Parks & Gardens	6 801 668	1 702 275	(73 309)	8 430 635	1 044 174	269 307	(13 563)	1 299 917	-	-	-	7 130 718
Recreation Grounds	1 766 423	-	-	1 766 423	415 860	24 678	-	440 538	-	-	-	1 325 885
Sports facilities	11 560 232	-	(26 055)	11 534 178	1 185 311	442 358	(10 850)	1 616 819	-	-	-	9 917 359
Markets	4 424 036	98 136	-	4 522 172	288 469	155 175	-	443 643	-	-	-	4 078 529
Other Assets	61 369 478	8 249 668	(2 683 655)	66 935 491	27 266 415	4 203 798	(2 116 157)	29 354 056	-	-	-	37 581 435
Computer Hardware	10 560 953	1 338 968	(516 084)	11 383 836	5 014 284	1 067 560	(431 097)	5 650 746	-	-	-	5 733 090
Furniture and Office Equipment	9 960 028	618 703	(154 985)	10 423 746	5 139 616	747 570	(119 541)	5 767 645	-	-	-	4 656 101
Vehicles	19 794 448	2 210 732	(1 176 652)	20 828 528	9 414 877	995 130	(890 240)	9 519 768	-	-	-	11 308 760
Special Vehicles	6 825 737	3 763 403	(233 469)	10 355 672	1 718 529	454 260	(154 827)	2 017 961	-	-	-	8 337 710
Tools and Equipment	10 753 586	256 644	(451 288)	10 558 942	4 222 968	792 021	(406 013)	4 608 976	-	-	-	5 949 967
Other	3 474 727	61 218	(151 179)	3 384 766	1 756 140	147 258	(114 438)	1 788 960	-	-	-	1 595 806
Total	694 683 142	64 138 698	(2 971 157)	755 850 682	174 510 797	20 651 335	(2 262 027)	192 900 105	4 500 479	153 523	4 654 001	558 296 576

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2022	Cost				Accumulated Depreciation				Accumulated Impairment			Carrying Value R
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Closing Balance R	
Land and Buildings	94 132 639	79 640	(103 207)	94 109 072	12 009 572	421 790	-	12 431 362	306 749	753 842	1 060 592	80 617 119
Land	59 080 404	-	(103 207)	58 977 197	-	-	-	-	-	-	-	58 977 197
Buildings	35 052 235	79 640	-	35 131 875	12 009 572	421 790	-	12 431 362	306 749	753 842	1 060 592	21 639 922
Capitalised Restoration Cost	34 429 854	2 032 870	(1 543 193)	34 919 530	22 252 211	2 245 529	-	24 497 739	3 296 638	143 249	3 439 887	6 981 904
Infrastructure	417 409 988	44 061 909	(2 152 635)	459 319 262	94 323 792	10 527 737	(621 664)	104 229 866	-	-	-	355 089 396
Roads and Storm water	162 750 535	17 112 584	(25 631)	179 837 488	30 070 451	4 294 034	(23 180)	34 341 304	-	-	-	145 496 183
Electricity Network	87 085 634	6 862 328	-	93 947 961	20 883 426	2 405 203	-	23 288 628	-	-	-	70 659 333
Sewerage Network	99 055 002	12 914 192	(2 127 004)	109 842 190	18 428 446	2 210 087	(598 484)	20 040 049	-	-	-	89 802 141
Water Network	65 868 927	7 172 805	-	73 041 732	23 204 977	1 569 879	-	24 774 856	-	-	-	48 266 876
Refuse Removal	2 649 891	-	-	2 649 891	1 736 494	48 534	-	1 785 028	-	-	-	864 863
Community Assets	39 886 286	5 079 513	-	44 965 799	5 150 975	934 441	-	6 085 416	-	-	-	38 880 383
Cemeteries	320 729	-	-	320 729	16 707	4 164	-	20 871	-	-	-	299 858
Clinics	201 995	-	-	201 995	39 612	1 920	-	41 532	-	-	-	160 462
Community Halls	13 784 743	1 227 530	-	15 012 273	1 066 161	152 977	-	1 219 138	-	-	-	13 793 134
Libraries	4 878 443	-	-	4 878 443	1 800 491	69 570	-	1 870 061	-	-	-	3 008 382
Parks & Gardens	6 672 268	129 400	-	6 801 668	788 195	255 979	-	1 044 174	-	-	-	5 757 495
Recreation Grounds	1 766 423	-	-	1 766 423	391 182	24 678	-	415 860	-	-	-	1 350 563
Sports facilities	7 837 649	3 722 583	-	11 560 232	912 507	272 804	-	1 185 311	-	-	-	10 374 921
Markets	4 424 036	-	-	4 424 036	136 119	152 349	-	288 469	-	-	-	4 135 568
Other Assets	55 279 181	7 261 729	(1 171 432)	61 369 478	24 229 307	3 798 471	(761 363)	27 266 415	-	-	-	34 103 063
Computer Hardware	10 205 204	645 034	(289 285)	10 560 953	4 157 860	1 069 016	(212 592)	5 014 284	-	-	-	5 546 669
Furniture and Office Equipment	9 655 952	420 067	(115 992)	9 960 028	4 478 080	754 165	(92 629)	5 139 616	-	-	-	4 820 411
Vehicles	15 959 707	4 119 197	(284 456)	19 794 448	8 712 500	776 034	(73 656)	9 414 877	-	-	-	10 379 571
Special Vehicles	7 081 021	-	(255 284)	6 825 737	1 540 285	365 005	(186 761)	1 718 529	-	-	-	5 107 208
Tools and Equipment	9 950 798	1 011 940	(209 152)	10 753 586	3 672 366	730 161	(179 560)	4 222 968	-	-	-	6 530 618
Other	2 426 499	1 065 492	(17 263)	3 474 727	1 668 216	104 090	(16 165)	1 756 140	-	-	-	1 718 587
Total	641 137 948	58 515 661	(4 970 467)	694 683 142	157 965 856	17 927 968	(1 383 027)	174 510 797	3 603 388	897 091	4 500 479	515 671 866

The prior year was restated - Refer to note 46.02

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

The impairment on buildings relates to the building donated by P & B Limeworks during the year which was damaged during a fire. 24% of the property was damaged during 2020/2021. Due to vandalism, the building was further impaired during 2021/2022 (further 54% to increase total impairment to 78%). No further impairments nor reversals was required in the 2022/2023 financial year.

	2023 R	2022 R
The following work in progress balances (Cost) are included in PPE. No Depreciation charge is recognised against these amounts.		
Infrastructure - Roads and Storm water	2 112 701	1 112 701
Infrastructure - Electricity Network	24 179 255	13 267 948
Infrastructure - Sewerage Network	3 547 124	11 066 718
Infrastructure - Water Network	9 389 133	4 567 592
Infrastructure - Refuse Removal	989 825	-
Total Work in Progress (WIP)	40 218 037	30 014 960

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

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

Refer to note 18 for more detail relating to this asset financed by way of a provision

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>3 128 503</u>	<u>3 822 416</u>

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	3 822 416	4 486 405
Cost	7 090 437	7 077 271
Accumulated Amortisation	(3 268 022)	(2 590 866)
Additions	-	13 166
Amortisation for the year	(693 913)	(677 155)
Closing Carrying Value	3 128 503	3 822 416
Cost	7 090 437	7 090 437
Accumulated Amortisation	(3 961 934)	(3 268 022)

There are no Work In Progress included in carrying value of intangible assets.

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

	2023 R	2022 R
11 LONG-TERM LIABILITIES		
Annuity Loans	69 612 972	81 588 895
Sub-Total	69 612 972	81 588 895
Less: Current portion of Long-term Liabilities	11 661 619	12 047 044
Annuity Loans	11 661 619	12 047 044
Total	57 951 353	69 541 851

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
11 LONG-TERM LIABILITIES (CONTINUED)		
The municipality opted to finance assets from external funding during the current and previous financial year. Detail are as follows:		
Opening Balance - Unspent Loans	35 385 502	15 438 292
Assets purchased	(18 245 591)	(14 678 840)
Annuity Loans Raised	-	34 626 050
Closing Balance - Unspent Loans	17 139 911	35 385 502

The unspent loans relates to Annuity Loans raised during June 2022 - First National Bank. The remainder of the unspent funding will be utilised in terms of the medium term capital expenditure framework on capital projects included in the approved budget of the municipality after year-end.

The balance on 30 June 2021 was restated from R 13 853 578 to R 15 438 292 due to a correction of capital expenditure from borrowed funds - Refer to note 46.02

Annuity Loans

Amalgamated Banks of South Africa (ABSA)	1 745 197	2 122 099
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Interest is calculated between 9.84% and 10.60% (2022 - 9.84% and 10.60%) interest rate. Loan period for remaining loans are 10 years and will be redeemed between 30 June 2026 and 30 June 2027 . Annuity loans consist out of 2 (2022 - 2) loan agreements

Nedbank	10 900 000	14 600 000
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Interest is calculated between 9.30% and 10.35% (2020 - 9.30% and 10.35%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2023 and 30 June 2029 . Annuity loans consist out of 5 (2022 - 5) loan agreements.

Standard Bank	26 031 852	30 240 746
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Interest is calculated between 10.69% and 11.07% (2022 - 7.19% to 7.57%) interest rate. Loan period ranges from 3 to 10 year and loans will be redeemed between 30 June 2024 and 30 June 2031 . Annuity loans consist out of 3 loan agreements.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
11 LONG-TERM LIABILITIES (CONTINUED)		
First National Bank	30 935 923	34 626 050
Interest is calculated between 10.31% and 10.37% (2022 - 6.81% and 6.87%) interest rate. Loan period ranges from 5 to 10 year and loans will be redeemed between 30 June 2027 and 30 June 2032 . Annuity loans consist out of 3 loan agreements.		
	69 612 972	81 588 895
Further detail relating to Annuity Loans is included in Appendix A.		
Annuity loans are payable as follows:		
Payable within one year	18 698 176	18 089 154
Payable within two to five years	53 206 442	56 498 826
Payable after five years	27 156 619	33 350 529
Total amount payable	99 061 237	107 938 509
Less: Outstanding Future Finance Charges	(29 448 265)	(26 349 614)
Present value of annuity loans	69 612 972	81 588 895

The prior year disclosure was updated as it did not take into account the effect of changes in interest rates where applicable. Accordingly, the Outstanding Finance Future Finance Charges was increased by R 1 718 485. This increase was offset by an increase in Total amount payable of the same amount (within one year - R 365 103, within two to five years - R 981 741 and after five years - R 371 640).

	2023 R	2022 R
12 CONSUMER DEPOSITS		
Electricity	3 506 408	3 364 102
Water	2 636 892	2 458 838
Total	6 143 300	5 822 940
Guarantees held in lieu of Electricity and Water Deposits	172 000	172 000

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
13 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	34 038 000	32 207 482
Retentions	4 072 800	5 503 381
Balance Previously Reported		7 129 656
Prior Period Adjustment - Refer to note 46.03		(1 626 275)
Pre-Paid Electricity	585 928	541 530
Debtors with credit balances	3 822 208	3 498 075
Department of Housing	19 285 905	10 281 129
Rent-to-Own Allocation	18 088 740	10 000 000
Other funds received	1 197 164	281 129
Sundry Creditors	2 257 201	324 305
Balance Previously Reported		1 035 451
Prior Period Adjustment - Refer to note 46.03		(711 146)
Sundry Deposits	161 008	314 346
Total	64 223 051	52 670 248

Payables are being recognised net of any discounts received

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

Payables are not secured.

Sundry deposits include Hall, Builders and Housing Deposits.

Sundry creditors on 30 June 2023 mainly consist out of payroll related creditors settled during July 2023.

Department of Housing

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

Included in the payable at 30 June 2022 is an amount of R 10 million received during the 2020/2021 financial year relating to the "Rent-to-Own" initiative of the Department of Housing. A further R 15 million was received during 2022/2023. The payable balance represents the portion of the 2 aforementioned receipts not yet spent on 30 June 2023.

	2023 R	2022 R
The following funds were channelled through the municipality during the period under review:		
Opening Balance	10 281 129	10 655 415
Funds Received	16 900 129	4 747 111
Expenditure incurred	(7 895 353)	(5 121 398)
Unspent Balance	19 285 905	10 281 129

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
14 UNSPENT CONDITIONAL GOVERNMENT GRANTS		
National Government	5 731 423	541 176
Balance Previously Reported		864 340
Prior Period Adjustment - Refer to note 46.04		(323 164)
Provincial Government	-	850 946
Balance Previously Reported		486 221
Prior Period Adjustment - Refer to note 46.04		364 725
Total	5 731 423	1 392 123

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

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

No grants were withheld in the current year, other than the grants returned to National Treasury

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

15 TAXES		
VAT Output in Suspense	4 001 432	5 398 065
Balance Previously Reported		5 362 833
Prior Period Adjustment - Refer to note 46.05		35 232
VAT Input in Suspense	(4 000 133)	(4 127 903)
VAT Payable to/(Refundable from) SARS	1 420 124	(789 252)
Balance Previously Reported		(788 943)
Prior Period Adjustment - Refer to note 46.05		(309)
Total	1 421 423	480 911

VAT is accounted for on the payment basis.

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023	2022
	R	R
16 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	1 643 000	1 413 000
Long Service Awards	1 235 000	875 000
Performance Bonuses	537 511	606 341
Bonuses	4 576 450	4 276 372
Staff Leave	9 892 526	9 470 360
Total	17 884 487	16 641 073

The movement in current employee benefits are reconciled as follows:

	2023	2022
	R	R
<u>Performance Bonuses</u>		
Opening Balance	606 341	418 759
Contribution/(Reduction) during the year	404 268	735 898
Payments made	(473 098)	(548 316)
Closing Balance	537 511	606 341

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

	2023	2022
	R	R
<u>Bonuses</u>		
Opening Balance	4 276 372	4 102 540
Contribution during the year	8 138 830	7 839 899
Payments made	(7 838 752)	(7 666 067)
Closing Balance	4 576 450	4 276 372

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

	2023	2022
	R	R
<u>Staff Leave</u>		
Opening Balance	9 470 360	9 288 321
Contribution during the year	1 822 544	563 172
Payments made	(1 400 379)	(381 133)
Closing Balance	9 892 526	9 470 360

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
17 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	39 559 000	39 279 000
Long Service Awards	9 484 000	9 148 000
Sub-Total	49 043 000	48 427 000
Less: Current portion of Employee Benefits	2 878 000	2 288 000
Post Retirement Medical Benefits	1 643 000	1 413 000
Long Service Awards	1 235 000	875 000
Total	46 165 000	46 139 000

17.1 Post Retirement Medical Benefits

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

Opening Balance	39 279 000	37 319 000
Contribution during the year	6 072 000	5 258 000
Current Service Cost	1 514 000	1 529 000
Interest Cost	4 558 000	3 729 000
Payments made	(1 527 478)	(1 296 015)
Actuarial Gain	(4 264 522)	(2 001 985)
Total balance at year-end	39 559 000	39 279 000
Less Current Portion	1 643 000	1 413 000
Total	37 916 000	37 866 000

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

	2023	2022
In-service members	134	136
In-service non-members	242	240
Continuation members	33	30
Total	409	406

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

	2023 R	2022 R
In-service members	22 217 000	23 391 000
Continuation members	17 342 000	15 888 000
Total Unfunded Liability	39 559 000	39 279 000

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

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

	2021 R	2020 R	2019 R
In-service members	21 948 000	16 953 000	18 915 000
Continuation members	15 371 000	12 595 000	13 285 331
Total Unfunded Liability	37 319 000	29 548 000	32 200 331

Experience adjustments were calculated as follows:

	2023 R m	2022 R m
Liabilities: (Gain)/Loss	0.124	0.608
Assets: Gain/(Loss)	-	-

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

	2021 R m	2020 R m	2019 R m
Liabilities: (Gain)/Loss	1.287	(0.320)	(0.025)
Assets: Gain/(Loss)	-	-	-

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

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

Key Actuarial Assumptions used are as follows:

	2023	2022
Interest Rates		
Discount rate	12.49%	11.81%
Health Care Cost Inflation Rate	8.22%	8.43%
Net-of-health-care-cost-inflation discount rate	3.95%	3.12%
Maximum subsidy inflation rate	5.79%	5.95%
Net-of-maximum-subsidy-inflation discount rate	6.33%	5.53%

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

Mortality Rates

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

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2022 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Other Assumptions

The proportion with a spouse dependant at retirement is estimated at 60% (2022 - 60%) while the continuation of membership at retirement is estimated at 75% (2022 - 75%). The proportion of eligible in-service non-members joining a scheme by retirement and continuing with the subsidy at and after retirement is estimated at 15% (2022 - 15%).

Last Valuation

The last valuation was performed on 20 June 2023.

Actuarial Valuation Method

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

The amounts recognised in the Statement of Financial Performance are:

	2023 R	2022 R
Employee Related Cost - Current Service Cost	1 514 000	1 529 000
Finance Charges - Interest Cost	4 558 000	3 729 000
Actuarial Gain	(4 264 522)	(2 001 985)
Net amount charged to Statement of Financial Performance	1 807 478	3 256 015

Sensitivity Analysis - Liability at year-end

Assumption	In-service members R m	Continuation members R m	Total liability R m	% change
Liability	22.217	17.342	39.559	
Health care inflation				
+ 1%	23.535	17.886	41.421	5%
- 1%	20.373	16.653	37.026	-6%
Discount rate				
+ 1%	19.187	16.028	35.215	-11%
- 1%	25.969	18.868	44.837	13%
Post-retirement mortality				
+ 1 year	21.769	16.891	38.660	-2%
- 1 year	22.651	17.785	40.436	2%
Average retirement age				
- 1 year	24.431	17.342	41.773	6%
Continuation of membership at retirement				
- 10%	19.407	17.342	36.749	-7%

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service Cost R m	Interest Cost R m	Total Cost R m	% change
Future Cost	1.432	4.841	6.273	
Health care inflation				
+ 1%	1.522	5.074	6.596	5%
- 1%	1.303	4.525	5.828	-7%
Discount rate				
+ 1%	1.227	4.643	5.870	-6%
- 1%	1.690	5.060	6.750	8%
Post-retirement mortality				
+ 1 year	1.404	4.729	6.133	-2%
- 1 year	1.460	4.951	6.411	2%
Average retirement age				
- 1 year	1.520	5.118	6.638	6%
Continuation of membership at retirement				
- 10%	1.255	4.490	5.745	-8%

17.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

	2023 R	2022 R
Opening Balance	9 148 000	9 143 000
Contribution during the year	1 655 000	1 468 000
Current Service Cost	689 000	679 000
Interest Cost	966 000	789 000
Payments made	(722 737)	(1 010 118)
Actuarial Gain	(596 263)	(452 882)
Total balance at year-end	9 484 000	9 148 000
Less Current Portion	1 235 000	875 000
Total	8 249 000	8 273 000

The following members are eligible for long service bonuses:

	2023	2022
In-service members	376	376

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

	2023 R	2022 R
In-service members	9 484 000	9 148 000
Total Unfunded Liability	9 484 000	9 148 000

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

	2021 R	2020 R	2019 R
In-service members	9 143 000	8 643 000	8 023 915
Total Unfunded Liability	9 143 000	8 643 000	8 023 915

Experience adjustments were calculated as follows:

Liabilities: (Gain)/Loss	(11 000)	104 000
Assets: Gain/(Loss)	-	-

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

	2021 R	2020 R	2019 R
Liabilities: (Gain)/Loss	319 000	643 920	496 410
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

Interest Rates

	2023	2022
Discount rate	11.48%	11.08%
General Salary Inflation (long-term)	6.94%	7.32%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.25%	3.50%

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

Normal Retirement Age

It has been assumed that in-service members will retire at age 62 (2022 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 20 June 2022.

Actuarial Valuation Method

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Performance are:

	2023 R	2022 R
Employee Related Cost - Current Service Cost	689 000	679 000
Finance Charges - Interest Cost	966 000	789 000
Actuarial Gain	(596 263)	(452 882)
Net amount charged to Statement of Financial Performance	1 058 737	1 015 118

Sensitivity Analysis - Liability at year-end

Assumption	Total liability R m	% change
Liability	9.484	
General salary inflation		
+ 1%	10.030	6%
- 1%	9.988	-5%
Discount rate		
+ 1%	8.973	-5%
- 1%	10.054	6%
Average retirement age		
+ 2 years	11.049	17%
- 2 years	8.055	-15%
Withdrawal rates		
x 200 %	7.886	-17%
x 50 %	10.585	12%

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

Assumption	Current Service			% change
	Cost R	Interest Cost R	Total Cost R	
Future Cost	681 000	1 020 000	1 701 000	
General salary inflation				
+ 1%	733 000	1 082 000	1 815 000	7%
- 1%	635 000	963 000	1 598 000	-6%
Discount rate				
+ 1%	640 000	1 045 000	1 685 000	-1%
- 1%	727 000	991 000	1 718 000	1%

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Assumption	Current Service	Interest Cost	Total Cost	% change
	Cost			
	R	R	R	
Average retirement age				
+ 2 years	769 000	1 198 000	1 967 000	16%
- 2 years	597 000	856 000	1 453 000	-15%
Withdrawal rates				
x 200 %	519 000	836 000	1 355 000	-20%
x 50 %	801 000	1 146 000	1 947 000	14%

17.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plan:

	2023	2022
	R	R
Consolidated Retirement Fund (former Cape Retirement Fund)	16 126 105	15 263 168
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 131.6%. (30 June 2021 - 133.0%)		
Total	16 126 105	15 263 168

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

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

Therefore, although the Consolidated Retirement Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

17 EMPLOYEE BENEFITS (CONTINUED)

Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2023	2022
	R	R
Municipal Councillors Pension Fund	82 351	96 535
SAMWU National Provident Fund	1 247 350	1 225 712
Total	1 329 701	1 322 247

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

18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites

	2023	2022
	R	R
	74 395 913	62 772 221

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

Opening Balance	62 772 221	58 864 683
Contribution during the year	11 623 693	3 907 537
Increase/(Decrease) in estimate	5 967 749	(649 798)
Interest Cost	5 655 944	4 557 335
Total balance at year-end	74 395 913	62 772 221
Less Current Portion	-	-
Total	74 395 913	62 772 221

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

Site	Expected Rehabilitation date		
Bredasdorp	Aug-64	4 964 195	5 420 325
Napier	Nov-24	29 218 120	25 603 993
Waenhuiskrans	Nov-24	5 715 593	4 465 847
Struisbaai	Nov-25	28 012 266	21 452 099
L'Agulhas	Nov-2024 (Site Closed)	6 376 977	5 719 140
Sub-Total		74 287 150	62 661 404
Post Monitoring and Inspection Cost		108 764	110 816
Total		74 395 913	62 772 221

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

18 NON-CURRENT PROVISIONS (CONTINUED)

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

Discount rates specific to the nature and timeframe of the provision is utilised to calculate the effect of time value of money. The discount rate used was stated at between 8.18% and 11.90% (2022 – 8.82% and 11.00%).

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

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

The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m²):

	2023	2022
Bredasdorp	82 932	78 813
Napier	40 810	40 810
Waenhuiskrans	5 782	4 500
Struisbaai	42 127	33 952
L'Agulhas	5 603	5 603

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

	2023	2022
Bredasdorp	650	577
Napier	749	667
Waenhuiskrans	1 034	1 055
Struisbaai	719	693
L'Agulhas	1 191	1 086

19 RESERVES

	2023 R	2022 R
Accumulated Surplus	451 068 802	441 173 404
Capital Replacement Reserve	39 500 000	39 500 000
Total	490 568 802	480 673 404

An amount of R 258 740 is ring-fenced in Accumulated Surplus for a Housing Asset Finance Reserve Fund. The funds originated from interest earned on the Rent-To-Own allocation received from the Department of Housing in the current year.

20 PROPERTY RATES

Total Property Rates	87 670 617	82 808 503
Less: Rebates	(827 454)	(1 902 632)
Total	86 843 163	80 905 871

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

20 PROPERTY RATES (CONTINUED)

Property rate levied are based on the following rateable valuations:

	2023 R	2022 R
Residential	7 226 278 200	6 975 978 200
Business & Commercial	701 761 100	682 151 100
Industrial	13 780 000	12 470 000
Public benefit Organizations	56 865 000	56 865 000
Public Service Infrastructure	4 041 000	4 040 000
State-owned	498 009 000	512 159 000
Agricultural	3 187 707 000	3 190 543 000
Municipal Property	262 865 950	255 044 950
Vacant Land	514 907 000	560 199 000
Other	134 658 100	118 184 100
Total Valuation	12 600 872 350	12 367 634 350

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

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

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act. A further R 185 000 (2022 - R 145 000) valuation exemption is applicable to registered indigents in terms of the policy criteria directive.

The following rates are applicable to the valuations above:

	2023	2022
Residential Developed	0.009053 c / R	0.008622 c / R
Residential Vacant	0.009182 c / R	0.008622 c / R
Business and Commercial	0.010104 c / R	0.009487 c / R
Industrial	0.010104 c / R	0.009487 c / R
Public Benefit Organisations	0.009053 c / R	0.008252 c / R
State Owned	0.010104 c / R	0.009487 c / R
Agricultural - Bona fide	0.002264 c / R	0.002156 c / R
Public Service Purpose	0.010104 c / R	0.009487 c / R
Public Service Infrastructure	0.002264 c / R	0.002156 c / R
Private Open Space	0.009053 c / R	0.008622 c / R
Private Road	0.009053 c / R	0.008622 c / R
Private Township Area	0.009053 c / R	0.008622 c / R
Protected Area	0.009053 c / R	0.008622 c / R
Multi Purpose - Agricultural	0.002264 c / R	0.002156 c / R
Multi Purpose - Residential	0.009053 c / R	0.008622 c / R
Multi Purpose - Business and Commercial	0.010104 c / R	0.009487 c / R
Multi Purpose - Creche	0.010104 c / R	0.009487 c / R
Illegal Usage	3.655890 c / R	3.481800 c / R

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

20 PROPERTY RATES (CONTINUED)

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

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

	2023 R	2022 R
21 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants - National Government	37 037 000	33 290 000
Equitable Share	37 037 000	33 290 000
Conditional Grants - National Government	26 993 914	27 108 241
Financial Management Grant (FMG)	1 550 000	1 550 000
Municipal Infrastructure Grant (MIG)	7 145 257	11 179 719
Water Services Infrastructure Grant (WSIG)	12 130 260	7 700 000
Skills Development Fund and SETA Bursaries	625 278	373 300
National Electrification Programme (INEP)	3 770 119	2 625 000
Energy Efficiency and Demand-side (EEDM)	-	1 383 222
Expanded Public Works Program (EPWP)	1 773 000	2 297 000
Conditional Grants - Provincial Government	11 249 946	12 987 980
Library Grant	7 394 985	6 821 015
Proclaimed Road Subsidy	95 000	-
Other Provincial Allocations	3 759 961	6 166 965
Total	75 280 860	73 386 220
Disclosed as:		
Government Grants and Subsidies - Capital	21 965 462	24 687 115
Government Grants and Subsidies - Operating	53 315 398	48 699 105
Total	75 280 860	73 386 220
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	37 037 000	33 290 000
Engineering Services	25 297 636	28 027 175
Executive and Council	2 294 239	2 006 731
Financial Services & ICT	2 027 300	2 210 000
Management Services	8 624 685	7 852 315
Total	75 280 860	73 386 220

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

The movements per grant can be summarised as follows:

	2023 R	2022 R
21.01 Equitable Share		
Grants Received	37 037 000	33 290 000
Transferred to Revenue - Operating	(37 037 000)	(33 290 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>

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.

	2023 R	2022 R
21.02 Equitable Share - Disaster Relief (COVID 19)		
Opening Unspent Balance	-	2 093 000
Funds Returned to National Treasury	-	(2 093 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>

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

	2023 R	2022 R
21.03 Financial Management Grant (FMG)		
Grants Received	1 550 000	1 550 000
Transferred to Revenue - Operating	(1 550 000)	(1 550 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>

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

	2023 R	2022 R
21.04 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	193 281	-
Grants Received	11 929 000	11 373 000
Transferred to Revenue - Capital	(5 694 615)	(9 227 016)
Transferred to Revenue - Operating	(1 450 642)	(1 952 702)
Funds Returned to National Treasury	(193 222)	-
Closing Unspent Balance	<u>4 783 802</u>	<u>193 281</u>

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2023 R	2022 R
21.05 Water Services Infrastructure Grant (WSIG)		
Opening Unspent Balance	-	7 700 000
Grants Received	12 500 000	7 700 000
Transferred to Revenue - Capital	(10 548 053)	(7 679 778)
Transferred to Revenue - Operating	(1 582 208)	(20 222)
Funds Returned to National Treasury	-	(7 700 000)
Closing Unspent Balance	369 740	-

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

	2023 R	2022 R
21.06 Skills Development Fund and SETA Bursaries		
Opening Unspent Balance	231 117	-
Grants Received	394 161	604 417
Transferred to Revenue - Operating	(625 278)	(373 300)
Closing Unspent Balance	-	231 117

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

	2023 R	2022 R
21.07 National Electrification Programme (INEP)		
Grants Received	4 348 000	2 625 000
Transferred to Revenue - Capital	(3 012 856)	(1 996 126)
Transferred to Revenue - Operating	(757 263)	(628 874)
Closing Unspent Balance	577 881	-

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

	2023 R	2022 R
21.08 Energy Efficiency and Demand-side (EEDM)		
Opening Unspent Balance	116 778	-
Grants Received	-	1 500 000
Transferred to Revenue - Capital	-	(1 202 801)
Transferred to Revenue - Operating	-	(180 420)
Funds Returned to National Treasury	(116 778)	-
Closing Unspent Balance	-	116 778

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

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

	2023 R	2022 R
21.09 Expanded Public Works Program (EPWP)		
Grants Received	1 773 000	2 297 000
Transferred to Revenue - Operating	(1 773 000)	(2 297 000)
Closing Unspent Balance	<u>-</u>	<u>-</u>

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

	2023 R	2022 R
21.10 Library Grant		
Opening Unspent Balance	241 985	-
Grants Received	7 153 000	7 063 000
Transferred to Revenue - Capital	(464 005)	(14 362)
Transferred to Revenue - Operating	(6 930 980)	(6 806 653)
Closing Unspent Balance	<u>-</u>	<u>241 985</u>

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

	2023 R	2022 R
21.11 Proclaimed Road Subsidy		
Grants Received	95 000	-
Transferred to Revenue - Operating	(95 000)	-
Closing Unspent Balance	<u>-</u>	<u>-</u>

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

	2023 R	2022 R
21.12 Other Provincial Allocations		
Opening Unspent Balance	608 961	3 296 026
Grants Received	3 151 000	3 706 000
Transferred to Revenue - Capital	(2 245 934)	(4 567 031)
Transferred to Revenue - Operating	(1 514 027)	(1 599 934)
Funds Returned to Provincial Treasury	-	(226 100)
Closing Unspent Balance	<u>-</u>	<u>608 961</u>

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Other Provincial Allocations includes grants such as the Community Development Workers (CDW), Provincial Finance Management Support Grant, Regional Socio-Economic Project Grants, Thusong Centre, LG Public Employment Grant, LG Capacity Grant, Municipal Energy Resilience Fund, DPLG - Smart Meter, Load Shedding (Coghta), Save House Contribution and Restructuring of Organogram and Performance

	2023 R	2022 R
21.13 Total Grants		
Opening Unspent Balance	1 392 123	13 089 026
Grants Received	79 930 161	71 708 417
Transferred to Revenue - Capital	(21 965 462)	(24 687 115)
Transferred to Revenue - Operating	(53 315 398)	(48 699 105)
Funds Returned to National Treasury	(310 000)	(9 793 000)
Funds Returned to Provincial Treasury	-	(226 100)
Closing Unspent Balance	5 731 423	1 392 123

22 PUBLIC CONTRIBUTIONS AND DONATIONS

Mayoral Golf Day	-	94 969
Overberg Agri	-	64 000
Overberg District Municipality	130 000	90 000
Total	130 000	248 969

Disclosed as:

Public Contributions and Donations - Capital	-	64 000
Public Contributions and Donations - Operating	130 000	184 969
Total	130 000	248 969

The movements per public contribution can be summarised as follows:

	2023 R	2022 R
22.01 Mayoral Golf Day		
Opening Unspent Balance	-	94 969
Transferred to Revenue - Operating	-	(94 969)
Closing Unspent Balance	-	-

The public contribution relates to Mayoral Charity Golf Days held in Bredasdorp during March every year from 2016 to 2020. The funds raised at these events have been be utilised to support Youth Development programmes in the municipal area.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

22 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)

	2023 R	2022 R
22.02 Overberg Agri		
Public Contributions during the year	-	64 000
Transferred to Revenue - Capital	-	(64 000)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

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

	2023 R	2022 R
22.03 Overberg District Municipality		
Public Contributions during the year	130 000	90 000
Transferred to Revenue - Operating	(130 000)	(90 000)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

This donation was received from the Overberg District Municipality as a contribution towards the safety forum and Maintenance of the Van Brakel Crossing Camera project.

	2023 R	2022 R
22.04 Total		
Opening Unspent Balance	-	94 969
Public Contributions during the year	130 000	154 000
Transferred to Revenue - Capital	-	(64 000)
Transferred to Revenue - Operating	(130 000)	(184 969)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>

23 CONTRIBUTED ASSETS

Alwil Development	-	301 066
	<u>-</u>	<u>301 066</u>
Total	<u>-</u>	<u>301 066</u>

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

	2023 R	2022 R
24 FINES		
Traffic Fines	2 728 861	2 027 925
Library Fines	5 324	4 745
	<u>2 734 185</u>	<u>2 032 670</u>
Total	<u>2 734 185</u>	<u>2 032 670</u>

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
25 ACTUARIAL GAINS		
Post Retirement Medical Benefits	4 264 522	2 001 985
Long Service Awards	596 263	452 882
Total	4 860 785	2 454 867
26 AVAILABILITY CHARGES		
Electricity Revenue	3 334 849	3 163 509
Water Revenue	2 396 615	2 444 778
Refuse Removal Revenue	3 707 256	3 683 244
Sewerage and Sanitation Revenue	2 843 714	2 775 416
Total	12 282 434	12 066 945
27 SERVICE CHARGES		
Electricity Revenue	136 780 403	142 687 487
Water Revenue	44 151 892	42 549 188
Refuse Removal Revenue	30 284 252	28 717 723
Sewerage and Sanitation Revenue	20 157 864	19 727 936
Total Revenue	231 374 410	233 682 333
Less: Rebates	(24 779 689)	(25 559 380)
Water Revenue	(11 663 465)	(10 992 707)
Refuse Removal Revenue	(7 698 544)	(8 440 094)
Sewerage and Sanitation Revenue	(5 417 681)	(6 126 579)
Total	206 594 720	208 122 954
<p>Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.</p>		
	2023 R	2022 R
28 RENTAL OF FACILITIES AND EQUIPMENT		
Halls and Offices	106 089	93 189
Properties	2 228 567	2 837 211
Resorts	7 124 041	6 244 386
Sports Grounds	10 687	9 248
Total	9 469 385	9 184 034
29 INTEREST EARNED - EXTERNAL INVESTMENTS		
Call and Notice Deposits	6 923 897	3 387 438
Current Accounts	2 551 202	1 395 730
Total	9 475 099	4 783 168

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
30 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	1 700 076	1 336 555
Interest Earned - Penalty Interest on Property Rates	601 207	585 127
Total	2 301 282	1 921 682
31 LICENCES AND PERMITS		
Roadworthy Certificates	78 641	51 046
Roadworthy Applications	301 394	259 108
Driver Licences	747 164	629 200
Business Licences	565	3 852
Total	1 127 764	943 207
32 AGENCY SERVICES		
Vehicle Licencing	1 845 502	1 720 254
Vehicle Registrations	828 752	750 184
Temporary and Special Licences	22 814	16 770
Duplicate Vehicle Registrations	87 682	136 495
Total	2 784 749	2 623 703

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

	2023 R	2022 R
Balance at the beginning of year	259 228	(4 411)
Revenue collected from third parties	17 519 323	17 106 631
Agency Fee Earned	(2 784 749)	(2 623 703)
VAT on Agency Fee Earned	(417 636)	(386 154)
Collections paid over to The Department	(14 430 477)	(13 833 134)
Collections payable to the Department at end of year	145 690	259 228

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
33 OTHER INCOME		
Commission Received	241 634	272 289
Clearance Certificates	169 347	209 862
Connections - Electricity	2 552 529	1 374 927
Connections - Water	1 803 031	1 547 984
Connections - Sewer	852 330	571 138
Town Planning Fees	554 206	550 343
Building Plan Fees	1 717 211	2 303 178
Forfeits	326 483	606 408
Garden Refuse Removal	13 659	14 350
Reduction in Rehabilitation Provision	1 052 365	1 139 475
IT Shared Services	315 720	-
Aministrative Revenue	727 000	-
Sundry Income	2 386 827	1 391 532
Total	12 712 344	9 981 487
Disclosed as		
Revenue From Non-Exchange Transactions	1 378 849	1 745 883
Revenue From Exchange Transactions	11 333 495	8 235 604
Total	12 712 344	9 981 487

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

	2023 R	2022 R
34 GAINS ON DISPOSAL OF PROPERTIES AND MOVABLE ASSETS		
Investment Property, Land and Movable Assets	6 361 038	13 069 995
Total	6 361 038	13 069 995

The gains on the disposal of properties mainly have reference to 23 (2022 - 7) properties sold in the municipal area at pre-determine market value. These disposals are aligned with the municipality's Long-Term Financial Plan strategy. Assets disposed of at movable auction is also included.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
35 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	112 149 643	108 151 523
Pension and UIF Contributions	17 727 644	17 061 834
Medical Aid Contributions	5 889 048	5 663 324
Performance Bonus	404 268	735 898
Overtime	6 408 357	5 174 711
Motor Vehicle Allowance	7 472 579	6 950 986
Cellphone Allowance	502 489	531 514
Housing Allowances	823 130	810 809
Acting Allowance	1 090 787	535 810
Other benefits and allowances	7 009 722	7 274 401
Workmens Compensation Contributions	773 993	741 048
Payments in lieu of leave	1 822 544	563 172
Long service awards	689 000	679 000
Post Retirement Medical Benefits	1 514 000	1 529 000
Total	164 277 204	156 403 030

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

Remuneration of Key Personnel

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

Remuneration of the Municipal Manager - E Phillips (1/10/2022 to one year after municipal elections)

	2023 R	2022 R
Basic Salary	934 244	817 255
Pension and UIF Contributions	154 303	141 295
Medical Aid Contributions	48 696	48 132
Performance Bonus	102 735	106 540
Rural Allowance	87 688	79 905
Motor Vehicle Allowance	119 168	119 159
Cellphone Allowance	18 000	18 000
Payments in lieu of leave	119 193	-
Other benefits and allowances	20 340	20 464
Total	1 604 368	1 350 750

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

35 EMPLOYEE RELATED COSTS (CONTINUED)

Remuneration of the Community Services Manager - H Krohn (01/07/2019 to 31/03/2023)

	2023	2022
	R	R
Basic Salary	607 715	765 967
Pension and UIF Contributions	1 594	2 125
Performance Bonus	42 315	118 483
Rural Allowance	45 690	59 241
Motor Vehicle Allowance	45 000	60 000
Cellphone Allowance	12 150	16 200
Other benefits and allowances	20 430	20 340
Total	774 894	1 042 357

Remuneration of the Civil Engineering Services Manager - H Krohn (Permanent as from 01/04/2023)

	2023	2022
	R	R
Basic Salary	265 394	-
UIF Contributions	531	-
Rural Allowance	19 628	-
Motor Vehicle Allowance	15 000	-
Cellphone Allowance	4 050	-
Total	304 603	-

Remuneration of the Civil Engineering Services Manager - AA Jacobs (20/06/2018 to 30/09/2022)

	2023	2022
	R	R
Basic Salary	236 774	930 567
Pension and UIF Contributions	708	2 125
Performance Bonus	133 127	133 127
Rural Allowance	17 639	66 563
Cellphone Allowance	4 050	16 200
Other benefits and allowances	20 340	20 340
Payments in lieu of leave	195 108	-
Total	607 746	1 168 923

Remuneration of the Chief Financial Officer - PJ Van Biljon (01/08/2022 to 31/07/2027)

Basic Salary	1 266 244	1 236 323
Pension and UIF Contributions	2 125	2 125
Medical Aid Contributions	54 288	51 894
Performance Bonus	194 921	190 166
Motor Vehicle Allowance	120 000	120 000
Cellphone Allowance	14 400	14 400
Payments in lieu of leave	275 103	-
Other benefits and allowances	40 670	35 632
Total	1 967 751	1 650 541

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
36 REMUNERATION OF COUNCILLORS		
Councillor Allowance	3 352 540	3 374 253
Cellphone Allowance	438 274	439 257
Motor Vehicle Allowance	1 257 022	1 273 809
Pension Contributions	529 206	514 985
Medical Aid Contributions	-	3 032
Total	5 577 042	5 605 337

In-kind Benefits

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

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

		2023 R	2022 R
Remuneration per Councillor			
Executive Mayor	P J Swart	927 485	907 590
Executive Deputy Mayor	R Ross	750 149	471 496
Speaker	G D Burger	750 149	495 908
Councillor - Mayoral Committee	K E Donald	705 815	525 252
Councillor - Mayoral Committee	G Olwage	266 645	440 835
Councillor - Mayoral Committee	A Eksteen	248 382	-
Councillor - Part time	J G A Niewoudt	321 403	474 610
Councillor - Part time	D Jantjies	321 403	321 351
Councillor - Part time	R Louw	321 403	208 058
Councillor - Part time	J Marthinus	321 403	208 502
Councillor - Part time	M Matthysen	321 403	208 502
Councillor - Part time	R Mokotwana	321 403	208 526
Outgoing Councillors on 8 November 2021			
Executive Deputy Mayor	Z Tonisi	-	268 056
Councillor - Mayoral Committee	M October	-	249 470
Councillor - Mayoral Committee	E Sauls	-	249 470
Councillor - Part time	C J Jacobs	-	113 692
Councillor - Part time	E C Marthinus	-	113 924
Councillor - Part time	R J Baker	-	113 692
Other Changes to Councillors			
Councillor - Part time	D J Europa	-	26 403
Total		5 577 042	5 605 337

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

36 REMUNERATION OF COUNCILLORS (CONTINUED)

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

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

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

Councillor G Olwage was suspended from the Democratic Alliance party in November 2022 and been replaced by Dr A Eksteen who has won the by-election in February 2023.

	2023 R	2022 R
37 DEBT IMPAIRMENT		
Receivables from exchange transactions	15 023 611	6 167 675
Receivables from non-exchange transactions	2 954 173	345 774
Long Term Receivables	(963 187)	1 798 626
Total Debt Impairment	17 014 598	8 312 075
Movement in VAT included in debt impairment	(743 557)	501 262
Total	16 271 040	8 813 336
38 DEPRECIATION AND AMORTISATION		
Investment Property	8 530	8 530
Property, Plant and Equipment	20 651 335	17 927 968
Intangible Assets	693 913	677 155
Total	21 353 777	18 613 653
39 IMPAIRMENTS		
Property, Plant and Equipment	153 523	897 091
Total	153 523	897 091
40 REPAIRS AND MAINTENANCE		
The Accounting Standards Board (ASB) issued a FAQ which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be classified by it's nature. Accordingly, the items classified to the following line items:		
	2023 R	2022 R
Employee Related Costs	52 105 039	49 005 125
Contracted Services	10 454 912	10 053 266
Other Expenditure	10 953 498	10 965 797
	73 513 448	70 024 188

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

40 REPAIRS AND MAINTENANCE (CONTINUED)

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

	2023	2022
	R	R
Furniture, Office Equipment and Tools	650 645	574 566
Buildings and Commonage	16 027 095	14 700 170
Computer Software	1 985 222	1 957 809
Vehicles	4 063 680	4 582 411
Infrastructure: Roads and Stormwater	12 400 322	11 896 895
Infrastructure: Electricity	11 010 700	11 094 195
Infrastructure: Sewerage	8 296 613	8 540 689
Infrastructure: Water	15 935 165	14 732 382
Infrastructure: Refuse	3 144 006	1 945 072
Total	73 513 448	70 024 188

41 FINANCE CHARGES

Finance Charges - Cash	7 298 254	4 083 211
Annuity Loans	7 298 254	4 083 211
Finance Charges - Non-Cash	11 179 944	9 075 335
Rehabilitation Provision - Landfill Sites	5 655 944	4 557 335
Post Retirement Medical Benefits	4 558 000	3 729 000
Long Service Awards	966 000	789 000
Total	18 478 198	13 158 546

42 BULK PURCHASES

Electricity	109 792 199	112 352 246
Water	301 704	245 486
Total	110 093 903	112 597 732

43 CONTRACTED SERVICES

Audit Committee	108 244	79 309
Clearing & Grass Cutting Services	-	39 288
Debt Collection Services	1 346 800	1 684 942
Employee Wellness	611	209 855
Fire Services	1 428 795	1 341 609
Information Technology Support	6 502 381	5 109 250
Legal fees	1 021 029	623 082
Maintenance Contractors	7 814 528	7 917 742
Professional Services	4 575 214	3 221 825
Property Valuation	1 271 180	333 782

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
43 CONTRACTED SERVICES (CONTINUED)		
Refuse Removal	2 225 974	2 921 950
Security Services	1 776 056	1 238 116
Traffic Fine Management	41 160	59 901
Total	28 111 971	24 780 651
44 TRANSFERS AND GRANTS		
Contribution - Elim Community	687 595	1 097 326
Contribution - Shipwreck Museum	63 304	71 304
Contribution - Overberg Radio	124 800	124 800
Contribution - Ons Huis	45 217	45 217
Contribution - Save House	119 718	91 043
Public Funded Grants	-	47 730
Social Support	59 936	51 759
Subsidy - Low Cost Housing	3 558	3 834
Total	1 104 128	1 533 015
45 OTHER EXPENDITURE		
Advertising	438 144	187 041
Audit fees	5 501 087	3 400 287
Bank Charges	1 719 248	1 808 943
Bursaries	341 226	486 584
Chemicals	4 780 927	4 572 282
Cleaning material	380 376	347 043
Cleaning services & washing	88 558	103 563
Commission Paid	1 066 343	1 087 289
Conferences & Seminars	14 178	35 554
Donations	129 850	135 192
Entertainment costs	39 012	94 970
Equipment Hire	848 880	978 493
Free Basic Electricity	593 582	474 148
Fuel Cost	10 535 460	4 908 894
Insurance	1 733 318	1 897 410
License fees	4 378	4 280
License fees - Vehicles	329 836	289 116
Life Guards (Beaches)	350 929	453 241
Maintenance Materials and Small Tools	6 664 033	6 093 491
Marketing	691 954	940 253
Oil & Lubricants	123 281	130 203
Postage	396 797	754 544
Printing & Stationery	662 835	628 328
Protective Clothing	833 706	810 296

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
45 OTHER EXPENDITURE (CONTINUED)		
Public Communication	93 617	178 462
Refreshments	121 118	122 398
Refuse Bags	361 113	154 880
Rental Paid	6 106 067	1 449 084
Service Charges	1 293 166	1 297 814
Service connections - new	309 697	201 188
Shared Services - Risk Management	-	69 347
Socio-Economic Development	272 946	258 513
Subscriptions - Organisations	1 630 725	1 544 655
Subsistence & Travel Allowances	874 978	618 312
Telephone costs	3 297 773	3 397 441
Training & Development - Staff	528 085	712 153
Training Levy	1 327 367	1 265 383
Tyres	624 127	266 779
Union Representative	37 074	38 818
Ward Committees	492 725	374 997
Other	2 142 915	2 007 069
Total	57 781 429	44 578 736
46 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR IN TERMS OF GRAP 3		
46.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Balance previously reported		52 012 421
Recognise pre-paid electricity receivable		270 115
Effect up to 30 June 2021 - Refer to note 46.06		279 768
Effect during 2021/2022 - Refer to note 46.07		(44 885)
Effect on Taxes - Refer to note 46.05		35 232
Outstanding receivable recovered from Councillor incorrectly allocated to Remuneration of Councillors - Refer to note 46.07		(28 616)
Restated Balance on 30 June 2022		52 253 920
46.02 PROPERTY PLANT AND EQUIPMENT		
Balance previously reported		517 268 775
Correction of Retentions on 30 June 2022 - Refer to note 46.03		(1 626 275)
Effect on Sewerage Infrastructure on 30 June 2021 (Borrowings)		(1 584 714)
Effect on Community Asset additions during 2021/2022 (Grants)		(41 561)
Correction of Depreciation during 2022/2023 on Sewerage Infrastructure - Refer to note 46.07		29 366
Restated Balance on 30 June 2022		515 671 866

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2022 R
46.03 PAYABLES FROM EXCHANGE TRANSACTIONS	
Balance previously reported	55 007 668
Correction of Retentions on 30 June 2022 - Refer to note 46.02	(1 626 275)
Sundry payable relating to dispute on Erf 599 incorrectly not released in years up to 30 June 2021 - Refer to note 46.06	(426 000)
Agency fee revenue incorrectly recognised up to 30 June 2022	(285 146)
Effect up to 30 June 2021 - Refer to note 46.06	(136 873)
Effect during 2021/2022 - Refer to note 46.07	(148 581)
Effect on taxes - Refer to note 46.05	309
Restated Balance on 30 June 2022	52 670 248
46.04 UNSPENT CONDITIONAL GOVERNMENT GRANTS	
Balance previously reported	1 350 562
Correction of revenue recognition on RSEP grant due to correction on retentions made - Refer to note 46.07	41 561
Allocation error between Provincial and National Grants	-
Effect on National Grants	(323 164)
Effect on Provincial Grants	323 164
Restated Balance on 30 June 2022	1 392 123
46.05 TAXES	
Balance previously reported	445 988
Recognise pre-paid electricity receivable - Refer to note 46.01	35 232
Agency fee revenue incorrectly recognised up to 30 June 2021 - Refer to note 46.03	(309)
Restated Balance on 30 June 2022	480 911
46.06 ACCUMULATED SURPLUS	
Balance previously reported	440 267 879
Corrections relating to 2022/2022 - Refer to note 46.07	62 884
Corrections up to 30 June 2021	
Recognise pre-paid electricity receivable - Refer to note 46.01	279 768
Sundry payable relating to dispute on Erf 599 incorrectly not released in years up to 30 June 2021 - Refer to note 46.03	426 000
Agency fee revenue incorrectly recognised up to 30 June 2021 - Refer to note 46.03	136 873
Restated Balance on 30 June 2022	441 173 404

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2022 R
46.07 STATEMENT OF FINANCIAL PERFORMANCE	
Surplus previously reported	33 434 540
Government Grants and Subsidies - Capital	(41 561)
Correction of revenue recognition on RSEP grant due to correction on retentions made - Refer to note 46.04	(41 561)
Service Charges	(44 885)
Recognise pre-paid electricity receivable - Refer to note 46.01	(44 885)
Agency Fees	148 581
Agency fee revenue incorrectly recognised up to 30 June 2021 - Refer to note 46.03	148 581
Remuneration of Councillors	(28 616)
Outstanding receivable recovered from Councillor incorrectly allocated to Remuneration of Councillors - Refer to note 46.01	(28 616)
Depreciation and Amortisation	29 366
Correction of Depreciation during 2022/2023 on Sewerage Infrastructure - Refer to note 46.02	29 366
Restated Surplus on 30 June 2022	33 497 425
46.08 CASH FLOW STATEMENT	
Other Revenue Previously Reported	18 577 330
Agency fee revenue incorrectly recognised up to 30 June 2022	148 272
Outstanding receivable recovered from Councillor incorrectly allocated to Remuneration of Councillors	28 616
Correction of Output Tax during 2021/2022	7 042
Account for movement on Accrued Interest	(97 898)
Restated Other Revenue on 30 June 2022	18 663 363
Interest Previously Reported	6 704 850
Account for movement on Accrued Interest	97 898
Restated Interest on 30 June 2022	6 802 748
Suppliers and Employees	(338 672 542)
Agency fee revenue incorrectly recognised up to 30 June 2022	(148 272)
Outstanding receivable recovered from Councillor incorrectly allocated to Remuneration of Councillors	(28 616)
Correction of Output Tax during 2021/2022	(7 042)
Restated Suppliers and Employees on 30 June 2022	(338 856 472)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

47	NET CASH FROM OPERATING ACTIVITIES	2023 R	2022 R
	Net Surplus for the year - Before adjustments below:	9 895 398	33 497 425
	Non-Cash Revenue	(12 274 188)	(16 965 403)
	Actuarial Gains	(4 860 785)	(2 454 867)
	Reduction in Landfill Site Provision	(1 052 365)	(1 139 475)
	Gains on Disposal of Properties	(6 361 038)	(13 069 995)
	Contributed Assets	-	(301 066)
	Non-Cash Expenditure	49 739 682	38 839 195
	Debt Impairment	17 014 598	8 312 075
	Depreciation and Amortisation	21 353 777	18 613 653
	Impairments	153 523	897 091
	Finance Charges	11 179 944	9 075 335
	Loss on disposal of PPE	37 840	1 941 041
	Contributions - Provisions and Employee Benefits	12 568 643	11 346 969
	Post Retirement Medical Benefits	1 514 000	1 529 000
	Long Service Awards	689 000	679 000
	Performance Bonuses	404 268	735 898
	Bonuses	8 138 830	7 839 899
	Staff Leave	1 822 544	563 172
	Expenditure - Provisions and Employee Benefits	(11 962 444)	(10 901 649)
	Post Retirement Medical Benefits	(1 527 478)	(1 296 015)
	Long Service Awards	(722 737)	(1 010 118)
	Performance Bonuses	(473 098)	(548 316)
	Bonuses	(7 838 752)	(7 666 067)
	Staff Leave	(1 400 379)	(381 133)
	Other adjustments	(18 552 819)	(17 740 649)
	Bad Debts Written Off	(11 221 124)	(15 739 724)
	Grants Returned to National Treasury	(310 000)	(9 793 000)
	Grants Returned to Provincial Treasury	-	(226 100)
	Movement on Operating Lease Asset	(46 635)	6 377
	Movement on Operating Lease Liability	(21 538)	13 939
	Movement in Arrangements	963 187	(1 798 626)
	Movement in Asset Sales Debtor	(7 916 709)	9 796 485
	Operating Surplus before changes in working capital	29 414 272	38 075 888
	Movement in working capital	21 637 629	(3 780 305)
	Receivables (Exchange and Non-Exchange)	2 583 119	(7 674 890)
	Inventory	(397 714)	(236 562)
	Payables from exchange transactions	13 542 052	4 633 066
	Unspent Conditional Government Grants	4 649 301	(1 677 803)
	Unspent Public Contributions	-	(94 969)
	Consumer Deposits	320 360	290 242
	Taxes	940 512	980 613
	Cash Flow from Operating Activities	51 051 901	34 295 583

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023	2022
	R	R
48 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	36 215 427	20 770 315
Call and Notice Deposits	82 615 050	102 615 050
Cash Floats	10 850	10 350
Total	118 841 327	123 395 715

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

49 BUDGET COMPARISONS

49.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of financial position

Cash and Cash Equivalents are consolidated in the statement of financial position, while Call and Notice Deposits are shown separately in the budget statement as Call Investment Deposits.

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

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

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

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

Statement of financial performance

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

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains and Insurance Receipts. Gains in the budget statement represents Gains on Disposal of Properties, while Government Grants and Subsidies are referred to as Transfers and Subsidies.

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49 BUDGET COMPARISONS (CONTINUED)

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

Other than the items identified above (relating to aggregations), the following actual results were also reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury classifications and principles:

	Statement of Financial Performance	due to mSCOA/NT versus GRAP classification	Per Budget Comparison
Revenue	R	R	R
Property Rates	86 843 163	1 040 021	87 883 184
Service Charges - Electricity Revenue	136 780 403	5 887 378	142 667 781
Service Charges - Water Revenue	32 488 427	4 201 874	36 690 301
Service Charges - Sanitation Revenue	14 740 183	3 722 171	18 462 354
Service Charges - Refuse Revenue	22 585 708	3 720 916	26 306 624
Rental Of Facilities and Equipment	9 469 385	(7 124 041)	2 345 343
Fines, penalties and forfeits	2 734 185	448 164	3 182 349
Licences and Permits	1 127 764	(1 124 003)	3 761
Agency Services	2 784 749	1 132 080	3 916 829
Transfers and Subsidies	53 315 398	8 025 353	61 340 751
Other Revenue (as aggregated)	30 163 209	(12 034 559)	18 128 651
Total affected by reclassifications	393 032 573	7 895 353	400 927 926
Expenditure			
Employee related costs	164 277 204	4 134 936	168 412 140
Finance Charges	18 478 198	(10 213 944)	8 264 254
Bulk Purchases	110 093 903	(301 704)	109 792 199
Inventory Consumed	-	33 538 207	33 538 207
Contracted Services	28 111 971	(1 597 457)	26 514 514
Transfers and subsidies	1 104 128	895 042	1 999 171
Other Expenditure (as aggregated)	57 781 429	(18 559 727)	39 221 701
Total affected by reclassifications	379 846 833	7 895 353	387 742 186

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49 BUDGET COMPARISONS (CONTINUED)

Availability Charges are separately disclosed in the Statement of Financial Performance, while budgeted for as part of the relevant service charge. Inventory Consumed and Other Expenditure are budgeted for separately, while aggregated for GRAP purposes. Finance Charges relating to Post Retirement Medical Benefits are budgeted as part of Employee Related Costs. Finance Charges relating to the Non-Current Provision are budgeted as part of other expenditure. Contracted Services are mainly affected by Software Licences disclosed as Other Expenditure in Statement of Financial Performance.

Cash Flow Statement

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

	Cash Flow Statement	Reclassification due to mSCOA/NT versus GRAP classification	Per Budget Comparison
	R	R	R
Receipts from Operating Activities			
Other Revenue	24 445 050	(320 360)	24 124 690
Transfers and Subsidies - Operational	53 414 781	16 900 129	70 314 910
Total affected by reclassifications	77 859 831	16 579 769	94 439 600
Payments from Operating Activities			
Suppliers and Employees	(350 428 482)	(16 900 129)	(367 328 611)
Total affected by reclassifications	(350 428 482)	(16 900 129)	(367 328 611)
Receipts from Financing Activities			
Increase in Consumer Deposits	-	320 360	320 360
Total affected by reclassifications	-	320 360	320 360

49.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Cash and Call Investments	Ongoing mSCOA data string improvement and budget alignment Budget aligned to the projected actual results forecast for 30 June 2023.
Consumer Debtors	mSCOA data string improvement and budget aligned based on the projected forecast results towards 30 June 2023 taking into account the projected debtor balances utilising the actual recovery rate.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49

BUDGET COMPARISONS (CONTINUED)

Other Receivables	mSCOA data string improvement and budget forecast alignment based on the projected results for 30 June 2023 on the assumptions of part or no payment with reference the asset sale debtors.
Property, Plant And Equipment	Capital budget downwards adjusted mainly as a result of the negative impact of the electricity loadshedding on the municipal cash resources and projects not committed nor started during January 2023 been moved to the outer year for implementation.
Borrowing (Current and Non-Current)	Budget aligned in terms of the higher anticipated finance charges as a result of the variable interest rate component applicable on some of the borrowing and the increased prime rate which trigger the higher finance charges.
Accumulated Surplus	Deviation mainly as a result of the operating surplus not pulling through correctly as per the mSCOA data string generation and budget alignment in terms of the projected results at year end 30 June 2023.

Statement of financial position - Budget versus Actual

Cash and Call Investments	The under performance on the cash levels mainly as a results the decrease in electricity sales, slight drop in the debtors collection rate and the selling of property not materialised as per the budget assumptions made.
Consumer Debtors	The current poor global economic circumstances with the inability to pay is one of the main reason as to why an increased in the provision for debt impairment 90 days and older as well as the municipality's ability to remain with a debt collection rate above 96%.
Other Receivables	The other receivables reflect less asset sales than provided in the budget forecast as well as the full payment and transfer of properties sold in the previous financial year which was not anticipated.
Property, Plant And Equipment	Insufficient allocation towards depreciation in budget combined with underspending of capital budget.
Trade and Other Payables	Variance mainly due to increased trade payables as a result of the late completion of capital projects not anticipated as per the budget implementation aligned with the capital procurement plan forecast.
Borrowing (Non-Current)	The deviation mainly due to additional borrowing anticipated but not materialised as per the medium term capital expenditure forecast due to the negative impact of electricity loadshedding and cut back on plan capital projects not already started by end of January 2023.
Accumulated Surplus	The negative performance is mainly due to a decrease in electricity sales as the biggest contributor towards the municipality's revenue base as a results of the devastating impact of the electricity loadshedding.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49 BUDGET COMPARISONS (CONTINUED)

Statement of financial performance - Budget Adjustments

Property Rates	The increase in Property Rates revenue mainly due to the increased in the supplementary valuation roll values for the financial year under review.
Service Charges - Electricity Revenue	The downward adjustment is based on projected revenue trends due to the negative impact electricity loadshedding with specific reference to the pre-paid sales category.
Transfers and Subsidies (Operational)	Budget adjustment been required aligned with the amended mid-year National & Provincial DoRA grant allocations.
Depreciation & Asset Impairment	Variance mainly the result of under budgeting aligned with actual trends and the increase in outstanding debtors more than 90 days and older.
Finance Charges	Budget adjustment required aligned to previous financial year actual performance and current projected expenditure trends.
Bulk Purchases - Electricity	Budget adjustment required based on reduced sales projection as a result of the negative impact of electricity loadshedding.
Inventory Consumed	Budget adjustment mainly relates to ongoing mSCOA improvements and repairs & maintenance reallocations to ensure expenses are reflected and budgeted for in line with its nature.
Contracted Services	Budget adjustment mainly relates to repairs & maintenance reallocations from other line items - inventory to ensure expenses are reflected and budgeted for in line with its nature.
Other Expenditure	The budget adjustment been forced base on projected expenditure trends with specific reference to the increase in the rental of equipment - generators and the increase in fuel as a result of the negative impact of electricity loadshedding.

Statement of financial performance - Budget versus Actual

Service Charges - Electricity Revenue	Despite the downward adjustment during the mid-year budget assessment the increase in the stages of electricity loadshedding had a devastated impact on the actual sales of pre-paid electricity.
Service Charges - Water Revenue	Conservative budget approach based on previous year water sales consumption with no expected increase in water distribution during the 2022/23 financial year.
Interest Earned - External Investments	Conservative budgeting and the maintenance of a positive cash balance on higher the anticipated cash levels as well as the increase in the prime interest rate had a positive impact on the actual results.
Transfers and Subsidies (Operational)	Unspent grants portion as well as the actual housing allocation been received but not recognised in the statement of performance although included as part of the revenue budgeted amount resulting in the variance identified.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49 BUDGET COMPARISONS (CONTINUED)

Other Revenue	The reduction in the rehabilitation of the landfill site cost as well as forfeit of retention fees and the recovery of IT shared services cost mainly resulted in the positive performance relating to other revenue.
Gains	Variance mainly of a result of all the assets budgeted for sale did not materialised during the financial under review.
Employee Related Costs	The employee related cost was downwards adjusted during the budget mid-year assessment but unforeseen increased cost such as overtime, payment of acting allowance and leave encashment was not anticipated in comparison of previous years expenditure trends to be used as the baseline.
Debt Impairment	Variance mainly the result of under budgeting aligned with actual trends and the increase in outstanding debtors more than 90 days and older.
Depreciation & Asset Impairment	Budget did not fully incorporate prior year actuals, taking into account the capital program of the municipality.
Inventory Consumed	Significant lower than expected spending on housing related expenditure.
Transfers and subsidies - Capital	The variance mainly as a result of the unspent capital grants funded projects - MIG, INEP and WSIG

Cash Flow Statement - Budget Adjustments

Property Rates	The increase in Property Rates revenue mainly due to the increased in the supplementary valuation roll values for the financial year under review.
Service Charges	Under performance mainly as a result of less electricity distributed due to increased loadshedding experienced during the financial year under review.
Transfers and Subsidies - Operational	Budget incorrectly not aligned to expected receipts per National and Provincial DoRA grant allocations.
Transfers and Subsidies - Capital	Budget adjustment been required aligned with the amended mid-year National & Provincial DoRA grant allocations.
Suppliers and Employees	Increase to account for additional expenditure allocated in operating budget.
Finance Charges	The municipality incorrectly did not budget for this item.
Transfers and Grants	The municipality incorrectly budgeted for this item as an inflow of cash.
Proceeds on Disposal of PPE	The municipality incorrectly budgeted for this item as an outflow of cash.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

49

BUDGET COMPARISONS (CONTINUED)

Repayment of Borrowing	The municipality incorrectly budgeted for Non-Current Receivables inflow on this line instead of the repayment of borrowing.
Cash Opening and Closing Balance	Align opening balance of cash to audited results. For closing balance, refer to reasons provided above.

Cash Flow Statement - Budget versus Actual

Service Charges	Figure negatively impacted by Electricity Sales as well as lower than expected recovery rate of debtors.
Transfers and Subsidies - Operational	Budget significantly understated due to it not being aligned to expected receipts per National and Provincial DoRA grant allocations.
Interest	Budget did not fully incorporate interest rate increases during the year.
Suppliers and Employees	Variance mainly due to underspending on housing related expenditure, combined with items incorrectly not budgeted for as finance charges and transfers and grants.
Finance Charges	The municipality incorrectly did not allocated a budget towards this line in the budget.
Transfers and Grants	The municipality incorrectly budgeted for this line as an inflow of cash.
Proceeds on disposal of PPE	The municipality incorrectly budgeted for this line as an outflow of cash.
Capital Assets	Underspending mainly linked to grants not fully spent on 30 June 2023.
Borrowing long term/refinancing	The deviation mainly due to additional borrowing anticipated but not materialised as per the medium term capital expenditure forecast due to the negative impact of electricity loadshedding and cut back on plan capital projects not already started by end of January 2023.
Repayment of borrowing	The municipality incorrectly budgeted for Non-Current Receivables inflow on this line instead of the repayment of borrowing.
Cash (Closing Balance)	Refer to reasons above

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

50.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

	2023 R	2022 R
Opening balance	2 664 707	7 635 586
Unauthorised expenditure current year - operating	8 554 299	2 478 226
Unauthorised expenditure current year - capital	-	186 480
Approved by Council	-	(7 635 586)
Unauthorised expenditure awaiting approval	11 219 006	2 664 707

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Both the 2021/22 and the 2022/23 financial year's unauthorised expenditure was submitted to council for consideration on 31 August 2023.

	2023 (Actual) R	2023 (Final Budget) R	2023 (Unauthorised) R
Unauthorised expenditure - Operating			
Engineering Services	247 633 055	240 494 700	7 138 355
Executive and Council	39 313 504	39 816 410	-
Financial Services & ICT	77 654 099	76 238 154	1 415 945
Management Services	58 639 398	78 013 967	-
Total	423 240 056	434 563 231	8 554 299

Unauthorised expenditure - Capital

Engineering Services	58 167 978	61 236 246	-
Executive and Council	1 299 946	1 416 970	-
Financial Services & ICT	1 568 152	1 568 667	-
Management Services	3 102 621	3 140 010	-
Total	64 138 698	67 361 893	-

The unauthorised operating expenditure have reference to non-cash items such as employee related cost - leave provision, debt impairment, depreciation and loss on the disposal of PPE.

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2023 R	2022 R
Details of Irregular expenditure incurred :		
Non-compliance because legislated and prescribed SCM processes were not followed in the procurement process	526 323	-
Non-compliance because the business status of Denel on the Central Supplier Database (CSD) status reflected non-complaint	-	76 590
Non-compliance - Donations made in contradiction with the prescribed legislative requirement with reference to sec 67 of MFMA	-	101 000
Non-compliance with PPPFA and the regulations of PPR 2022	2 419 383	-
Total	2 945 706	177 590

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

The following expenditure is subject to an investigation to ensure that the correct SCM processes were followed during the appointment of a panel of service providers versus the more traditional SCM appointment processes (Non-Compliance relating to PPR 6.8):

	2022 R
Expenditure Incurred - Previously reported	9 481 429
Restatement due to outcome of assessment	(9 481 429)
Expenditure Incurred - Restated	-

The matter has been referred to the Provincial Treasury's SCM unit for an independent assessment and further discussion with the office of the Auditor General. Based on the outcome of the assessment report, the irregular expenditure matter was resolved and no irregular expenditure needs to be disclosed relating to PPR 6.8.

The irregular expenditure incurred during the 2022/23 financial was submitted to council for consideration on 31 August 2023.

50.4 MATERIAL LOSSES

	2023	2022
Electricity distribution losses		
- Units purchased (Kwh)	62 770 111	72 889 166
- Units lost during distribution (Kwh)	4 152 849	4 674 940
- Percentage lost during distribution	6.62%	6.41%
- Rand Value of Loss	4 858 834	5 048 935

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2023	2022
Water distribution losses		
- Kilo litres purified	2 459 800	2 346 561
- Kilo litres lost during distribution	484 188	406 014
- Percentage lost during distribution	19.68%	17.30%
- Rand Value of Loss	2 149 794	1 721 499

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2023 R	2022 R
51.01 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	(1 595 960)	(1 465 629)
Expenditure incurred	1 595 960	1 465 629
Payments	(1 687 864)	(1 595 960)
Payments in advance	(1 687 864)	(1 595 960)
51.02 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	5 501 087	3 400 287
External Audit - Auditor-General	5 501 087	3 400 287
Payments	(5 501 087)	(3 400 287)
Outstanding Balance	-	-
51.03 VAT [MFMA 125 (1)(c)]		
Opening balance	789 252	249 387
Amounts received during the year	(2 959 538)	(1 670 498)
Amounts paid during the year	2 026 750	5 442 443
Output VAT Payable	(36 461 649)	(34 958 935)
Input VAT Claimable	35 220 018	31 726 854
Outstanding Balance	(1 385 167)	789 252
Vat in suspense due to cash basis of accounting	(36 255)	(1 270 163)

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2023 R	2022 R
51.04 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	25 927 831	24 389 534
Payments	(23 912 854)	(24 389 534)
Outstanding Balance (Paid on 5 July 2023)	2 014 977	-

51.05 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	39 076 949	37 069 533
Payments	(39 076 949)	(37 069 533)
Outstanding Balance	-	-

51.06 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

The following Councillor were in arrears for more than 90 days during the relevant financial year:

		2023 R	2022 R
Councillor MR Mokotwane	Oct - Dec 2021	-	2 396
Councillor M Mathysen	Dec - Febr 2022	-	1 718
Councillor M Mathysen	Mar - May 2022	-	2 591
Councillor K Donald	Apr - Jun 2022	-	6 298
Councillor K Donald	May - Jul 2022	1 884	
Councillor K Donald	Jul - Sept 2022	2 072	-
Councillor A Eksteen	Mar - May 2023	378	-

51.07 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

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

	2023 R	2022 R
Emergency (SCM 36 (1) (a) (i)):		
Less than R 30 000	-	6 607
Between R 30 000 and R 200 000	63 327	-
Above R200 000	5 485 791	-
Total	5 549 118	6 607

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

	2023 R	2022 R
Sole Provider (SCM 36 (1) (a) (ii)):		
Less than R 30 000	60 120	50 622
Between R 30 000 and R 200 000	110 400	180 780
Total	170 520	231 402
Impractical or Impossible (SCM 36 (1) (a) (v)):		
Less than R 30 000	216 753	186 387
Between R 30 000 and R 200 000	296 365	267 576
Above R200 000	208 876	-
Total	721 994	453 964
Total Deviations		
Less than R 30 000	276 873	243 616
Between R 30 000 and R 200 000	470 092	448 356
Above R200 000	5 694 666	-
Total	6 441 632	691 973

The prior year incorrectly excluded deviations (Impractical or Impossible (SCM 36 (1) (a) (v)) - Less than R 30 000) amounting to R 36 658.)

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

None

51.09 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality did not engage with any employees in service of the state (SCM 44).

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

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

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

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

<u>Name (State institution)</u>	<u>Supplier name</u>	2023 R	2022 R
TL Du Toit (Department of Health)	Cape Agulhas Civils	3 601 829	6 408 684
N Eksteen (Shareholder in Premium Computers & Stationers and in service of Denel)	Canfred Computers T/A Premium Computers & Stationers	246	15 675
V Zeeman (Spouse of owner is employed by Overberg District Municipality)	DC Zeeman t/a Aluminium Design	39 769	-
Yazeed Daniels - Spouse of Director Finance & Records Officer at the WCED	Alveo Water (Pty) Ltd	5 235 016	-
Ms Litzie Saaiman the spouse of Manager Bart Saaiman is in service of the WCED.	Mubesko Africa (Pty) Ltd	281 733	421 383
Nadira Andhee wife of Ujush Andhee (Director) is employed as an Educator in KZN.	Piston Power Chemicals CC	90 970	125 520
Eugene Hlongwane spouse is a Manager at the City of Cape Town	TSCH International Holdings (PTY) LTD	21 114	113 302
AN Sesele (Spouse) employed at the Department of Education in the Free State with reference to tenders SCM 23/2021/22, SCM 26/2021/22 & SCM 10/2022/23	Lucem Group (Pty) Ltd	2 288 739	362 785
J.N. Du Toit (Spouse) is an Inspector for drivers licences at the City of Cape Town, Traffic Services	Kemanzi (PTY) LTD	498 800	616 389
Philda Schoeman - Spouse employed at Department of Social Development	Gamma's Transport	8 825	-
Total		12 067 040	8 063 737

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

	2023 R	2022 R
52 CAPITAL COMMITMENTS		
Commitments in respect of Capital Expenditure:	4 518 476	-
Approved and contracted for:		
Construction of a Solid Waste Drop-off Facility and associated works - Bredasdorp	4 518 476	-
Total	4 518 476	-
This expenditure will be financed from:		
Government Grants	4 518 476	-
Total	4 518 476	-

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

53 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

53.1 Credit Risk

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

	2023 R	2022 R
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	118 830 477	123 385 365
Receivables from exchange transactions	41 241 774	50 657 960
Receivables from non-exchange transactions	2 312 015	2 145 191
Current Portion of Long-term Receivables	4 359	3 366
Long-Term Receivables	136 102	145 525
Total	162 524 726	176 337 407

The prior year incorrectly included Payments in Advance amounting to R 1 595 960 (Receivables from Exchange Transactions. Payments in Advance is not an financial instrument and not exposed to credit risk.

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

Cash and Cash Equivalents

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

There are no restrictions on the cash deposits held, no cash were pledged as security and no collateral is held for any cash and cash equivalents, other than Guarantees in favour of the following third parties - Post Office - R 50 000 (2022 - R 50 000)

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

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

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

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

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

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

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

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

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

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

	2023	2022
	R	R
Electricity	3 431 232	2 451 276
Water	2 215 050	2 675 266
Refuse	1 590 197	1 940 731
Sewerage	1 241 770	1 505 903
Other Services	2 168 109	2 176 211
Availability Charges	920 638	744 258
Total	11 566 996	11 493 645

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2023	2022
	R	R
These receivables can be aged as follows:		
1 Month Past due	6 626 848	3 332 714
2 Months Past due	1 879 296	5 542 493
3 Months Past due	1 396 660	1 406 956
> 3 Months Past due	1 664 191	1 211 482
Total	11 566 996	11 493 645

Long Term Receivables (including current portion)

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

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

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

53.2 Currency risk (Market Risk)

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

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

53.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

	2023	2022
	R	R
Cash and Cash Equivalents (Excluding Cash on Hand)	118 830 477	123 385 365
Long-term Liabilities (Including Current Portion)	(69 612 972)	(81 588 895)
Net balance exposed	49 217 505	41 796 470

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

	2023	2022
	R	R
0.5% (2022 - 0.5%) increase in interest rates	246 088	208 982
0.5% (2022 - 0.5%) decrease in interest rates	(246 088)	(208 982)

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

53 FINANCIAL RISK MANAGEMENT (CONTINUED)

53.4 Liquidity risk

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

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

The following balances are exposed to liquidity risk:

30 JUNE 2023	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	18 698 176	53 206 442	27 156 619
Payables from exchange transactions	59 814 914	-	-
Total	78 513 091	53 206 442	27 156 619

30 JUNE 2022	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	18 089 154	56 498 826	33 350 529
Payables from exchange transactions	48 630 643	-	-
Total	66 719 797	56 498 826	33 350 529

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

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

53.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

54 FINANCIAL INSTRUMENTS

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

	2023	2022
	R	R
<u>Financial Assets</u>		
Cash and Cash Equivalents	118 841 327	123 395 715
Receivables from exchange transactions	41 241 774	50 657 960
Receivables from non-exchange transactions	2 312 015	2 145 191
Current Portion of Long-term Receivables	4 359	3 366
Long-Term Receivables	136 102	145 525
Total	162 535 576	176 347 757

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

54 FINANCIAL INSTRUMENTS (CONTINUED)

	2023 R	2022 R
<u>Financial Liabilities</u>		
Current Portion of Long-term Liabilities	11 661 619	12 047 044
Payables from exchange transactions	59 814 914	48 630 643
Long-term Liabilities	57 951 353	69 541 851
Total	129 427 887	130 219 538

55 STATUTORY RECEIVABLES

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

	2023 R	2022 R
Receivables from Non-Exchange Transactions		
Rates	7 760 598	8 124 468
Fines	600 430	418 881
Total	8 361 028	8 543 349
Taxes		
VAT Receivable from SARS (VAT Control)	-	789 252
Total	-	789 252

VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

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

	2023 R	2022 R
Rates Receivable past due and impaired	5 571 093	5 193 297
Rates Receivable past due not impaired	3 270 324	3 606 427

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

56 EVENTS AFTER REPORTING DATE

The Minister for local government in terms of section 7 of the Remuneration of Public Office Bearers Act, 1998 is responsible to determine the upper limits of salaries of different members of Municipal Councils by notice in the gazette after consultation with the Member of Executive Councils (MECs) responsible for local government in each province and after, inter alia, taking into consideration the recommendations of the Commission.

The determination of the upper limits of salaries, allowances and benefits of the different members of municipal councils has been gazetted after the financial year (2022/23) reporting date per Government Notice No. 3807 in Government Gazette No. 49142, dated 18 August 2023 and still subject to the submission to council for consideration with reference to the annual total remuneration package of various categories of full-time and part-time councillors. The council meeting is scheduled to take place 31 August 2023 to consider the increase of councillor remuneration with effect 1 July 2022.

Further, before implementation, it is necessary for a council to consult with the MECs responsible for Local Government in the Province, motivating the affordability and demonstrating that the liability has been budgeted for in respect of the appropriate financial year (2022/23) applicable.

57 IN-KIND DONATIONS AND ASSISTANCE

57.1 Refer to notes 22 and 23 for more detail regarding to public contributions and other assistance/donated assets received.

57.2 The Development Bank of Southern Africa (DBSA) has partnered with the Municipality to assist with the assessment, development, and implementation of the Asset Care Project for water, sanitation, and electricity. The implementation of the Asset Care Project will assist the Municipality to improve infrastructure asset performance and reliability, reduce outages to acceptable levels, reduce water and electricity losses, improve water and wastewater treatment quality, improve the electricity quality of supply and protection, minimize the total cost of ownership (TCO), and thereby ensure sustainable services. The Programme involves achieving the appropriate balance between preventative and reactive maintenance and between asset creation and renewal through effective asset and organisational practices that make up the value chain. The Programme also includes transaction support to identify financing options for asset renewal related infrastructure projects that yields a return on investment and reduces long term infrastructure costs. By catching up with the renewal backlogs, the Municipality will move onto a more financially sustainable trajectory. Zutari has been awarded the (DBSA) project as the Professional Service Provider (PSP) for the Asset Care project: Phase 1: Maturity Assessments and Development of Execution Plans for six Municipalities of which Cape Agulhas Local Municipality (CAM) also be part and benefited during the 2021/22 financial year to the project cost value of R1,115,500. No benefits received in the 2022/23 financial year.

58 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

59 CONTINGENT LIABILITIES

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

59.1 Guarantees in favour of the following third parties - Post Office - R 50 000 (2022 - R 50 000)

59.2 The SARS ruling whether the Library Services grant should be subject to VAT for goods and services rendered on behalf of the Department of Arts, Culture, Sport and Recreation is still awaiting. The Output VAT liability is estimated to be R 4 368 521 (2022 - R 3 435 522) (taking into account retrospective application of 5 years) should it be decided as a taxable grant allocation. The estimate excludes penalties and interest that could potentially be levied by SARS.

59.3 The remuneration of Municipal Managers and Senior Managers accountable to the Municipal Manager been regulated in terms of section 35 of the Local Government Regulations on the Appointment and Conditions of Employment of Senior Managers within the local government whereby the responsible Minister must by notice in the Gazette annually determine the upper limit of the total remuneration package of senior managers according to the different categories of municipalities.

Based on "Government Notice No. 3541 in Government Gazette No. 48789, dated 14 June 2023 the calculation directive prescribed to determine the remuneration categorisation of the Cape Agulhas municipality appears to change from a category 2 municipality to a category 3 municipality. If the categorisation of the municipality is higher than the categorisation for the previous financial, the municipality must apply in writing to the Minister of Co-Operate Governance and Transitional Affairs to obtain approval, after consultation with the MEC for local government in the province. Notwithstanding the afore mentioned the Minister must first confirm the actual values and points scored by the municipality, determine the sustainability of the driving factors that led to the higher categorisation of the municipality and the affordability of the higher categorisation taking into consideration several key financial ratio calculations and / or other risks as may be identified.

An item was submitted to Council on 30 June 2023 which in principle support the implementation of the higher categorization of the municipality as determined in terms government notice dealing with the upper limits of total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Manager, subject to approval by the Minister of Co-Operate Governance and Transitional Affairs, after consultation with the MEC for local government in the province.

The additional cost is estimated at R350 000 per annum if remunerated at the higher category 3 level municipality.

60 B-BBEE PERFORMANCE

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

61 RELATED PARTIES

Related parties are defined in note 1.35

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

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

Remuneration of related parties are disclosed in notes 35 and 36

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

61 RELATED PARTIES

The Cape Agulhas Municipality was a holding entity and had a 100% shareholding in the Southernmost Development Agency (SOC) LTD. As the parent entity of the Agency, the municipality resolved during the 2012/13 financial year to de-register the company. Due to the ongoing de-registration process since 2012/13 no consolidated financial statements are prepared for the financial year under review. The de-registration process was finalised during 2022/23.

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

<u>Entity</u>	<u>Employee</u>	2023 R	2022 R
Adonai Funeral Home (Brother of D Fredericks)	D Fredericks	60 000	50 000
C M Hopley (DJ AT Cape Agulhas Community Market Day - LED Office Aug 2022)	Urlene Jantjies & Nathan Arends	8 150	-
Shoprite Checkers - Bredasdorp (Refreshments)	E Zieff	95 947	85 324
Enid Benetha Marie Atkins (Catering)	T Atkins	17 337	13 133
Franklin Alexander (Transport)	F Alexander	3 600	7 160
Johanna Emma Phillips T/A Embroidery-N-More	E Behr	-	4 750
JP van Zyl - Bulk Water Purchases - Sandrifdam	W van Zyl	87 920	-
E Daniels - Various tiling work performed	Priscilla Jakobs	79 170	-
Total		352 124	160 367

62 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

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

The Municipality did not incur expenditure directly linked to the fight against the COVID-19 pandemic during 2021/2022. No expenditure was incurred during 2022/2023 relating to COVID-19 pandemic,

63 NON-LIVING RESOURCES

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

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

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

64 SEGMENT REPORTING

64.1 General information

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

The Municipality has 45 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Socio Economic Development, Housing, Cemeteries and Libraries
3	Tourism, Parks and Resorts	Tourism, Parks, Sport Facilities, Beaches and Holiday Resorts
4	Public and Environmental Safety	Traffic control, Law Enforcement and Environmental control
5	Town Planning and Building Control	Town planning and building control
6	Streets and Stormwater	Construction and maintenance of roads and storm water
7	Electricity Services	Electricity services
8	Water Services	Water services
9	Sewerage Services	Sewerage services
10	Refuse Removal Services	Refuse removal

64.2 Reporting on segment assets and liabilities

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

64.3 Geographic Segment Reporting

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

64.4 Measurement of specific segment information

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

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

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

64 SEGMENT REPORTING (CONTINUED)

30 JUNE 2023	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
REVENUE											
External Revenue from Non-Exchange Transactions	141 348 874	8 020 209	400 000	3 008 661	-	-	8 079 967	15 226 875	2 843 714	4 759 622	183 687 922
Property Rates	86 843 163	-	-	-	-	-	-	-	-	-	86 843 163
Government Grants and Subsidies - Capital	6 744 244	610 310	-	-	-	-	3 362 856	11 248 053	-	-	21 965 462
Government Grants and Subsidies - Operating	42 336 552	7 404 575	400 000	209 800	-	-	1 382 263	1 582 208	-	-	53 315 398
Public Contributions and Donations - Operating	60 000	-	-	70 000	-	-	-	-	-	-	130 000
Fines	-	5 324	-	2 728 861	-	-	-	-	-	-	2 734 185
Actuarial Gains	4 860 785	-	-	-	-	-	-	-	-	-	4 860 785
Third Party - Insurance Receipts	177 647	-	-	-	-	-	-	-	-	-	177 647
Availability Charges	-	-	-	-	-	-	3 334 849	2 396 615	2 843 714	3 707 256	12 282 434
Other Income	326 483	-	-	-	-	-	-	-	-	1 052 365	1 378 849
External Revenue from Exchange Transactions	16 669 938	933 516	7 175 926	3 920 025	2 290 980	-	139 494 329	34 297 947	15 704 466	22 599 367	243 086 494
Service Charges	-	-	-	-	-	-	136 780 403	32 488 427	14 740 183	22 585 708	206 594 720
Rental of Facilities and Equipment	2 284 092	50 564	7 134 728	-	-	-	-	-	-	-	9 469 385
Interest Earned - External Investments	9 475 099	-	-	-	-	-	-	-	-	-	9 475 099
Interest Earned - Outstanding Debtors	2 301 282	-	-	-	-	-	-	-	-	-	2 301 282
Licences and Permits	-	-	-	1 127 199	565	-	-	-	-	-	1 127 764
Agency Services	-	-	-	2 784 749	-	-	-	-	-	-	2 784 749
Other Income	2 609 464	882 952	41 198	8 077	2 290 415	-	2 713 926	1 809 520	964 283	13 659	11 333 495
Gains on Disposal of Properties	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	158 018 812	8 953 726	7 575 926	6 928 685	2 290 980	-	147 574 296	49 524 822	18 548 180	27 358 989	426 774 416
EXPENDITURE	130 687 388	14 840 834	19 261 050	17 993 154	7 137 236	20 503 870	136 922 599	29 703 782	15 476 277	30 713 865	423 240 056
Employee Related Costs	61 560 786	13 232 730	15 715 622	12 877 235	5 999 817	11 438 303	10 409 602	14 355 216	7 425 594	11 262 300	164 277 204
Remuneration of Councillors	5 577 042	-	-	-	-	-	-	-	-	-	5 577 042
Debt Impairment	3 061 423	-	-	1 907 501	-	-	1 495 569	4 019 730	2 527 593	3 259 224	16 271 040
Depreciation and Amortisation	6 461 148	-	-	-	-	5 049 738	2 433 340	1 637 436	2 552 155	3 219 960	21 353 777
Impairments	-	-	-	-	-	-	-	-	-	153 523	153 523
Finance Charges	9 403 298	26 879	273 072	43 890	-	1 359 946	882 885	384 772	262 592	5 840 864	18 478 198
Bulk Purchases	-	-	-	-	-	-	109 792 199	301 704	-	-	110 093 903
Contracted Services	14 935 576	401 417	1 114 513	1 504 376	824 886	150 914	951 383	1 850 844	658 890	5 719 173	28 111 971
Transfers and Grants	1 058 939	45 189	-	-	-	-	-	-	-	-	1 104 128
Other Expenditure	28 629 176	1 134 620	2 157 844	1 660 152	312 533	2 467 130	10 957 621	7 154 081	2 049 452	1 258 821	57 781 429
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	37 840	-	-	-	-	37 840
TOTAL EXPENDITURE	130 687 388	14 840 834	19 261 050	17 993 154	7 137 236	20 503 870	136 922 599	29 703 782	15 476 277	30 713 865	423 240 056
NET SURPLUS/(DEFICIT) FOR THE YEAR	27 331 424	(5 887 108)	(11 685 124)	(11 064 469)	(4 846 256)	(20 503 870)	10 651 697	19 821 040	3 071 903	(3 354 876)	3 534 360
Less: Government Grants and Subsidies - Capital	(6 744 244)	(610 310)	-	-	-	-	(3 362 856)	(11 248 053)	-	-	(21 965 462)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	20 587 180	(6 497 419)	(11 685 124)	(11 064 469)	(4 846 256)	(20 503 870)	7 288 841	8 572 987	3 071 903	(3 354 876)	(18 431 102)
CAPITAL EXPENDITURE FOR THE YEAR	2 988 947	624 065	1 922 652	431 405	10 306	14 778 464	12 140 063	7 507 726	12 447 974	11 287 097	64 138 698

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

64 SEGMENT REPORTING (CONTINUED)

30 JUNE 2022	Governance and administration R	Community Services R	Tourism, Parks and Resorts R	Public and Environmental Safety R	Town Planning and Building Control R	Streets and Stormwater R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Removal Services R	Total R
REVENUE											
External Revenue from Non-Exchange Transactions	138 344 553	7 243 760	463 300	2 267 925	-	-	7 171 730	10 144 778	3 076 482	4 822 718	173 535 246
Property Rates	80 905 871	-	-	-	-	-	-	-	-	-	80 905 871
Government Grants and Subsidies - Capital	13 794 047	14 362	-	-	-	-	3 198 928	7 679 778	-	-	24 687 115
Government Grants and Subsidies - Operating	40 031 637	7 224 653	463 300	150 000	-	-	809 294	20 222	-	-	48 699 105
Public Contributions and Donations - Capital	64 000	-	-	-	-	-	-	-	-	-	64 000
Public Contributions and Donations - Operating	94 969	-	-	90 000	-	-	-	-	-	-	184 969
Contributed Assets	-	-	-	-	-	-	-	-	301 066	-	301 066
Fines	-	4 745	-	2 027 925	-	-	-	-	-	-	2 032 670
Actuarial Gains	2 454 867	-	-	-	-	-	-	-	-	-	2 454 867
Third Party - Insurance Receipts	392 754	-	-	-	-	-	-	-	-	-	392 754
Availability Charges	-	-	-	-	-	-	3 163 509	2 444 778	2 775 416	3 683 244	12 066 945
Other Income	606 408	-	-	-	-	-	-	-	-	1 139 475	1 745 883
External Revenue from Exchange Transactions	11 021 841	190 411	6 262 798	3 564 305	2 883 612	-	144 253 851	33 113 771	14 231 786	20 291 979	235 814 353
Service Charges	-	-	-	-	-	-	142 687 487	31 556 481	13 601 357	20 277 629	208 122 954
Rental of Facilities and Equipment	2 890 069	40 331	6 253 634	-	-	-	-	-	-	-	9 184 034
Interest Earned - External Investments	4 783 168	-	-	-	-	-	-	-	-	-	4 783 168
Interest Earned - Outstanding Debtors	1 921 682	-	-	-	-	-	-	-	-	-	1 921 682
Licences and Permits	-	-	-	939 354	3 852	-	-	-	-	-	943 207
Agency Services	-	-	-	2 623 703	-	-	-	-	-	-	2 623 703
Other Income	1 426 921	150 080	9 164	1 247	2 879 760	-	1 566 364	1 557 290	630 428	14 350	8 235 604
Gains on Disposal of Properties	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	149 366 394	7 434 171	6 726 098	5 832 230	2 883 612	-	151 425 582	43 258 549	17 308 267	25 114 697	409 349 599
EXPENDITURE	117 272 493	12 367 050	20 118 588	16 098 733	6 473 412	18 443 856	129 514 757	26 167 828	15 830 038	26 635 415	388 922 169
Employee Related Costs	60 280 054	10 986 867	16 209 922	11 108 610	6 103 099	10 560 674	9 895 698	12 775 167	7 541 537	10 941 400	156 403 030
Remuneration of Councillors	5 605 337	-	-	-	-	-	-	-	-	-	5 605 337
Debt Impairment	3 268 720	-	-	1 609 358	-	-	353 798	1 959 736	811 818	809 907	8 813 336
Depreciation and Amortisation	5 840 387	-	-	-	-	4 294 034	2 405 203	1 569 879	2 210 087	2 294 063	18 613 653
Impairments	-	-	-	-	-	-	-	-	-	897 091	897 091
Finance Charges	7 197 763	31 128	144 639	-	-	502 600	42 784	399 969	206 400	4 633 265	13 158 546
Bulk Purchases	-	-	-	-	-	-	112 352 246	245 486	-	-	112 597 732
Contracted Services	12 393 723	481 046	996 641	1 538 468	97 527	539 324	1 187 588	1 719 442	704 792	5 122 098	24 780 651
Transfers and Grants	1 529 181	3 834	-	-	-	-	-	-	-	-	1 533 015
Other Expenditure	20 747 259	864 175	2 767 385	1 842 296	272 786	2 544 772	3 277 441	7 498 149	2 826 883	1 937 590	44 578 736
Loss on Disposal of Property, Plant and Equipment	410 069	-	-	-	-	2 451	-	-	1 528 520	-	1 941 041
TOTAL EXPENDITURE	117 272 493	12 367 050	20 118 588	16 098 733	6 473 412	18 443 856	129 514 757	26 167 828	15 830 038	26 635 415	388 922 169
NET SURPLUS/(DEFICIT) FOR THE YEAR	32 093 901	(4 932 879)	(13 392 490)	(10 266 503)	(3 589 800)	(18 443 856)	21 910 824	17 090 721	1 478 229	(1 520 718)	20 427 430
Less: Government Grants and Subsidies - Capital	(13 794 047)	(14 362)	-	-	-	-	(3 198 928)	(7 679 778)	-	-	(24 687 115)
Less: Public Contributions and Donations - Capital	(64 000)	-	-	-	-	-	-	-	-	-	(64 000)
Less: Contributed Assets	-	-	-	-	-	-	-	-	(301 066)	-	(301 066)
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	18 235 854	(4 947 242)	(13 392 490)	(10 266 503)	(3 589 800)	(18 443 856)	18 711 897	9 410 943	1 177 163	(1 520 718)	(4 624 751)
CAPITAL EXPENDITURE FOR THE YEAR	3 626 337	21 993	2 165 755	907 539	2 832	19 021 184	10 969 406	5 512 521	13 115 699	3 185 560	58 528 827

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

65 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Financial Performance						
Property rates	81 396 200	5 215 000	86 611 200	87 883 184	1 271 984	81 031 081
Service charges	241 820 630	(9 760 850)	232 059 780	224 127 059	(7 932 721)	223 743 851
Investment revenue	2 505 900	3 000 000	5 505 900	9 475 099	3 969 199	4 783 168
Transfers Recognised - Operational	53 036 684	17 876 502	70 913 186	61 340 751	(9 572 435)	53 910 503
Other own revenue	38 553 520	(948 000)	37 605 520	36 239 253	(1 366 267)	39 020 206
Total Operating Revenue	417 312 934	15 382 652	432 695 586	419 065 345	(13 630 241)	402 488 810
Employee costs	167 932 162	(3 551 490)	164 380 672	168 412 140	4 031 468	159 844 223
Remuneration of councillors	5 777 200	(228 500)	5 548 700	5 577 042	28 342	5 605 337
Debt impairment	9 017 880	-	9 017 880	16 271 040	7 253 160	8 813 336
Depreciation & asset impairment	10 827 000	5 075 099	15 902 099	21 507 300	5 605 201	19 510 744
Finance charges	11 569 510	(4 906 320)	6 663 190	8 264 254	1 601 064	4 872 211
Bulk purchases - Electricity	116 486 980	(6 452 706)	110 034 274	109 792 199	(242 075)	112 352 246
Inventory Consumed	23 801 770	30 552 755	54 354 525	33 538 207	(20 816 318)	23 603 636
Contracted Services	30 263 250	(5 211 070)	25 052 180	26 514 514	1 462 334	23 432 928
Transfers and Subsidies	2 361 400	(7 430)	2 353 970	1 999 171	(354 799)	2 353 887
Other expenditure	31 113 690	10 132 031	41 245 721	39 221 701	(2 024 020)	31 713 976
Losses	10 020	-	10 020	37 840	27 820	1 941 041
Total Expenditure	409 160 862	25 402 369	434 563 231	431 135 409	(3 427 822)	394 043 566
Surplus/(Deficit)	8 152 072	(10 019 717)	(1 867 645)	(12 070 064)	(10 202 419)	8 445 244
Transfers recognised - capital	31 504 316	(2 743 122)	28 761 194	21 965 462	(6 795 732)	24 751 115
Contributed Assets	-	-	-	-	-	301 066
Surplus/(Deficit) for the year	39 656 388	(12 762 839)	26 893 549	9 895 398	(16 998 151)	33 497 425

CAPE AGULHAS LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

65 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
Capital expenditure & funds sources						
Capital expenditure	70 615 862	(3 253 969)	67 361 893	64 138 698	(3 223 195)	58 528 827
Transfers recognised - capital	31 504 316	(2 802 602)	28 701 714	21 965 462	(6 736 252)	24 687 115
Contributed Assets and Donations	-	-	-	-	-	365 066
Borrowing	19 087 837	(433 477)	18 654 360	18 245 591	(408 770)	14 678 840
Internally generated funds	20 023 709	(17 890)	20 005 819	23 927 645	3 921 826	18 797 806
Total sources of capital funds	70 615 862	(3 253 969)	67 361 893	64 138 698	(3 223 195)	58 528 827
Cash flows						
Net cash from (used) operating	40 861 386	(340 474)	40 520 912	50 731 541	10 210 629	34 005 341
Net cash from (used) investing	(55 613 296)	(23 601 835)	(79 215 131)	(43 630 365)	35 584 766	(46 727 790)
Net cash from (used) financing	9 939 717	9 294 882	19 234 599	(11 655 563)	(30 890 162)	26 916 237
Net Cash Movement for the year	(4 812 194)	(14 647 426)	(19 459 620)	(4 554 387)	14 905 232	14 193 788
Cash/cash equivalents at beginning of year	77 663 668	45 793 018	123 456 686	123 395 715	(60 971)	109 201 928
Cash/cash equivalents at the year end	72 851 474	31 145 592	103 997 066	118 841 329	14 844 262	123 395 716

Refer to Appendix E for more detail relating to the National Treasury Appropriation Statements. The prior year disclosure, specifically the statement of financial performance is reclassified in line with the budget classifications applicable in the current year to ensure that information is comparable on a line by line basis.

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2023

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2022 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2023 R
<u>ANNUITY LOANS</u>							
ABSA	3044713107	10.60%	2026/06/30	636 613	-	(134 945)	501 668
ABSA	3046537820	9.84%	2027/06/30	1 485 486	-	(241 957)	1 243 529
NEDBANK	INFRA 1	9.64%	2023/06/30	600 000	-	(600 000)	-
NEDBANK	INFRA 2	10.35%	2028/06/30	4 200 000	-	(700 000)	3 500 000
NEDBANK	INFRA 3	9.92%	2029/06/30	7 000 000	-	(1 000 000)	6 000 000
NEDBANK	INFRA 4	9.30%	2024/06/30	1 648 000	-	(824 000)	824 000
NEDBANK	Asset Finance	9.30%	2024/06/30	1 152 000	-	(576 000)	576 000
STANDARD BANK	Long (655414)	10.69%	2031/06/30	25 033 738	-	(2 176 566)	22 857 172
STANDARD BANK	Medium (655404)	10.89%	2024/06/30	3 296 455	-	(1 598 261)	1 698 195
STANDARD BANK	Asset (655433)	11.07%	2026/06/30	1 910 552	-	(434 067)	1 476 485
FIRST NATIONAL BANK	4-000-520-347-806	10.35%	2032/06/30	21 992 850	-	(1 538 581)	20 454 270
FIRST NATIONAL BANK	4-000-520-347-105	10.31%	2027/06/30	8 542 000	-	(1 455 370)	7 086 630
FIRST NATIONAL BANK	4-000-520-348-543	10.37%	2027/06/30	4 091 200	-	(696 176)	3 395 024
Total Annuity Loans				81 588 895	-	(11 975 923)	69 612 972
Total Long-Term Liabilities				81 588 895	-	(11 975 923)	69 612 972

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2023

VOTE	30 JUNE 2023			30 JUNE 2022		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Engineering Services	252 492 113	(247 633 055)	4 859 058	255 773 565	(225 716 906)	30 056 659
Executive and Council	42 040 313	(39 313 504)	2 726 809	38 701 415	(39 696 026)	(994 612)
Financial Services & ICT	114 917 037	(77 654 099)	37 262 939	107 749 734	(68 720 044)	39 029 690
Management Services	23 685 991	(58 639 398)	(34 953 408)	20 194 879	(54 789 192)	(34 594 313)
Total	433 135 454	(423 240 056)	9 895 398	422 419 593	(388 922 169)	33 497 425

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (VOTES) FOR THE YEAR ENDING 30 JUNE 2023

	ACTUAL	BUDGET	VARIANCE	EXPLANATION FOR MATERIAL VARIANCES
	R	R	R	
OPERATING EXPENDITURE				
Engineering Services	247 633 055	240 494 700	7 138 355	Varians mainly due to debt impairment not fully budgeted for.
Executive and Council	39 313 504	39 816 410	(502 906)	Immaterial Variance
Financial Services & ICT	77 654 099	76 238 154	1 415 945	Immaterial Variance
Management Services	58 639 398	78 013 967	(19 374 569)	Variance due to difference between accounting and budget for housing function.
Total	423 240 056	434 563 231	(11 323 175)	
CAPITAL EXPENDITURE				
Engineering Services	58 167 978	61 236 246	(3 068 268)	Immaterial Variance
Executive and Council	1 299 946	1 416 970	(117 024)	Immaterial Variance
Financial Services & ICT	1 568 152	1 568 667	(515)	Immaterial Variance
Management Services	3 102 621	3 140 010	(37 389)	Immaterial Variance
Total	64 138 698	67 361 893	(3 223 195)	

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2023

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	RETURNED TO NT/PT	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	37 037 000	(37 037 000)	-	-	-
Water Services Infrastructure Grant (WSIG)	-	12 500 000	(1 582 208)	(10 548 053)	-	369 740
Financial Management Grant (FMG)	-	1 550 000	(1 550 000)	-	-	-
Municipal Infrastructure Grant (MIG)	193 281	11 929 000	(1 450 642)	(5 694 615)	(193 222)	4 783 802
Skills Development Fund and SETA Bursaries	231 117	394 161	(625 278)	-	-	-
National Electrification Programme (INEP)	-	4 348 000	(757 263)	(3 012 856)	-	577 882
Energy Efficiency and Demand-side (EEDM)	116 778	-	-	-	(116 778)	-
Expanded Public Works Program (EPWP)	-	1 773 000	(1 773 000)	-	-	-
Total	541 176	69 531 161	(44 775 391)	(19 255 523)	(310 000)	5 731 423
PROVINCIAL GOVERNMENT						
Library Services	-	6 846 000	(6 846 000)	-	-	-
Library Services (Elim)	241 985	307 000	(84 980)	(464 005)	-	-
Proclaimed Road Subsidy	-	95 000	(95 000)	-	-	-
Financial Support Grant (FMSG)	-	-	-	-	-	-
Capacity Building Grant (FMSG)	-	300 000	(300 000)	-	-	-
Thusong Centre	150 000	-	(59 500)	(90 500)	-	-
Community Development Workers (CDW)	-	56 000	(56 000)	-	-	-
Municipal Energy Resilience Fund	-	625 000	(625 000)	-	-	-
DPLG - Smart Meter	-	700 000	-	(700 000)	-	-
Load Shedding (Coghta)	-	350 000	-	(350 000)	-	-
Save House Contribution	-	120 000	(64 195)	(55 805)	-	-
Restructuring of Organogram and Performance	-	300 000	(300 000)	-	-	-
Regional Socio-Economic Projects	458 961	700 000	(109 332)	(1 049 629)	-	-
Total	850 946	10 399 000	(8 540 007)	(2 709 939)	-	-
ALL SPHERES GOVERNMENT	1 392 123	79 930 161	(53 315 398)	(21 965 462)	(310 000)	5 731 423

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
REVENUE						
Governance and administration	153 810 520	6 867 000	160 677 520	163 220 888	2 543 368	161 382 658
Executive and council	37 037 000	-	37 037 000	37 037 000	-	33 384 969
Finance and administration	116 773 520	6 867 000	123 640 520	126 183 888	2 543 368	127 997 688
Community and public safety	20 619 780	14 736 180	35 355 960	24 425 005	(10 930 955)	19 281 667
Community and social services	7 463 310	817 980	8 281 290	8 088 826	(192 464)	7 259 171
Sport and recreation	8 482 770	1 000 000	9 482 770	7 575 926	(1 906 844)	6 726 098
Public safety	3 829 800	(3 829 800)	-	-	-	-
Housing	843 900	16 748 000	17 591 900	8 760 253	(8 831 647)	5 296 398
Economic and environmental services	7 224 280	4 247 200	11 471 480	10 378 627	(1 092 853)	9 769 573
Planning and development	3 179 670	517 400	3 697 070	3 449 942	(247 128)	3 937 343
Road transport	4 044 610	-	4 044 610	3 916 829	(127 781)	3 563 805
Environmental protection	-	3 729 800	3 729 800	3 011 856	(717 944)	2 268 425
Trading services	267 162 670	(13 210 850)	253 951 820	243 006 288	(10 945 532)	237 107 094
Energy Sources	174 958 570	(9 410 850)	165 547 720	147 574 296	(17 973 424)	151 425 582
Water Management	49 443 800	(3 800 000)	45 643 800	49 524 822	3 881 022	43 258 549
Waste water management	18 314 000	-	18 314 000	18 548 180	234 180	17 308 267
Waste management	24 446 300	-	24 446 300	27 358 989	2 912 689	25 114 697
Total Revenue - Standard	448 817 250	12 639 530	461 456 780	441 030 807	(20 425 973)	427 540 991

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
EXPENDITURE						
Governance and administration	118 807 610	12 104 140	130 911 750	130 015 894	(895 856)	116 934 353
Executive and council	15 017 050	7 600	15 024 650	15 068 770	44 120	15 485 129
Finance and administration	101 959 430	12 379 240	114 338 670	113 340 189	(998 481)	99 837 215
Internal audit	1 831 130	(282 700)	1 548 430	1 606 935	58 505	1 612 009
Community and public safety	47 155 037	4 508 110	51 663 147	42 106 649	(9 556 498)	36 979 767
Community and social services	13 060 757	(187 100)	12 873 657	13 382 736	509 079	10 913 008
Sport and recreation	14 959 680	(308 960)	14 650 720	14 310 930	(339 790)	14 187 762
Public safety	15 336 900	(11 767 530)	3 569 370	3 403 044	(166 326)	3 624 800
Housing	3 797 700	16 771 700	20 569 400	11 009 939	(9 559 461)	8 254 196
Economic and environmental services	33 443 070	12 048 360	45 491 430	46 196 342	704 912	41 981 409
Planning and development	11 779 580	1 898 570	13 678 150	12 761 672	(916 478)	12 744 784
Road transport	21 624 690	(343 130)	21 281 560	24 515 083	3 233 523	21 577 794
Environmental protection	38 800	10 492 920	10 531 720	8 919 586	(1 612 134)	7 658 831
Trading services	206 467 245	29 659	206 496 904	212 816 524	6 319 620	198 148 037
Energy Sources	140 201 645	1 308 194	141 509 839	136 922 599	(4 587 240)	129 514 757
Water Management	24 946 220	706 985	25 653 205	29 703 782	4 050 577	26 167 828
Waste water management	13 700 620	14 160	13 714 780	15 476 277	1 761 497	15 830 038
Waste management	27 618 760	(1 999 680)	25 619 080	30 713 865	5 094 785	26 635 415
Other	3 287 900	(3 287 900)	-	-	-	-
Total Expenditure - Standard	409 160 862	25 402 369	434 563 231	431 135 409	(3 427 822)	394 043 566
Surplus/(Deficit) for the year	39 656 388	(12 762 839)	26 893 549	9 895 398	(16 998 151)	33 497 425

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

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
REVENUE						
Executive and Council	39 930 940	1 371 000	41 301 940	42 040 313	738 373	38 701 415
Financial Services & ICT	102 629 500	5 575 000	108 204 500	114 917 037	6 712 537	107 749 734
Management Services	24 551 360	18 904 380	43 455 740	31 581 344	(11 874 396)	25 316 277
Engineering Services	281 705 450	(13 210 850)	268 494 600	252 492 113	(16 002 487)	255 773 565
Total Revenue by Vote	448 817 250	12 639 530	461 456 780	441 030 807	(20 425 973)	427 540 991
EXPENDITURE						
Executive and Council	47 171 110	(7 354 700)	39 816 410	39 313 504	(502 906)	39 696 026
Financial Services & ICT	73 861 960	2 376 194	76 238 154	77 654 099	1 415 945	68 720 044
Management Services	57 139 987	20 873 980	78 013 967	66 534 751	(11 479 216)	59 910 590
Engineering Services	230 987 805	9 506 895	240 494 700	247 633 055	7 138 355	225 716 906
Total Expenditure by Vote	409 160 862	25 402 369	434 563 231	431 135 409	(3 427 822)	394 043 566
Surplus/(Deficit) for the year	39 656 388	(12 762 839)	26 893 549	9 895 398	(16 998 151)	33 497 425

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

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
REVENUE BY SOURCE						
Property rates	81 396 200	5 215 000	86 611 200	87 883 184	1 271 984	81 031 081
Service charges - electricity revenue	167 603 230	(9 760 850)	157 842 380	142 667 781	(15 174 599)	147 226 518
Service charges - water revenue	31 974 400	-	31 974 400	36 690 301	4 715 901	35 549 182
Service charges - sanitation revenue	18 089 400	-	18 089 400	18 462 354	372 954	16 992 929
Service charges - refuse revenue	24 153 600	-	24 153 600	26 306 624	2 153 024	23 975 222
Rental of facilities and equipment	1 564 390	990 000	2 554 390	2 345 343	(209 047)	2 939 648
Interest earned - external investments	2 505 900	3 000 000	5 505 900	9 475 099	3 969 199	4 783 168
Interest earned - outstanding debtors	1 990 900	-	1 990 900	2 301 282	310 382	1 921 682
Fines, penalties and forfeits	3 520 000	100 000	3 620 000	3 182 349	(437 651)	2 157 313
Licences and permits	141 800	(100 000)	41 800	3 761	(38 039)	4 352
Agency services	4 044 610	-	4 044 610	3 916 829	(127 781)	3 563 805
Transfers and subsidies	53 036 684	17 876 502	70 913 186	61 340 751	(9 572 435)	53 910 503
Other revenue	12 291 820	1 062 000	13 353 820	18 128 651	4 774 831	15 363 412
Gains	15 000 000	(3 000 000)	12 000 000	6 361 038	(5 638 962)	13 069 995
Total Revenue (excluding capital transfers and contributions)	417 312 934	15 382 652	432 695 586	419 065 345	(13 630 241)	402 488 810

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

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
EXPENDITURE BY TYPE						
Employee related costs	167 932 162	(3 551 490)	164 380 672	168 412 140	4 031 468	159 844 223
Remuneration of councillors	5 777 200	(228 500)	5 548 700	5 577 042	28 342	5 605 337
Debt impairment	9 017 880	-	9 017 880	16 271 040	7 253 160	8 813 336
Depreciation & asset impairment	10 827 000	5 075 099	15 902 099	21 507 300	5 605 201	19 510 744
Finance charges	11 569 510	(4 906 320)	6 663 190	8 264 254	1 601 064	4 872 211
Bulk purchases - electricity	116 486 980	(6 452 706)	110 034 274	109 792 199	(242 075)	112 352 246
Inventory Consumed	23 801 770	30 552 755	54 354 525	33 538 207	(20 816 318)	23 603 636
Contracted services	30 263 250	(5 211 070)	25 052 180	26 514 514	1 462 334	23 432 928
Transfers and subsidies	2 361 400	(7 430)	2 353 970	1 999 171	(354 799)	2 353 887
Other Expenditure	31 113 690	10 132 031	41 245 721	39 221 701	(2 024 020)	31 713 976
Losses	10 020	-	10 020	37 840	27 820	1 941 041
Total Expenditure	409 160 862	25 402 369	434 563 231	431 135 409	(3 427 822)	394 043 566
Surplus/(Deficit)	8 152 072	(10 019 717)	(1 867 645)	(12 070 064)	(10 202 419)	8 445 244
Transfers and subsidies - Capital	31 504 316	(2 743 122)	28 761 194	21 965 462	(6 795 732)	24 751 115
Contributed Assets	-	-	-	-	-	301 066
Surplus/(Deficit) for the year	39 656 388	(12 762 839)	26 893 549	9 895 398	(16 998 151)	33 497 425

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

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Executive and Council	100 000	1 316 970	1 416 970	1 299 946	(117 024)	-
Financial Services & ICT	1 065 000	503 667	1 568 667	1 568 152	(515)	1 654 835
Management Services	565 000	2 575 010	3 140 010	3 102 621	(37 389)	158 326
Engineering Services	30 291 616	30 944 630	61 236 246	58 167 978	(3 068 268)	20 348 551
Total Multi-year expenditure	32 021 616	34 023 307	65 944 923	62 838 752	(3 106 171)	22 161 711
Single-year expenditure						
Executive and Council	809 400	(809 400)	-	-	-	1 331 193
Financial Services & ICT	660 450	(660 450)	-	-	-	696 345
Management Services	4 002 500	(4 002 500)	-	-	-	2 922 486
Engineering Services	33 121 896	(33 121 896)	-	-	-	31 458 653
Total Single-year expenditure	38 594 246	(38 594 246)	-	-	-	36 408 677
Total Capital Expenditure by Vote	70 615 862	(4 570 939)	65 944 923	62 838 752	(3 106 171)	58 570 388

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATE D OUTCOME 2022 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	1 902 850	(201 443)	1 701 407	1 700 802	(605)	2 451 446
Executive and council	-	-	-	-	-	12 522
Finance and administration	1 902 850	(201 443)	1 701 407	1 700 802	(605)	2 438 924
Community and public safety	4 407 500	(1 923 240)	2 484 260	2 450 729	(33 531)	2 251 658
Community and social services	1 367 500	(709 940)	657 560	624 065	(33 495)	82 493
Sport and recreation	2 101 000	(295 280)	1 805 720	1 805 687	(33)	2 071 167
Public safety	939 000	(918 020)	20 980	20 977	(3)	97 998
Economic and environmental services	15 717 500	1 007 725	16 725 225	16 604 308	(120 917)	20 947 949
Planning and development	720 500	813 685	1 534 185	1 417 151	(117 034)	1 177 724
Road transport	14 655 000	142 400	14 797 400	14 797 282	(118)	19 044 874
Environmental protection	342 000	51 640	393 640	389 875	(3 765)	725 351
Trading services	48 463 012	(2 012 011)	46 451 001	43 382 859	(3 068 142)	32 783 187
Energy sources	12 155 621	551 489	12 707 110	12 140 063	(567 047)	10 969 406
Water management	8 325 000	(480 320)	7 844 680	7 507 726	(336 954)	5 512 521
Waste water management	19 320 000	(4 919 260)	14 400 740	12 447 974	(1 952 766)	13 115 699
Waste management	8 662 391	2 836 080	11 498 471	11 287 097	(211 374)	3 185 560
Other	125 000	(125 000)	-	-	-	94 588
Total Capital Expenditure - Standard	70 615 862	(3 253 969)	67 361 893	64 138 698	(3 223 195)	58 528 827

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	30 801 816	(4 911 302)	25 890 514	19 255 523	(6 634 991)	20 105 722
Provincial Government	702 500	2 108 700	2 811 200	2 709 939	(101 261)	4 581 393
Transfers recognised - capital	31 504 316	(2 802 602)	28 701 714	21 965 462	(6 736 252)	24 687 115
Borrowing	19 087 837	(433 477)	18 654 360	18 245 591	(408 770)	14 678 840
Contributed Assets and Donations	-	-	-	-	-	365 066
Internally generated funds	20 023 709	(17 890)	20 005 819	23 927 645	3 921 826	18 797 806
Total Capital Funding	70 615 862	(3 253 969)	67 361 893	64 138 698	(3 223 195)	58 528 827

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

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CASH FLOWS

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	78 922 637	5 730 319	84 652 956	86 010 383	1 357 427	79 816 132
Service charges	234 471 902	18 727 286	253 199 188	208 703 313	(44 495 875)	211 570 621
Other revenue	18 908 352	1 914 468	20 822 820	24 124 690	3 301 870	18 373 122
Transfers and Subsidies - Operational	53 036 684	(18 023 098)	35 013 586	70 314 910	35 301 324	44 132 660
Transfers and Subsidies - Capital	31 504 316	(4 080 522)	27 423 794	26 205 380	(1 218 414)	22 529 868
Interest	4 436 298	1 069 602	5 505 900	11 103 859	5 597 959	6 802 748
Payments						
Suppliers and employees	(372 299 714)	(16 151 588)	(388 451 302)	(367 328 611)	21 122 691	(343 603 583)
Finance charges	(5 757 690)	5 757 690	-	(7 298 254)	(7 298 254)	(4 083 211)
Transfers and Grants	(2 361 400)	4 715 370	2 353 970	(1 104 128)	(3 458 098)	(1 533 015)
NET CASH FROM OPERATING ACTIVITIES	40 861 386	(340 474)	40 520 912	50 731 541	10 210 629	34 005 341
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	15 000 000	(27 000 000)	(12 000 000)	15 453 922	27 453 922	3 578 514
Decrease other non-current receivables	2 566	144 196	146 762	8 431	(138 331)	8 290
Payments						
Capital assets	(70 615 862)	3 253 969	(67 361 893)	(59 092 718)	8 269 175	(50 314 595)
NET CASH USED IN INVESTING ACTIVITIES	(55 613 296)	(23 601 835)	(79 215 131)	(43 630 365)	35 584 766	(46 727 790)

CAPE AGULHAS LOCAL MUNICIPALITY

APPENDIX E (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2023

CASH FLOWS

	ORIGINAL BUDGET 2023 R	BUDGET ADJUSTMENTS 2023 R	FINAL BUDGET 2023 R	ACTUAL OUTCOME 2023 R	BUDGET VARIANCE 2023 R	RESTATED OUTCOME 2022 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	19 087 837	-	19 087 837	-	(19 087 837)	34 626 050
Increase (decrease) in consumer deposits	351 880	(351 880)	-	320 360	320 360	290 242
Payments						
Repayment of borrowing	(9 500 000)	9 646 762	146 762	(11 975 923)	(12 122 685)	(8 000 055)
NET CASH FROM FINANCING ACTIVITIES	9 939 717	9 294 882	19 234 599	(11 655 563)	(30 890 162)	26 916 237
NET INCREASE/ (DECREASE) IN CASH HELD	(4 812 194)	(14 647 426)	(19 459 620)	(4 554 388)	14 905 232	14 193 788
Cash/cash equivalents at the year begin:	77 663 668	45 793 018	123 456 686	123 395 715	(60 971)	109 201 928
Cash/cash equivalents at the year end:	72 851 474	31 145 592	103 997 066	118 841 327	14 844 261	123 395 715
NET INCREASE/ (DECREASE) IN CASH HELD	(4 812 194)	(14 647 426)	(19 459 620)	(4 554 388)	14 905 232	14 193 788