GARDEN ROUTE DISTRICT
MUNICIPALITY

AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024

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GARDEN ROUTE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

NATURE OF BUSINESS

Garden Route District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The demarcation code is DC04.

JURISDICTION

The Garden Route District Municipality includes the following municipalities:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

EXECUTIVE MAYOR

Alderman G van Niekerk (Acting Mayor from 7 June 2024)
Alderman M Booysen (left service at GRDM on 7 June 2024)

DEPUTY EXECUTIVE MAYOR

Alderman G van Niekerk

SPEAKER

Alderman GR Wolmarans

WHIP OF COUNCIL

Cllr B van Noordwyk

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*Alderman G van Niekerk (Acting Mayor from 7 June 2024)*
	Alderman M Booysen (left service at GRDM on 7 June 2024)
Deputy Executive Mayor	*Alderman G van Niekerk*
Whip of Council	*Cllr B van Noordwyk*
Executive Councillor	*District Economic Development and Tourism: Alderlady RH Ruiters*
Executive Councillor	*Corporate services: Vacant from 15 November 2023*
Executive Councillor	*Strategic Services: Alderman JC Lambaatjeen*
Executive Councillor	*Financial Services: Acting Chair Alderman JC Lambaatjeen*
Executive Councillor	*Community Services: Alderlady NS Ndyai*
Executive Councillor	*Property Development and Management: Cllr J Hoogbaard*
	Roads and Transport Services: Alderman P Terblanche

GENERAL INFORMATION

MUNICIPAL MANAGER

Mr. M.G Stratu

CHIEF FINANCIAL OFFICER

Mr. C.H.R. Boshoff

REGISTERED OFFICE

54 York Street
GEORGE
6529

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, George

ATTORNEYS

Raubenheimers Attorneys
Millers Attorneys
Schroter Attorneys
Mfinci Bahlman Inc
Khumalo Masondo Attorneys
SM Vakalisa
Le Roux Lamprecht
Brand & vd Bergh Attorneys
Oosthuizen Marais Pretorius
Stadler & Swart
Bans Attorneys
Mutsetsho Attorneys
DM5
Coetzee & van der Bergh Attorneys
Nandi Bulabula Attorneys

RELEVANT LEGISLATION

Constitution (Act no.108 of 1998)
Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

GENERAL INFORMATION

MEMBERS OF THE GARDEN ROUTE DISTRICT MUNICIPALITY

WARD		COUNCILLOR
Proportional		*Cllr F September*
Proportional		*Ald GR Wolmarans*
Proportional		*Cllr JG Meiring*
Proportional		*Cllr J Hoogbaard*
Proportional		*Vacant (Alderman M Booysen left service at GRDM on 7 June 2024)*
Proportional		*Cllr K Malooi*
Proportional		*Ald P Terblanche*
Proportional		*Ald CN Lichaba*
Proportional		*Cllr CN Gungubele*
Proportional		*Ald S de Vries*
Proportional		*Cll JJ Cornelius*
Proportional		*Cllr A Oktober*
Proportional		*Cllr D Acker*
Proportional		*Cllr SE September*
Representative:	George Municipality	*Cllr R Louw*
Representative:	George Municipality	*Cllr J Fry*
Representative:	George Municipality	*Cllr D Gultig*
Representative:	George Municipality	*Cllr SM Toto*
Representative:	George Municipality	*Cllr GJ van Niekerk*
Representative:	George Municipality	*Cllr JP Petersen*
Representative:	Mossel Bay Municipality	*Cllr MA Mkonto*
Representative:	Mossel Bay Municipality	*Cllr M Kannemeyer*
Representative:	Mossel Bay Municipality	*Cllr J Bavuma*
Representative:	Mossel Bay Municipality	*Ald R Ruiters*
Representative:	Oudtshoorn Municipality	*Ald JC Lambaatjeen*
Representative:	Oudtshoorn Municipality	*Cllr V Donson*
Representative:	Oudtshoorn Municipality	*Cllr LSS van Rooyen*
Representative:	Knysna Municipality	*Cllr HT Stroebel*
Representative:	Knysna Municipality	*Cllr R Arends*
Representative:	Knysna Municipality	*Cllr PE Petros*
Representative:	Hessequa Municipality	*Cllr B van Noordwyk*
Representative:	Hessequa Municipality	*Cllr CP Taute*
Representative:	Bitou Municipality	*Cllr S Mangxaba*
Representative:	Bitou Municipality	*Ald N Ndayi*
Representative:	Kannaland Municipality	*Cllr H Ruiters*

ABBREVIATIONS

DBSA	Development Bank of South Africa
COID	Compensation for Occupational Injuries and Diseases
HDF	Housing Development Act
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
NDPG	Neighbourhood Development and Partnership Grant
SALGA	South African Local Government Association
SARS	South African Revenue Service

GARDEN ROUTE DISTRICT MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2024 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 Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I 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 2025 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

The annual financial statements were prepared on the going concern basis and the Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Mr. M.G Stratu
Accounting Officer

20/01/2025
Date

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R	Restated 2023 R
ASSETS			
Non-Current Assets		**355 587 337**	**314 695 030**
Property, Plant and Equipment	**2**	228 787 768	187 791 012
Investment Property	**3**	65 839 192	65 948 200
Intangible Assets	**4**	1 316 812	1 613 902
Investments	**5**	15 665	28 416
Employee Benefits	**11**	59 627 900	59 313 500
Current Assets		**223 892 027**	**168 842 662**
Inventory	**7**	2 661 549	3 483 076
Receivables from Exchange Transactions	**8**	58 094 229	20 162 388
Unpaid Transfers and Subsidies	**14**	-	351 984
Operating Lease Asset	**6**	25 134	56 367
Taxes	**15**	1 694 939	3 317 797
Current Portion of Non-Current Employee Benefits	**11**	4 600 600	5 067 600
Cash and Cash Equivalents	**9**	156 815 575	136 403 451
Total Assets		**579 479 364**	**483 537 692**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**257 333 977**	**142 494 289**
Long-term Borrowings	**10**	109 063 061	582 771
Non-current Employee Benefits	**11**	148 270 916	141 911 518
Current Liabilities		**84 027 857**	**82 753 220**
Current Employee Benefits	**12**	43 175 632	41 194 109
Trade and Other Payables from Exchange Transactions	**13**	31 708 812	38 247 207
Unspent Transfers and Subsidies	**14**	640 314	2 649 254
Current Portion of Long-term Borrowings	**10**	8 503 099	662 650
Total Liabilities		**341 361 835**	**225 247 509**
Net Assets	**17**	**238 117 530**	**258 290 183**
Capital Replacement Reserve	**17**	2 606 941	4 133 051
Employee Benefits Reserve	**17**	35 183 127	38 762 712
Accumulated Surplus/(Deficit)		200 327 462	215 394 420
Total Net Assets and Liabilities		**579 479 364**	**483 537 692**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	Restated 2023 R
REVENUE			
Revenue from Non-exchange Transactions		**208 916 016**	**204 214 392**
Transfer Revenue		**204 692 165**	**197 093 185**
Government Grants and Subsidies	**18**	204 679 365	193 809 176
Contributed Property, Plant and Equipment	**19**	12 800	3 284 009
Other Revenue		**4 223 851**	**7 121 207**
Government Incentives Received		4 223 851	-
Actuarial Gains	**11**	-	7 121 207
Revenue from Exchange Transactions		**237 976 822**	**224 141 277**
Department of Infrastructure - Roads Service Charges	**21**	203 853 665	190 209 238
Sales of Goods and Rendering of Services	**22**	13 339 782	15 282 631
Rent on Land	**23**	494 552	573 309
Rental of Facilities and Equipment	**24**	1 010 120	1 343 540
Interest Earned - External Investments	**25**	12 400 024	10 253 221
Interest Earned - Exchange Transactions	**26**	5 222 326	4 189 182
Licences and Permits	**20**	67 725	77 961
Operational Revenue	**27**	1 588 629	2 212 196
Total Revenue		**446 892 838**	**428 355 669**
EXPENDITURE			
Employee related costs	**28**	(305 287 343)	(283 019 357)
Remuneration of Councillors	**29**	(12 232 669)	(12 306 165)
Bad Debts Written Off	**30**	(1 601 917)	(2 160 413)
Contracted Services	**31**	(24 037 214)	(28 864 780)
Depreciation and Amortisation	**32**	(6 434 558)	(5 766 102)
Actuarial Losses	**11**	(1 251 252)	-
Finance Costs	**33**	(4 664 444)	(147 854)
Inventory Consumed	**7.1**	(51 625 209)	(51 737 692)
Operating Leases		(270 013)	(881 150)
Transfers and Subsidies	**34**	(5 805 192)	(5 598 569)
Operational Costs	**35**	(49 196 128)	(39 690 538)
Total Expenditure		**(462 405 939)**	**(430 172 621)**
Operating Surplus/(Deficit) for the Year		**(15 513 102)**	**(1 816 952)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	**7.2**	234 220	(57 016)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	**36**	(3 873 812)	(6 576 754)
Gains/(Loss) on Sale of Fixed Assets	**37**	(1 019 960)	(136 175)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(20 172 653)**	**(8 586 896)**

GARDEN ROUTE DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Capital Replacement Reserve	Employee Benefits Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2022	**18 765 298**	**34 169 029**	**212 786 787**	**265 721 114**
Correction of Error - note 38.5	-	-	1 155 965	1 155 965
Restated balance	18 765 298	34 169 029	213 942 752	266 877 078
Net Surplus/(Deficit) for the year	-	-	(8 586 896)	(8 586 896)
Net Surplus/(Deficit) previously reported	-	-	(10 647 108)	(10 647 108)
Effects of Correction of Errors - note 38.6	-	-	2 060 212	2 060 212
Transfer to/from CRR	5 766 102	-	(5 766 102)	-
Transfer to/from Employee Benefits Reserve	-	4 593 683	(4 593 683)	-
Property, Plant and Equipment purchased	(20 398 350)	-	20 398 350	-
Balance at 30 June 2023	**4 133 051**	**38 762 712**	**215 394 420**	**258 290 182**
Restated balance	**4 133 051**	**38 762 712**	**215 394 420**	**258 290 182**
Net Surplus/(Deficit) for the year	-	-	(20 172 653)	(20 172 653)
Transfer to/from CRR	6 434 558		(6 434 558)	-
Transfer to/from Employee Benefits Reserve	-	(3 579 585)	3 579 585	-
Property, Plant and Equipment purchased	(7 960 668)	-	7 960 668	-
Balance at 30 June 2024	**2 606 941**	**35 183 127**	**200 327 462**	**238 117 529**

GARDEN ROUTE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	Restated 2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts		398 290 277	421 168 563
Other Revenue		177 880 785	217 660 338
Government - Operating		193 487 477	189 633 459
Government - Capital		14 521 990	3 621 545
Interest		12 400 024	10 253 221
Cash payments		(446 179 265)	(402 823 424)
Suppliers of goods and services		(128 988 355)	(107 312 138)
Employee related cost		(305 958 068)	(286 555 465)
Finance Charges	**33**	(4 664 444)	(147 854)
Government grants repaid		(763 206)	(3 209 397)
Transfers and Grants	**34**	(5 805 192)	(5 598 569)
Net Cash from Operating Activities	**39**	**(47 888 989)**	**18 345 139**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**2**	(47 810 005)	(23 463 399)
Purchase of Intangible Assets	**4**	(209 622)	(84 121)
Net Cash from Investing Activities		**(48 019 627)**	**(23 547 519)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term and Finance Leases		117 020 955	-
Repayment of Finance leases		(700 215)	(460 641)
Net Cash from Financing Activities		**116 320 740**	**(460 641)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**20 412 125**	**(5 663 020)**
Cash and Cash Equivalents at the beginning of the year		136 403 451	142 066 473
Cash and Cash Equivalents at the end of the year	**40**	**156 815 575**	**136 403 451**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**20 412 125**	**(5 663 020)**

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2024	Variance as a % of Final Budget
			R	R	R	R	R	%
ASSETS								
Current Assets								
Cash and cash equivalents			100 110 404	21 072 203	121 182 607	121 182 607	156 815 575	29,40%
Trade and other receivables from exchange transactions			16 278 591	(11 872 779)	4 405 812	4 405 812	58 094 229	1218,58%
	Receivables from Exchange Transactions - Services							
Receivables from non-exchange transactions			-	45 989	45 989	45 989	-	-100,00%
	Receivables from Non-exchange Transactions							
Other current assets			20 219 679	(14 744 966)	5 474 713	5 474 713	25 134	-99,54%
	Unpaid Transfers and Subsidies Operating Lease Asset							
Current portion of non-current receivables	Current Portion of Employee Benefits		4 293 176	-	4 293 176	4 293 176	4 600 600	7,16%
VAT	Taxes		6 059 766	1 045 475	7 105 241	7 105 241	1 694 939	-76,15%
Inventory	Inventory		2 978 706	476 210	3 454 916	3 454 916	2 661 549	-22,96%
Total Current Assets		**43.2.1**	149 940 322	(3 977 868)	145 962 454	145 962 454	223 892 027	53,39%
Non-Current Assets								
Non-current receivables from non-exchange transactions	Employee Benefits		62 764 024	(2 676 100)	60 087 924	60 087 924	59 627 900	-0,77%
Investments	Investments		28 416	-	28 416	28 416	15 665	-44,87%
Investment Property	Investment Property		64 186 829	1 761 373	65 948 202	65 948 202	65 839 192	-0,17%
Property, Plant and Equipment	Property, Plant and Equipment		355 193 278	(118 843 784)	236 349 494	236 349 494	228 787 768	-3,20%
Intangible Assets	Intangible Assets		(26 397)	438 029	411 632	411 632	1 316 812	219,90%
Total Non-Current Assets			482 146 150	(119 320 482)	362 825 668	362 825 668	355 587 337	-1,99%
TOTAL ASSETS			632 086 472	(123 298 350)	508 788 122	508 788 122	579 479 364	13,89%
LIABILITIES								
Current Liabilities								
Financial liabilities			99 969	562 680	662 649	662 649	8 503 099	1183,20%
	Current Portion of Long-term Borrowings Short-term Borrowings							
Consumer Deposits	Consumer Deposits		467 655	169 472	637 127	637 127	-	-100,00%
Trade and other payables from exchange transactions			27 927 525	18 542 192	46 469 717	46 469 717	31 708 812	-31,76%
	Trade and Other Payables from Exchange Transactions							
Trade and other payables from non-exchange transactions			4 587 570	(1 938 321)	2 649 249	2 649 249	640 314	-75,83%
	Unspent Transfers and Subsidies Transfers and Subsidies Payable							
Provisions			26 843 325	(4 052 268)	22 791 057	22 791 057	43 175 632	89,44%
	Provisions Current Employee Benefits							
VAT	Taxes		2 207 189	(1 243 961)	963 228	963 228	-	-100,00%
	Operating Lease Asset Construction contracts - liability							
Total Current Liabilities		**43.2.2**	62 133 233	12 039 794	74 173 027	74 173 027	84 027 857	13,29%
Non-Current Liabilities								
Borrowing	Long-term Borrowings		170 314 880	(134 732 111)	35 582 769	35 582 769	109 063 061	206,51%
Provisions	Non-current Employee Benefits		12 024 480	60 999	12 085 479	12 085 479	148 270 916	1126,85%
Other non-current liabilities			134 391 320	(4 167 001)	130 224 319	130 224 319	-	-100,00%
Total Non-Current Liabilities		**43.2.3**	316 730 680	(138 838 113)	177 892 567	177 892 567	257 333 977	44,66%
TOTAL LIABILITIES			378 863 913	(126 798 319)	252 065 594	252 065 594	341 361 835	35,43%
NET ASSETS								
Accumulated Surplus/(Deficit)			200 292 713	13 538 526	213 831 239	213 831 239	200 327 462	-6,32%
Funds and reserves			52 929 846	(10 038 557)	42 891 289	42 891 289	37 790 068	-11,89%
	Capital Replacement Reserve Employee Benefits Reserve							
TOTAL NET ASSETS		**43.2.4**	253 222 559	3 499 969	256 722 528	256 722 528	238 117 530	-7,25%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2024 R	Variance as a % of Final Budget %
REVENUE								
Exchange Revenue								
Service charges - Waste Management	Service Charges		37 688 162	(37 688 162)	-	-	-	0,00%
Sale of Goods and Rendering of Services	Sales of Goods and Rendering of Services		26 779 145	(11 192 808)	15 586 337	15 586 337	13 339 782	-14,41%
Agency Services	Department of Infrastructure - Roads Service Charges		214 389 000	(193 467 598)	20 921 402	20 921 402	203 853 665	874,38%
Interest earned from Receivables	Interest Earned - Exchange Transactions		3 370 800	2 278 031	5 648 831	5 648 831	5 222 326	-7,55%
Interest earned from Current and Non Current Assets	Interest Earned - External Investments		10 133 600	129 795	10 263 395	10 263 395	12 400 024	20,82%
Rent on Land	Rent on Land		626 653	(154 481)	472 172	472 172	494 552	4,74%
Rental from Fixed Assets	Rental of Facilities and Equipment		3 376 870	(1 805 600)	1 571 270	1 571 270	1 010 120	-35,71%
Licence and permits	Licences and Permits		-	-	-	-	67 725	100,00%
Operational Revenue	Operational Revenue		9 386 256	200 184 451	209 570 707	209 570 707	1 588 629	-99,24%
			305 750 486	(41 716 372)	264 034 114	264 034 114	237 976 822	-9,87%
Non-Exchange Revenue								
Licences or permits	Licences and Permits		182 560	(114 947)	67 613	67 613	-	-100,00%
Transfers Recognised - Operational			212 004 184	1 900 975	213 905 159	213 905 159	196 275 398	-8,24%
	Government Grants and Subsidies (Operational only) Government Incentives Received							
Other Revenue	Government Incentives Received		-	-	-	-	-	0,00%
Gains on disposal of Assets			-	-	-	-	-	0,00%
Other Gains			-	-	-	-	234 220	100,00%
	Actuarial Gains Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							
			212 186 744	1 786 028	213 972 772	213 972 772	196 509 619	-8,16%
Total Revenue (excluding capital transfers and contributions)		**43.2.5**	517 937 230	(39 930 344)	478 006 886	478 006 886	434 486 441	-9,10%
EXPENDITURE								
Employee Related Costs	Employee related costs		300 665 537	(12 350 741)	288 314 796	288 314 796	305 287 343	5,89%
Remuneration of Councillors	Remuneration of Councillors		14 215 993	(818 946)	13 397 047	13 397 047	12 232 669	-8,69%
Inventory Consumed	Inventory Consumed		51 860 557	4 301 559	56 162 116	56 162 116	51 625 209	-8,08%
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables		-	-	-	-	3 873 812	100,00%
Depreciation and Asset Impairment			5 106 451	853 553	5 960 004	5 960 004	6 434 558	7,96%
Interest	Finance Costs		8 820 382	(7 392 134)	1 428 248	1 428 248	4 664 444	226,59%
Contracted Services	Contracted Services		81 910 022	(33 341 264)	48 568 758	48 568 758	24 037 214	-50,51%
Transfers and Grants	Transfers and Subsidies		2 501 348	(153 450)	2 347 898	2 347 898	5 805 192	147,25%
Irrecoverable debts written off	Bad Debts Written Off		2 100 000	(700 000)	1 400 000	1 400 000	1 601 917	14,42%
Operational costs			64 949 579	7 613 328	72 562 907	72 562 907	49 466 141	-31,83%
	Operational Costs Operating Leases							
Losses on disposal of Assets	Gains/(Loss) on Sale of Fixed Assets		-	-	-	-	1 019 960	100,00%
Other Losses			74 559	(46 398)	28 161	28 161	1 251 252	4343,21%
	Actuarial Losses Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets Profit/(Loss) on Fair Value Adjustments Inventories:(Write-down)/Reversal of Write-down to Net Realisable Value							
Total Expenditure		**43.2.6**	532 204 428	(42 034 493)	490 169 935	490 169 935	467 299 711	-4,67%
Surplus/(Deficit)			(14 267 198)	2 104 149	(12 163 049)	(12 163 049)	(32 813 271)	169,78%
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies (Capital only)		8 481 000	5 300 000	13 781 000	13 781 000	12 627 817	-8,37%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment		-	35 000	35 000	35 000	12 800	0,00%
Surplus/(Deficit) after Capital Transfers & Contributions			(5 786 198)	7 439 149	1 652 951	1 652 951	(20 172 653)	-1320,40%
Surplus/(Deficit) for the year			(5 786 198)	7 439 149	1 652 951	1 652 951	(20 172 653)	-1320,40%

GARDEN ROUTE DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Notes	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome 2024 R	Variance as a % of Final Budget %
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Service Charges	Service Charges		37 688 162	(37 688 162)	-	-	-	0,00%
Other Revenue	Other Revenue		54 770 353	190 905 200	245 675 553	245 675 553	177 880 785	-27,60%
Transfers and Subsidies - Operational	Government - Operating		405 154 184	(191 249 024)	213 905 160	213 905 160	193 487 477	-9,55%
Transfers and Subsidies - Capital	Government - Capital		8 481 000	5 300 000	13 781 000	13 781 000	14 521 990	5,38%
Interest	Interest		10 133 600	(769 172)	9 364 428	9 364 428	12 400 024	32,42%
Payments								
Suppliers and Employees			(512 343 368)	34 596 063	(477 747 305)	(477 747 305)	(434 946 423)	-8,96%
	Suppliers of goods and services Employee related cost							
Finance costs	Finance Charges		(8 820 382)	7 392 134	(1 428 248)	(1 428 248)	(4 664 444)	226,59%
Government grants repaid	Government grants repaid		-	-	-	-	(763 206)	100,00%
Transfers and Grants	Transfers and Grants		-	-	-	-	(5 805 192)	100,00%
Net Cash from/(used) Operating Activities		**43.2.7**	(4 936 451)	8 487 039	3 550 588	3 550 588	(47 888 989)	-1448,76%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-	-	-	-	-	0,00%
Decrease/(Increase) in Non-Current Investments			28 416	-	28 416	28 416	-	-100,00%
Payments								
Capital Assets			(158 300 075)	104 983 885	(53 316 190)	(53 316 190)	(48 019 627)	-9,93%
	Purchase of Property, Plant and Equipment Purchase of Investment Properties Purchase of Intangible Assets							
Net Cash from/(used) Investing Activities		**43.2.8**	(158 271 659)	104 983 885	(53 287 774)	(53 287 774)	(48 019 627)	-9,89%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans			-	-	-	-	-	
Borrowing long term/refinancing			143 732 268	(108 732 268)	35 000 000	35 000 000	117 020 955	234,35%
Increase/(Decrease) in Consumer Deposits			467 655	169 473	637 128	637 128	-	-100,00%
Payments								
Repayment of Borrowing			-	-	-	-	(700 212)	-100,00%
Net Cash from/(used) Financing Activities		**43.2.9**	144 199 923	(108 562 795)	35 637 128	35 637 128	116 320 743	226,40%
NET INCREASE/(DECREASE) IN CASH HELD			(19 008 187)	4 908 129	(14 100 058)	(14 100 058)	20 412 126	-244,77%
Cash and Cash Equivalents at the year begin:			121 273 310	15 130 138	136 403 448	136 403 448	136 403 451	0,00%
Cash and Cash Equivalents at the year end:			102 265 123	20 038 267	122 303 390	122 303 390	156 815 576	28,22%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) and also 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, except where an exemption or transitional provision has been granted. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW 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 decisions or assessments of users made on the basis of the annual 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. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by the National Treasury. The comparison of budget and actual amounts is disclosed as a separate additional financial statement, namely, Statement of Comparison of Budget and Actual Amounts.

The information is presented for budgets that are made publicly available.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is, therefore, on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the relevant notes to the Financial Statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R500,000.

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

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	**Heritage assets** There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality’s current treatment is already in line with the Standards treatment.	Unknown
GRAP 104	**Financial Instruments** The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.	1 April 2025
GRAP 1: Going concern	**Presentation of Financial statements: Going concern** The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity’s financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure.	Unknown

REFERENCE	TOPIC	EFFECTIVE DATE
	The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
Improvement to GRAP standards (2023)	**Improvement to GRAP standards (2023)** The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 105, GRAP 106 and GRAP 107 (amendments)	**Transfer of Functions and Mergers** The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the standards is not applicable to the operations of the Municipality.	Unknown
Guideline	**Application of Materiality of Financial Statements** The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	No effective date as only encouraged
iGRAP 22	**Foreign Currency Transactions and Advanced Consideration** The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.	1 April 2025

1.9. RESERVES

1.9.1. 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 cash in the CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced, and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

1.9.2. Employee Benefits Reserve

The reserve aims to ensure sufficient cash resources are available for the future payment of employee benefits. Contributions equal to the short-term portion of employee benefits, plus 10% of the prior year closing balance of long-term employee benefits is contributed to the reserve from accumulated surplus/(deficit) (Roads Department is excluded from this calculation).

1.10. LEASES

1.10.1. Municipality as Lessee

Initial Recognition and Measurement

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs) The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent Measurement

Subsequent recognition, the leased assets are accounted for in accordance with the accounting policies on assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

De-Recognition

The accounting policies relating to disclosure of finance lease liability and de-recognition of financial instruments are applied to lease payables.

1.10.2. Municipality as Lessor

Operating Leases

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

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional transfers and subsidies are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. The revenue received is driven from legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the liability. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

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 the 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.

When expenditure incurred on the provision will be reimbursed, the reimbursement is recognised as a separate asset, when it is virtually certain the reimbursement will be received when the obligation is settled. The reimbursement will not exceed the provision. The expenditure is recognised in the Statement of Financial Performance, net of the reimbursement.

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

1.14. EMPLOYEE BENEFITS

The Municipality provides retirement benefits for its employees and councillors. 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 charged against income in the year they become payable.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.14.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution, and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the net defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The net interest cost of the defined benefit obligation is recognised as employee cost in the Statement of Financial Performance. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions 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 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 periodically, and the corresponding liability is raised. Payments are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

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.

1.14.3. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality’s obligation under these plans is valued by independent qualified actuaries, and the corresponding liability is raised. Payments made by the Municipality are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance. Defined benefit plans are post-employment plans other than defined contribution plans.

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.

1.14.4. Provision for Staff Leave

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

Accumulating leave is carried forward and can be used in future periods if the current period’s entitlement is not used in full but is limited to a maximum of 48 days. All unused leave will be paid out to the specific employee at the end of that employee’s employment term.

Accumulated leave is vesting.

1.14.5. Staff Bonuses

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

1.14.6. Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.

1.14.7. Exit Gratuity

Employees whose employment contracts are linked to political office bearers do not always enjoy the same benefits enjoyed by permanent employees. The Council considered the above risk associated with these positions – the fact that the contract will terminate when the political office bearer leaves.

In an effort to show appreciation to these employees for having served Council well, these employees are automatically eligible to an exit gratuity equal to 10% of their annual remuneration package for each completed year of service payable when their contracts terminate.

1.14.8. Other Short-term Employee Benefits

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition and Measurement

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

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and; and
- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition (including dismantling and restoration cost) necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If cost can, however, not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

1.15.2. 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.

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.

1.15.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. 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 Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

	Years		***Years***
Infrastructure		**Other**	
Roads Infrastructure	17 – 37	Computer equipment	2 – 26
		Furniture and Office Equipment	1 - 38
		Machinery and Equipment	2 - 37
		Transport Assets	7 - 42
		Municipal Buildings	5 - 102

The depreciation charge is recognised in the Statement of Financial Performance.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in the accounting estimate.

Property, plant and equipment 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.

Additional considerations for impairment are included in policy 1.19: Impairment of non-financial assets.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

1.15.4. De-recognition

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.

1.15.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15.6. Decommissioning and Restoration Asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

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

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position 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.

The cost of the intangible asset includes the purchase price and any cost incurred to prepare the asset for its intended use.

The Municipality does not internally generate intangible assets.

Intangible assets are initially recognised at cost.

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, it's deemed cost is the carrying amount of the asset(s) given up. Where an intangible asset is acquired through a non-exchange transaction it is measured fair value.

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately.. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	4 - 28

The amortisation charge is recognised in the Statement of Financial Performance.

Changes to the useful life and residual values of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

Considerations for impairment is included for policy 1.19: Impairment of non-financial assets.

1.16.4. De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

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

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

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

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses.

1.17.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

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 Management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Investment Property	**Years**
Buildings	27 – 102

Considerations for impairment is included for policy 1.19: Impairment of non-financial assets.

Changes to the useful life of assets and residual value are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP prospectively as a change in estimate.

1.17.4. De-recognition

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

1.18. HERITAGE ASSETS

1.18.1. Initial Recognition

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

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

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

1.18.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.18.4. De-recognition

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

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition; and
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.19.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.20. INVENTORIES

1.20.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost 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.

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

1.20.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-current investments. The future utilisation of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments, as per policy 1.11.

1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument 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.

1.21.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, loans and receivables at cost and loans and receivables at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

1.21.2.2. *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost and 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.

1.21.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

1.21.2.4. *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

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

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

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition of Financial Instruments

1.21.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality’s continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Impairment of Financial Assets

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Municipality, after the appropriate legislative processes have been followed. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.5. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only 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.

1.22. STATUTORY RECEIVABLES

1.22.1. Identification

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.22.2. Initial Recognition and Measurement

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

The Municipality initially measures the statutory receivables at their transaction amount.

1.22.3. Subsequent Measurement

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement is adjusted with:

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

1.22.4. Impairment

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.

The municipality considers the following as indicators:

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

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.

1.22.5. De-recognition

The Municipality derecognises a statutory receivable when:

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

  (i) derecognise the receivable; and
  (ii) recognise separately any rights and obligations created or retained in the transfer.

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

1.23. REVENUE

1.23.1. 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.

Government grants and subsidies 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 without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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

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

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

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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

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

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

Revenue arising from legislation is recognised in accordance with the approved tariff.

1.23.2. 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.

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

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

Revenue from the services rendered is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue, this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

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.

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. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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, operational revenue and entrance fees.

Rental from Holiday Resorts is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality, as well as the Cancellation Policy of the Municipality. The Cancellation Policy has the following refund principles:

- Less than 72 hours: 0% refund of the fees paid.
- Less than 14 days: 25% refund of the fees paid.
- Less than 1 month: 50% refund of the fees paid.
- More than 1 month: 90% refund of the fees paid.

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.

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

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.24. ACCOUNTING BY AGENTS AND PRINCIPALS

A principal-agent arrangement exists where there is 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).

Where the Municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of Municipality in accordance with the relevant standards of GRAP.

Where the Municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

1.24.1. Identification

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 the municipality concludes that it is not the agent, then it is the principal in the transactions.

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

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

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

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. In the assessment reference is made to substance over form. Therefore the exact wording of the contract is not the only indicator (for example if reference is made to “agent”). If rights and obligations are substantially transferred this could indicate a principal/agent arrangement. If not the arrangement is accounted for as a normal supplier/customer relationship.

1.25. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

1.25.1. Identification

Service concession arrangements of the Municipality include the provision of mandated functions on behalf of the Municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

1.25.2. Initial Recognition

The service concession asset are recognised by grantor when:

- The Grantor controls the services provided by the operator, to who and the price of services,
- The Grantor controls any significant residual interest in the asset at the end of the arrangement term.

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

1.25.3. Subsequent Measurement

The Municipality initially measures the service concession asset at fair value if it Is not an existing asset of the Municipality.

After initial recognition, the Municipality applies the measurement (including impairment) and de-recognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator. The finance charge and charges for services are recognised as expenses in the Statement of Financial Performance.

1.25.4. Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

1.25.5. Dividing the arrangement

When the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

1.25.6. Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e., a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person’s family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the Management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the Management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or

(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an Economic Entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the accounting officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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.

1.27. 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.

1.28. 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 excludes unauthorised expenditure. 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.

1.29. 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.

1.30. 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.

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.

Management judgement is required when recognising and measuring contingent liabilities and assets.

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 fully within the control of the Municipality.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, Management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that Management has made in the process of applying the Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

1.31.1. Post-retirement medical obligations, Long service awards and Ex-gratia gratuities

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

1.31.2. Impairment of Receivables

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

1.31.3. Property, Plant and Equipment

The useful lives of property, plant and equipment are based on Management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on Management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

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

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

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

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

- cost of items with a similar nature currently in the Municipality's asset register;

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

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

1.31.4. Intangible Assets

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

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

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

1.31.5. Investment Property

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

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

1.31.6. Provisions ,Contingent Liabilities and Assets

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

1.31.7. Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The Management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date, capped at 48 days. This provision will be realised as employees take leave or when employment is terminated.

1.31.9. Provision for Performance bonuses

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

1.31.10. Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP.

1.32. 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 as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual 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.

Commitments are disclosed in the notes inclusive of VAT.

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 annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- 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. SEGMENT REPORTING

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2024

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure															
Work in Progress	18 410 786	-	27 322 571	-	-	-	45 733 357	-	-	-	-	-	-	-	45 733 357
Roads	104 489	-	-	-	-	-	104 489	67 940	-	3 759	-	-	-	71 699	32 790
	18 515 275	-	27 322 571	-	-	-	45 837 847	67 940	-	3 759	-	-	-	71 699	45 766 147
Other Assets															
Other Land	184 644 499	-	-	-	-	-	184 644 499	84 843 610	-	-	-	-	-	84 843 610	99 800 889
Municipal Buildings	61 448 708	-	778 548	11 534 771	-	-	73 762 027	21 287 547	-	1 424 310	-	-	-	22 711 857	51 050 170
Municipal Buildings - Work-in-Progress	3 069 448	-	8 465 323	-	(11 534 771)	-	-	-	-	-	-	-	-	-	-
Computer Equipment	24 603 321	-	823 055	-	-	(1 134 742)	24 291 634	16 276 770	-	1 736 145	-	-	(909 110)	17 103 805	7 187 830
Furniture and Office Equipment	13 191 483	-	2 811 567	-	-	(969 130)	15 033 920	7 829 606	-	853 504	-	-	(874 266)	7 808 844	7 225 076
Machinery and Equipment	8 699 139	-	1 806 941	-	-	(187 456)	10 318 624	4 651 388	-	629 832	-	-	(147 585)	5 133 635	5 184 989
Transport Assets	16 083 732	-	5 706 228	-	-	(1 420 642)	20 369 319	9 342 915	-	643 453	-	-	(1 248 669)	8 737 699	11 631 620
	311 740 329	-	20 391 663	11 534 771	(11 534 771)	(3 711 969)	328 420 023	144 231 836	-	5 287 244	-	-	(3 179 631)	146 339 449	182 080 574
Leases															
Computer Equipment	2 806 476	-	108 956	-	-	(1 094 161)	1 821 271	971 292		632 773	-	-	(723 841)	880 224	941 047
	2 806 476	-	108 956	-	-	(1 094 161)	1 821 271	971 292	-	632 773	-	-	(723 841)	880 224	941 047
Total	333 062 081	-	47 823 190	11 534 771	(11 534 771)	(4 806 130)	376 079 141	145 271 068	-	5 923 776	-	-	(3 903 472)	147 291 373	228 787 768

2.2 30 JUNE 2023

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Infrastructure															
Work in Progress	3 617 030	-	14 793 756	-	-	-	18 410 786	-	-	-	-	-	-	-	18 410 786
Roads	104 489	-	-	-	-	-	104 489	64 191	-	3 749	-	-	-	67 940	36 549
	3 721 520	-	14 793 756	-	-	-	18 515 275	64 191	-	3 749	-	-	-	67 940	18 447 335

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2023 ***(Continued)***

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses							Carrying
	Opening Balance	Class Transfers	Additions	Transfers In	Transfers Out	Disposals/ Impairment	Closing Balance	Opening Balance	Class Transfers	Depreciation	Impairment	Reversal of Impairment	Disposals	Closing Balance	Value
Other Assets															
Other Land	182 660 817	(1 208 000)	3 191 682	-	-	-	184 644 499	84 843 610	-	-	-	-	-	84 843 610	99 800 889
Municipal Buildings	59 738 744	(1 103 367)	1 463 830	1 349 500	-	-	61 448 708	20 400 281	(360 817)	1 328 123	-	(80 040)	-	21 287 547	40 161 161
Municipal Buildings - Work-in-Progress	2 059 569	-	2 359 379	-	(1 349 500)	-	3 069 448	-	-	-	-	-	-	-	3 069 448
Computer Equipment	23 173 216	-	1 454 459	-	-	(24 355)	24 603 321	14 579 524	-	1 708 196	-	-	(10 950)	16 276 770	8 326 551
Furniture and Office Equipment	9 975 859	-	3 215 623	-	-	-	13 191 483	7 265 843	-	563 763	-	-	-	7 829 606	5 361 877
Machinery and Equipment	8 529 297	12 573	157 268	-	-	-	8 699 139	4 129 293	12 145	509 949	-	-	-	4 651 388	4 047 751
Transport Assets	16 083 732	-	-	-	-	-	16 083 732	8 692 384	-	650 531	-	-	-	9 342 915	6 740 817
	302 221 235	(2 298 794)	11 842 243	1 349 500	(1 349 500)	(24 355)	311 740 329	139 910 935	(348 672)	4 760 563	-	(80 040)	(10 950)	144 231 836	167 508 493
Leases															
Computer Equipment	1 160 950	-	1 712 068	-	-	(66 542)	2 806 476	497 726	-	497 227	-	-	(23 662)	971 292	1 835 184
	1 160 950	-	1 712 068	-	-	(66 542)	2 806 476	497 726	-	497 227	-	-	(23 662)	971 292	1 835 184
Total	307 103 705	(2 298 794)	28 348 066	1 349 500	(1 349 500)	(90 897)	333 062 081	140 472 853	(348 672)	5 261 539	-	(80 040)	(34 611)	145 271 068	187 791 012

2. PROPERTY, PLANT AND EQUIPMENT

2.3 Property, Plant and Equipment which is in the process of being constructed or developed:

	2024 R	2023 R
Infrastructure Assets	45 733 357	18 410 786
Solid Waste	45 733 357	18 410 786
Other Assets	-	3 069 448
Total Property, Plant and Equipment under construction	45 733 357	21 480 234

2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:

	2024 R	2023 R
Infrastructure Assets	45 733 357	-
Solid Waste	45 733 357	-
Total	45 733 357	-

Delays are due to the following:

Delays are due to various challenges which include unavailability of yellow plant in the region (as a result of various developments including the N2 upgrading), disputes between the main contractor and sub-contractors, sourcing of required quantities of material from the region, weather conditions not favouring the construction as well as performance of the contractor not in line with the performance plans.

2.5 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2024 R	2023 R
Other materials	3 732 191	3 867 062
Contracted Services	2 498 493	2 562 731
Other Expenditure	150 967	40 375
Total Repairs and Maintenance	**6 381 651**	**6 470 168**

2.6 Assets pledged as security:

	2024 R	2023 R

Leased Property, Plant and Equipment of R 941,047 is secured for leases as set out in Note 10.

2.7 Third party payments received for losses incurred:

	2024 R	2023 R
Payments received (Excluding VAT)	201 171	8 370
Carrying value of assets written off/lost	(138 625)	(5 751)
Surplus/(Deficit)	**62 546**	**2 620**

2.8 Impairment losses of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

	2024 R	2023 R
Infrastructure	-	-
Community Assets	-	-
Other	-	-
Total Impairment Losses	-	-

2.9 Reversal of Impairment losses of Property, Plant and Equipment

Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are

	2024 R	2023 R
Other	-	(80 040)
Total Reversal of Impairment losses	-	(80 040)

2.10 Effect of changes in accounting estimates

The effect of a change in accounting estimate will have on the current period and subsequent periods.

	2024 R	2025 R	2026 R
Effect on Property, plant and equipment	(450 021)	(855 792)	(1 311 361)

		2024 R	2023 R
2.11	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for:	283 968 076	322 709 154
	Infrastructure: Solid Waste	283 968 076	322 709 154
	Total	**283 968 076**	**322 709 154**
	This expenditure will be financed from:		
	Capital Replacement Reserve	-	7 070 673
	Government Grants	-	3 000 000
	External Loans	283 968 076	312 638 481
	Total	**283 968 076**	**322 709 154**

The commitments presented above are inclusive of VAT.

3. INVESTMENT PROPERTY

3.1	**Net Carrying amount at 1 July**	**65 948 200**	**64 186 828**
	Cost - Balance previously reported	240 211 209	237 912 415
	Accumulated Depreciation - Balance previously reported	(3 171 483)	(2 714 100)
	Accumulated Impairment Loss - Balance previously reported	(171 091 526)	(171 011 487)
	Transfer in / (out)	-	1 870 083
	Cost	-	2 298 794
	Accumulated Impairment Loss	-	(80 039)
	Accumulated Depreciation	-	(348 672)
	Additions	-	-
	Disposal	-	-
	Cost	-	-
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Depreciation for the year	(109 008)	(108 711)
	Impairment loss	-	-
	Reversal of Impairment loss	-	-
	Net Carrying amount at 30 June	**65 839 192**	**65 948 200**
	Cost	240 211 209	240 211 209
	Accumulated Depreciation	(3 280 491)	(3 171 483)
	Accumulated Impairment Loss	(171 091 526)	(171 091 526)
3.2	**Revenue from Investment Property**		
	Revenue derived from the rental of Investment Property	949 928	1 188 500

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.

		2024 R	2023 R
4.	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July	**1 613 902**	**2 005 523**
	Cost	5 453 187	5 682 384
	Accumulated Amortisation	(3 839 285)	(3 676 861)
	Additions	209 622	84 121
	Amortisation	(401 774)	(395 853)
	Disposals	(104 938)	(79 889)
	Cost	(3 317 683)	(313 318)
	Accumulated Impairment Loss	-	-
	Accumulated Amortisation	3 212 746	233 429
	Net Carrying amount at 30 June	**1 316 812**	**1 613 902**
	Cost	2 345 126	5 453 187
	Accumulated Amortisation	(1 028 314)	(3 839 285)
	Accumulated Impairment Loss	-	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

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

5. INVESTMENTS

Unlisted	15 665	28 416
KKLK shares and Loan Account	15 665	28 416
Total Investments	**15 665**	**28 416**

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

Unlisted investments comprise of the following. Valuations of investments supplied by council are:

KKLK shares	15 665	28 416
	15 665	28 416

6. OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor

	2024 R	2023 R
Operating Lease Asset	25 134	56 367

Reconciliation

	2024 R	2023 R
Balance at the beginning of the year	56 367	63 191
Movement during the year	(31 233)	(6 824)
Balance at the end of the year	**25 134**	**56 367**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

	2024 R	2023 R
Up to 1 Year	178 772	492 122
1 to 5 Years	7 452	186 223
Total Operating Lease Arrangements	**186 223**	**678 345**

This lease income was determined from contracts that have a specific conditional contractual income. The leases are in respect of land and buildings being leased.

The municipality does not engage in any sub-lease arrangements. The municipality did not receive any contingent rent during the year.

7. INVENTORY

	2024 R	2023 R
Consumables	2 661 549	3 483 076
Total Inventory	**2 661 549**	**3 483 076**

7.1 Inventories recognised as an expense during the year:

	2024	2023
Consumables	27 239 210	46 169 081
Balance previously reported	-	46 054 001
Correction of under and over provision of Trade and Other Payables - refer to Note 38.3	-	115 080
Materials and Supplies	24 386 000	5 568 610
Total	**51 625 209**	**51 737 692**

Roads Function inventory is classified as consumables as this inventory is consumed in the performance of the service of maintaining the provincial roads on behalf of the Department of Infrastructure. The roads are not the asset of the Garden Route District Municipality.

7.2 Inventory surpluses / (written down due to losses) as identified during the annual stores counts:

	2024	2023
Consumables	234 220	(57 016)
Total	**234 220**	**(57 016)**

No inventories were pledged as security for liabilities.

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Property Rentals	4 033 390	3 222 567
Fire Fighting Fees	46 596 302	42 446 740
Other Arrears	7 614 191	4 307 999
Balance previously reported	-	3 375 648
Correction of Workmans Compensation Prepaid Expense - refer to Note 38.2 & 38.6	-	932 351
Department of Infrastructure - Roads	50 441 609	17 002 886
Balance previously reported	-	14 933 195
Correction of Department of Infrastructure claim with expenditure included in provisions - refer to Note 38.2 & 38.6	-	2 069 692
Total: Receivables from exchange transactions (before provision)	**108 685 491**	**66 980 193**
Less: Provision for Debt Impairment	(50 591 262)	(46 817 805)
Total: Receivables from exchange transactions (after provision)	**58 094 229**	**20 162 388**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

Ageing of Receivables from exchange transactions that is past due as at 30 June:

	2024 R	2023 R
Property Rentals: Ageing		
31 - 60 Days	177 108	160 425
61 - 90 Days	115 437	116 289
+ 90 Days	3 743 345	2 956 503
Total	**4 035 890**	**3 233 217**
Fire Fighting Fees: Ageing		
31 - 60 Days	1 166 910	503 588
61 - 90 Days	385 424	1 018 612
+ 90 Days	45 043 968	40 908 863
Total	**46 596 302**	**42 431 064**
Other Arrears: Ageing		
31 - 60 Days	1 220 059	508 227
61 - 90 Days	115 289	184 757
+ 90 Days	6 279 383	1 931 578
Total	**7 614 730**	**2 624 562**

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	2024 R	2023 R
(Total): Ageing		
31 - 60 Days	2 564 077	1 172 241
61 - 90 Days	616 149	1 319 658
+ 90 Days	55 066 696	45 796 945
Total Receivables from exchange transactions that is past due as at 30 June	**58 246 922**	**48 288 843**

Reconciliation of Provision for Debt Impairment

Garden Route District Municipality

	2024	2023
Balance at beginning of year	46 817 805	39 715 379
Contribution to provision	3 873 812	6 576 754
VAT on provision	(100 355)	525 672
Total Balance at end of year	**50 591 262**	**46 817 805**

Ageing of amounts past due but not impaired:

	2024	2023
1 month past due	494 464	13 817 141
2+ months past due	33 815 545	857 456
	34 310 009	**14 674 598**

The provision for doubtful debts on debtors exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Reconciliation of bad debts written off (Inclusive of VAT)

	2024	2023
Property Rentals	36	105
Fire Fighting Fees	1 729 021	2 361 906
Other Arrears	48 814	37 027
	1 777 871	**2 399 038**

Uneconomical to recover as per assessment from appointed legal presentation.

Collection Rate of Receivables from exchange transactions

	2024	2023
Property Rentals	64%	77%
Fire Fighting Fees	22%	11%
Other Arrears	41%	168%
Department of Infrastructure - Roads	81%	110%

9. BANK ACCOUNTS

9.1 Cash and Cash Equivalents

	2024 R	2023 R
Current Accounts	152 443 465	136 373 657
Call Deposits and Investments	4 342 610	-
Cash On-hand	29 500	29 794
Total Cash and Cash Equivalents - Assets	**156 815 575**	**136 403 451**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Included in other deposits and bank balances are an amount of 2024: R640 314 (2023: R 2 649 253) which is attributable to unspent grants and subsidies; and 2024: R2 606 941 (2023: R 4 133 051) which is attributable to the Capital Replacement Reserve and 2024: R 35 183 127 (2023: R 38 762 712) which is attributable to the Employee Benefit Reserve.

The municipality has the following bank accounts:

Current Accounts and Call Deposits and Investments Accounts

	2024	2023
Nedbank Limited - Account Number 1186616261 (Primary Current Account):	121 449 940	120 142 285
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)	30 968 556	16 231 372
Nedbank Limited - Account Number 1278487034 (Secondary Current Account)	24 970	-
Nedbank Limited - Account Number 03/7881073772/000164 (32 Notice Deposit Account)	4 342 610	-
	156 786 076	**136 373 657**

Details of current accounts and call deposits and investments accounts are as follow:

	2024	2023
Nedbank Limited - Account Number 1186616261 (Primary Current Account):		
Cash book balance at beginning of year	120 142 285	102 587 905
Cash book balance at end of year	121 449 940	120 142 285
Bank statement balance at beginning of year	120 139 702	102 543 520
Bank statement balance at end of year	121 447 811	120 139 702
Nedbank Limited - Account Number 1153066203 (Secondary Current Account)		
Cash book balance at beginning of year	16 231 372	29 128 460
Cash book balance at end of year	30 968 556	16 231 372
Bank statement balance at beginning of year	16 231 372	29 128 460
Bank statement balance at end of year	30 968 556	16 231 372

9. BANK ACCOUNTS (CONTINUED)

	2024 R	2023 R
ABSA Bank Limited - Account Number 9369980950 (Investment Account)		
Cash book balance at beginning of year	-	10 276 417
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	10 232 516
Bank statement balance at end of year	-	-
Nedbank Limited - Account Number 1278487034 (Secondary Current Account)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	24 970	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	24 970	-
Nedbank Limited - Account Number 03/7881073772/000164 (32 Notice Deposit Account)		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	4 342 610	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	4 342 610	-

10. LONG-TERM BORROWINGS

	2024 R	2023 R
Annuity Loans	116 912 000	-
Capitalised Lease Liability - At amortised cost	654 161	1 245 421
	117 566 161	**1 245 421**
Less: Current Portion transferred to Current Liabilities	**8 503 099**	**662 650**
Annuity Loans	8 000 000	-
Capitalised Lease Liability - At amortised cost	503 099	662 650
Non-current portion of Long-term Borrowings	**109 063 061**	**582 771**

The obligations under annuity loans are scheduled below:

	Minimum payments 2024 R	2023 R
Amounts payable under annuity loans:		
Amounts still to be drawn	(161 330 043)	-
Payable within one year	30 472 490	-
Payable within two to five years	176 767 847	-
Payable after five years	266 271 172	-
	312 181 465	-
Less: Future finance obligations	(195 269 465)	-
Present value of annuity loans obligations	**116 912 000**	**-**

The obligations under finance leases are scheduled below:

	Minimum payments 2024 R	2023 R
Amounts payable under finance leases:		
Payable within one year	543 617	762 009
Payable within two to five years	155 565	622 191
Payable after five years	-	-
	699 183	1 384 200
Less: Future finance obligations	(45 022)	(138 779)
Capitalised Lease Liability	**654 161**	**1 245 421**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom	Mobile Communication Devices	Prima rate	None	24 Months	Various
Standard Bank	Regional Landfill Site Loan	10.5%	3-Month JBAR per annum Variable Interest Rate	120 months	2035/06/29

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

11 NON-CURRENT EMPLOYEE BENEFITS

		2024 R	2023 R
Provision for Post Retirement Health Care Benefits	Note 11.1	142 969 000	136 667 000
Provision for Ex-Gratia Pension Benefits	Note 11.2	274 700	274 500
Provision for Long Service Awards	Note 11.3	16 160 000	15 197 000
Provision for Exit Gratuity		961 953	504 318
Total Non-current Employee Benefits		**160 365 653**	**152 642 818**
Less: Transfer of Current Portion to Current Provisions - Note 12		(12 094 737)	(10 731 300)
		148 270 916	**141 911 518**

Employee Benefits - Receivables (Note 11.5)

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Infrastructure with regards to employee benefits:

	2024 R	2023 R
Roads - Provision for Post Employment Health Care Benefits (Note 11.5)	58 045 000	58 087 000
Roads - Provision for Ex-Gratia Pension Benefits (Note 11.5)	164 500	164 100
Roads - Provision for Long Service Leave Awards (Note 11.5)	6 019 000	6 130 000
	64 228 500	64 381 100
Less: Short Term Portion Transferred to Current Employee Benefits Receivable (Note 11.5)	(4 600 600)	(5 067 600)
	59 627 900	**59 313 500**

Post Retirement Health Care Benefits

	2024 R	2023 R
Balance 1 July	136 667 001	139 658 001
Contribution for the year	19 186 000	19 753 000
Expenditure for the year	(8 615 987)	(8 087 927)
Actuarial Loss/(Gain)	(4 268 013)	(14 656 073)
Total provision 30 June	**142 969 001**	**136 667 001**
Less: Transfer of Current Portion to Current Provisions - Note 12	(9 352 000)	(8 500 000)
Balance 30 June	**133 617 001**	**128 167 001**

Ex-Gratia Pensions

	2024 R	2023 R
Balance 1 July	274 500	267 800
Contribution for the year	24 700	23 000
Expenditure for the year	(53 556)	(57 275)
Actuarial Loss/(Gain)	29 056	40 975
Total provision 30 June	**274 700**	**274 500**
Less: Transfer of Current Portion to Current Provisions - Note 12	(53 300)	(51 300)
Balance 30 June	**221 400**	**223 200**

Long Service Awards

	2024 R	2023 R
Balance 1 July	15 197 000	15 136 000
Contribution for the year	3 557 000	2 789 000
Expenditure for the year	(3 611 933)	(2 545 205)
Actuarial Loss/(Gain)	1 017 933	(182 795)
Total provision 30 June	**16 160 000**	**15 197 000**
Less: Transfer of Current Portion to Current Provisions - Note 12	(2 184 000)	(2 180 000)
Balance 30 June	**13 976 000**	**13 017 000**

Exit Gratuity

	2024 R	2023 R
Balance 1 July	504 318	125 195
Contribution for the year	457 635	379 123
Expenditure for the year	-	-
Total provision 30 June	**961 953**	**504 318**
Less: Transfer of Current Portion to Current Provisions - Note 12	(505 437)	-
Balance 30 June	**456 516**	**504 318**

11.1 Provision for Post Retirement Health Care Benefits

Nature of the plan

Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive a 70% subsidy.

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

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Post Retirement Benefits (PEMA)	142 969 000	136 667 000
Total Net defined benefit liability	**142 969 000**	**136 667 000**

The total DBO has increased by 5% (or R 6.302 million) since the last valuation. A numerical analysis of the unexpected movement (actuarial gain/loss) is provided in the next section. The main reasons for the change in liability:

1. An increase in the average age, which means members are closer to retirement (less discounting) and less likely to leave before retirement
2. An increase in the average past service
3. An increase in the average post-employment subsidy
4. An increase in the proportion of members with a spouse dependant (continuation members)

Provision for Post Retirement Health Care Benefits

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

	2024 R	2023 R
In-service (employee) members	297	317
In-service (employee) non-members	242	250
Continuation members (e.g. Retirees, widows, orphans)	145	148
Total Members	**684**	**715**

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

	2024 R	2023 R
In-service (employee) members	49 106 000	45 846 000
In-service (employee) non-members	1 526 000	1 375 000
Continuation (retiree & widow) members	92 337 000	89 446 000
Total Liability	**142 969 000**	**136 667 000**

The Current-service Cost for the ensuing year is estimated to be R3 016 000, whereas the Interest Cost for the next year is estimated to be R16 170 000.

Key actuarial assumptions used:

	2024 %	2023 %
i) Rate of interest		
Discount rate	12,09%	12,20%
CPI (Consumer Price inflation)	6,10%	6,32%
Medical Aid Contribution Inflation Rate	7,60%	7,82%
Net Effective Discount Rate	**4,17%**	**4,06%**

The next contribution increases were assumed to occur at 1 January 2025.

ii) Mortality during employment

SA85-90 tables, adjusted for female lives

iii) Mortality rates post-employement

The PA 90-1 with 1% mortality improvement from p.a from 2010

iv) Average retirement age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 60 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

v) Proportion with a spouse dependant at retirement

It has been assumed that 5% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

vi) Continuation from membership

It has been assumed that 80% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

vii) Termination of service

Valuation: 30 June 2024

Age	Rate
20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55+	0%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

	2024 R	2023 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	142 969 000	136 667 000
Net liability/(asset)	**142 969 000**	**136 667 000**

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.
As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

Reconciliation of present value of fund obligation:

	2024	2023
Present value of fund obligation at the beginning of the year	136 667 001	139 658 001
Total expenses	19 186 000	19 753 000
Current service cost	3 016 000	3 842 000
Interest Cost	16 170 000	15 911 000
Remeasurement of net defined benefit liability	(4 268 013)	(14 656 073)
Actuarial (gains)/losses from financial assumptions	(1 899 000)	(16 753 000)
Experience adjustments	(2 369 013)	2 096 927
Benefits Paid	(8 615 987)	(8 087 927)
Present value of fund obligation at the end of the year	142 969 001	136 667 001
Less: Transfer of Current Portion	(9 352 000)	(8 500 000)
Net defined benefit liability	**133 617 001**	**128 167 001**

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Total liability (R)	% change
Central Assumptions		142 969,000	
Medical aid contribution inflation rate	1%	161 064,000	13%
Medical aid contribution inflation rate	-1%	127 914,000	-11%
Discount rate	1%	128 582,000	-10%
Discount rate	-1%	160 441,000	12%
Post-employment mortality	1 year	138 934,000	-3%
Post-employment mortality	(1 year)	146 988,000	3%
Average retirement age	(1 year)	147 429,000	3%
Membership continuation	-10%	136 859,000	-4%

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Total liability (R)	% change
Central Assumptions		136 667,000	
Medical aid contribution inflation rate	1%	154 120,000	13%
Medical aid contribution inflation rate	-1%	122 162,000	-11%
Discount rate	1%	122 794,000	-10%
Discount rate	-1%	153 540,000	12%
Post-employment mortality	1 year	132 778,000	-3%
Post-employment mortality	(1 year)	140 543,000	3%
Average retirement age	(1 year)	140 937,000	3%
Membership continuation	-10%	130 992,000	-4%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	3 016 000	16 170 000	19 186 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	3 708 000	18 297 000	22 005 000	15%
Health care inflation	-1%	2 477 000	14 403 000	16 880 000	-12%
Discount rate	1%	2 525 000	15 665 000	18 190 000	-5%
Discount rate	-1%	3 650 000	16 733 000	20 383 000	6%
Post-retirement mortality	+1 year	2 949 000	15 696 000	18 645 000	-3%
Post-retirement mortality	-1 year	3 084 000	16 642 000	19 726 000	3%
Average retirement age	-1 year	3 222 000	16 691 000	19 913 000	4%
Continuation of membership at retirement	-10%	2 660 000	15 477 000	18 137 000	-5%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	3 842 000	15 911 000	19 753 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	4 732 000	18 173 000	22 905 000	16%
Health care inflation	-1%	3 148 000	14 052 000	17 200 000	-13%
Discount rate	1%	3 199 000	15 323 000	18 522 000	-6%
Discount rate	-1%	4 669 000	16 572 000	21 241 000	8%
Post-retirement mortality	+1 year	3 746 000	15 406 000	19 152 000	-3%
Post-retirement mortality	-1 year	3 936 000	16 417 000	20 353 000	3%
Average retirement age	-1 year	3 848 000	16 459 000	20 307 000	3%
Continuation of membership at retirement	-10%	3 386 000	15 140 000	18 526 000	-6%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Future Cashflows

The Current-service Cost for the ensuing year is estimated to be R3 069 000, whereas the Interest Cost for the next year is estimated to be R16 736 000.

Maturity analysis

Year	Future year	Expected Benefit Payments (R)
2025	1	9 352 000
2026	2	10 193 000
2027	3	10 928 000
2028	4	11 545 000
2029	5	12 353 000
2030-2034	6-10	79 270 000
2035-2039	11-15	113 688 000
2040-2044	16-20	156 560 000
2045-2049	21-25	215 043 000
2050-2054	26-30	275 436 000
2055-2064	31-40	681 859 000
2065-2074	41-50	703 905 000
2075-2084	51-60	522 582 000
2085-2094	61-70	240 646 000
2095-2104	71-80	48 659 000

11.2 Provision for Ex-Gratia Pension Benefits

Nature of the plan

The ex-gratia pensions valued here are pensions that are paid by the Municipality from its revenue i.e. they are not funded or paid from one of the Municipality's formalised pension arrangements.
All pensioners receive annually increasing monthly pension amounts until death.

	2024 R	2023 R
The Ex-Gratia Pension Plans are defined benefit plans. As at year end the following number of former employees were eligible for Ex-Gratia Pension Benefits.	5	5

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.
It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

Valuation Method

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Ex-Gratia Pension Benefits	274 700	274 500
Total Net defined benefit liability	**274 700**	**274 500**

The total DBO has also increased by less than 1% (or R 200) since the last valuation, due to the above, and because there was no change in the number of pensioners.

Key actuarial assumptions used:	2024 %	2023 %
i) Rate of interest		
Discount rate	9,68%	9,91%
CPI inflation rate	4,30%	4,89%
Pension inflation rate	2,15%	2,45%
Net discount rate	**7,37%**	**7,29%**

These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2024.

Demographic assumptions

ii) Mortality post-employment

PA(90) -1 with a 1% mortality improvement p.a. from 2010

The amounts recognised in the Statement of Financial Position are as follows:	2024 R	2023 R
Present value of fund obligations	274 700	274 500
Net liability/(asset)	**274 700**	**274 500**

Since there is no plan asset, this is also the Municipality's net defined benefit liability.

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Reconciliation of present value of net defined benefit liability

	2024 R	2023 R
Present value of fund obligation at the beginning of the year	274 500	267 800
Total expenses	24 700	23 000
Current service cost	-	-
Interest Cost	24 700	23 000
Remeasurement of net defined benefit liability	29 056	40 975
Actuarial (gains)/losses from demographic assumptions	-	-
Actuarial (gains)/losses from financial assumptions	(1 100)	(13 600)
Experience adjustments	30 156	54 575
Benefits Paid	(53 556)	(57 275)
Present value of fund obligation at the end of the year	**274 700**	**274 500**
Less: Transfer of Current Portion	(53 300)	(51 300)
Net defined benefit liability	**221 400**	**223 200**

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Liability (R)	% change
Central assumptions		274 700	
Inflation rate	+1%	287 300	5%
Inflation rate	-1%	263 200	-4%
Discount Rate	+1%	264 000	-4%
Discount Rate	-1%	286 400	4%
Post-employment mortality	+1 yr	262 600	-4%
Post-employment mortality	-1 yr	287 200	5%

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Liability (R)	% change
Central assumptions		274 500	
Inflation rate	+1%	287 300	5%
Inflation rate	-1%	262 400	-4%
Discount Rate	+1%	263 400	-4%
Discount Rate	-1%	286 600	4%
Post-employment mortality	+1 yr	262 400	-4%
Post-employment mortality	-1 yr	286 800	4%

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

Assumption	Interest Cost (R)
Central Assumptions	24 700

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Health care inflation	1%	26 000	5%
Health care inflation	-1%	23 500	-5%
Discount rate	1%	26 000	5%
Discount rate	-1%	23 300	-6%
Post-retirement mortality	+1 year	23 500	-5%
Post-retirement mortality	-1 year	25 900	5%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

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

Assumption	Interest Cost (R)
Central Assumptions	23 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Interest Cost (R)	% change
Health care inflation	1%	24 300	5%
Health care inflation	-1%	21 800	-5%
Discount rate	1%	24 300	5%
Discount rate	-1%	21 600	-6%
Post-retirement mortality	+1 year	21 900	-4%
Post-retirement mortality	-1 year	24 100	4%

Future Cashflows

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 24 100.

Maturity analaysis

Year	Future year	Expected Benefit Payments (R)
2025	1	53 300
2026	2	48 600
2027	3	44 100
2028	4	39 800
2029	5	35 800
2030-2034	6-10	128 300
2035-2039	11-15	65 000
2040-2044	16-20	26 700
2045-2054	21-30	9 600
2055-2064	31-40	200

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

11.3 Provision for Long Service Bonuses

Nature of the plan

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

In the month that each “completed service” milestone is reached, the employee is granted an LSA.

	2024 R	2023 R
The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.	537	562

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

Valuation Method

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Long Service Awards	16 160 000	15 197 000
Total Net defined benefit liability	**16 160 000**	**15 197 000**

The total DBO has increased by 6% (or R 963,000) due to the above, partially offset by a decrease in the number of eligible employees since the last valuation.

Key actuarial assumptions used:	2024 %	2023 %
i) Rate of interest		
Discount rate	11,29%	11,45%
CPI (Consumer Price Inflation)	5,42%	5,68%
Normal Salary Increase Rate	6,42%	6,68%
Net Discount rate	**4,58%**	**4,47%**

Demographic assumptions

ii) Normal retirement age

The normal retirement age is 65 for males and 60 for females

iii) Average retirement age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 60 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age, have been assumed to retire at their next birthday.

iv) Mortality during employment

SA85-90 ultimate table,adjustes for female lives

v) Withdrawal from Service

Valuation: 30 June 2024

Age	Rate
20-24	9%
25-29	8%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55+	0%

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Position are as follows:

	2024 R	2023 R
Present value of fund obligations	16 160 000	15 197 000
Net liability/(asset)	**16 160 000**	**15 197 000**

Since there is no plan asset, this is also the Municipality's net defined benefit liability.

Reconciliation of present value of net defined benefit liability

	2024 R	2023 R
Present value of fund obligation at the beginning of the year	15 197 000	15 136 000
Total expenses	3 557 000	2 789 000
Current service cost	1 191 000	1 212 000
Past service cost	747 000	-
Interest Cost	1 619 000	1 577 000
Remeasurement of net defined benefit liability	1 017 933	(182 795)
Actuarial (gains)/losses from demographic assumptions	-	-
Actuarial (gains)/losses from financial assumptions	(85 000)	(868 000)
Experience adjustments	1 102 933	685 205
Benefits Paid	(3 611 933)	(2 545 205)
Present value of fund obligation at the end of the year	16 160 000	15 197 000
Less: Transfer of Current Portion	(2 184 000)	(2 180 000)
Net defined benefit liability	**13 976 000**	**13 017 000**

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change	Liability (R)	% change
Central assumptions		16 160,000	
General earnings inflation	1%	17 140,000	6%
General earnings inflation	-1%	15 272,000	-5%
Discount rate	1%	15 255,000	-6%
Discount rate	-1%	17 174,000	6%
Average retirement age	2 year	18 052,000	12%
Average retirement age	(2 year)	14 299,000	-12%
Withdrawal rates	x2	13 353,000	-17%
Withdrawal rates	x0.5	18 090,000	12%

Sensitivity Analysis

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Liability (R)	% change
Central assumptions		15 197,000	
General earnings inflation	1%	16 116,000	6%
General earnings inflation	-1%	14 364,000	-5%
Discount rate	1%	14 349,000	-6%
Discount rate	-1%	16 146,000	6%
Average retirement age	2 year	17 007,000	12%
Average retirement age	(2 year)	13 332,000	-12%
Withdrawal rates	x2	12 587,000	-17%
Withdrawal rates	x0.5	16 998,000	12%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1 191 000	1 619 000	2 810 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation	1%	1 290 000	1 724 000	3 014 000	7%
General earnings inflation	-1%	1 102 000	1 523 000	2 625 000	-7%
Discount rate	1%	1 112 000	1 655 000	2 767 000	-2%
Discount rate	-1%	1 281 000	1 576 000	2 857 000	2%
Average retirement age	2 year	1 315 000	1 840 000	3 155 000	12%
Average retirement age	(2 year)	1 063 000	1 390 000	2 453 000	-13%
Rates of termination of service	x2	878 000	1 319 000	2 197 000	-22%
Rates of termination of service	x0.5	1 424 000	1 825 000	3 249 000	16%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	1 212 000	1 577 000	2 789 000

The effect of movements in the assumptions are as follows:

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation	1%	1 319 000	1 685 000	3 004 000	8%
General earnings inflation	-1%	1 118 000	1 480 000	2 598 000	-7%
Discount rate	1%	1 127 000	1 612 000	2 739 000	-2%
Discount rate	-1%	1 309 000	1 537 000	2 846 000	2%
Average retirement age	2 year	1 338 000	1 797 000	3 135 000	12%
Average retirement age	(2 year)	1 084 000	1 356 000	2 440 000	-13%
Rates of termination of service	x2	879 000	1 275 000	2 154 000	-23%
Rates of termination of service	x0.5	1 466 000	1 789 000	3 255 000	17%

Future Cashflows

The Current-service Cost for the ensuing year is estimated to be R1 216 000, whereas the Interest Cost for the next year is estimated to be R1 705 000.

Maturity analaysis

Year	Future year	Benefit
2025	1	2 184 000
2026	2	2 633 000
2027	3	1 934 000
2028	4	2 464 000
2029	5	2 565 000
2030-2034	6-10	14 855 000
2035-2039	11-15	16 608 000
2040-2044	16-20	19 974 000
2045-2054	21-30	28 423 000
2055-2064	31-40	2 546 000

11.4 Retirement funds

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 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.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120.3% (30 June 2022 - 104,5%).

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund is in a sound financial position with a funding level of 120.1% (30 June 2022 - 131,5%).

Contributions paid recognised in the Statement of Financial Performance.

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance	2024 R	2023 R
Government Employees Pension Fund	30 153 773	28 574 161
Municipal Councillors Pension Fund	34 795	39 147
	30 188 568	28 613 308
Expected contributions for the next period		
Government Employees Pension Fund	29 977 044	30 153 773
Municipal Councillors Pension Fund	31 794	34 795
	30 008 838	30 188 568

11.5 Employee Benefits Receivable

	2024 R	2023 R
Department of Infrastructure: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	58 045 000	58 087 000
Department of Infrastructure: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	164 500	164 100
Department of Infrastructure: Roads - Long Service Awards (Note 11.3) - At amortised cost	6 019 000	6 130 000
	64 228 500	64 381 100
Less: Current portion transferred to current employee benefits receivable	4 600 600	5 067 600
Department of Infrastructure: Roads - Post Employment Health Care Benefits (Note 11.1) - At amortised cost	3 918 000	3 826 000
Department of Infrasturcture: Roads - Ex-Gratia Pension Benefits (Note 11.2) - At amortised cost	25 600	24 600
Department of Infrastructure: Roads - Long Service Awards (Note 11.3) - At amortised cost	657 000	1 217 000
Total	**59 627 900**	**59 313 500**

11 NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

DEPARTMENT OF INFRASTRUCTURE: ROADS

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

	2024 R	2023 R
Net actuarial gains/(losses) on employee benefit assets and liabilities	(1 251 252)	7 121 207

12. CURRENT EMPLOYEE BENEFITS

	2024 R	2023 R
Performance Bonuses	1 517 541	1 299 804
Staff Bonuses	7 295 654	7 490 011
Staff Leave	22 267 700	21 672 994
Current Portion of Non-Current Provisions	12 094 737	10 731 300
Current Portion of Post Retirement Benefits - Note 11	9 352 000	8 500 000
Current Portion of Ex-Gratia Pension Provisions - Note 11	53 300	51 300
Current Portion of Long-Service Provisions - Note 11	2 184 000	2 180 000
Current Portion of Exit Gratuity Provisions - Note 11	505 437	-
Total Provisions	**43 175 632**	**41 194 109**

12.1 *Performance Bonuses*

	2024 R	2023 R
Balance at beginning of year	1 299 804	1 409 384
Contribution to current portion	723 236	1 305 870
Expenditure incurred	(505 500)	(1 415 450)
Balance at end of year	**1 517 541**	**1 299 804**

Performance bonuses are being paid to the Municipal Manager and five Section 57 Executive Managers after an evaluation of performance by the council.

12.2 *Staff Bonuses*

	2024 R	2023 R
Balance at beginning of year	7 490 011	9 169 886
Contribution to current portion	14 411 746	6 370 545
Expenditure incurred	(14 606 103)	(8 050 420)
Balance at end of year	**7 295 654**	**7 490 011**

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

12.3 *Staff Leave*

	2024 R	2023 R
Balance at beginning of year	21 672 994	23 367 198
Contribution to current portion	11 998 629	386 796
Expenditure incurred	(11 403 923)	(2 081 000)
Balance at end of year	**22 267 700**	**21 672 994**

Staff leave accrued to employees according to collective agreement, capped at a maximum of 48 days. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

13. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2024 R	2023 R
Trade Payables	24 072 505	33 307 762
Balance previously reported	-	33 413 536
Correction of incorrect provision for old maintenance invoice - refer tot Note 38.3	-	131 304
Correction of Workmens Compensation Provision - refer tot Note 38.3	-	(462 253)
Correction of under and over provision of Trade and other Payables - refer tot Note 38.3	-	225 174
Consumer Advance Payments	826 490	780 725
Control, Clearing and Interface Accounts	864 788	458 155
Balance previously reported	-	197 550
Correction of under and over provision of Trade and other Payables - refer tot Note 38.3	-	260 605
Other Payables	3 228 351	2 067 384
Retentions	2 716 678	1 633 182
Total Trade Payables	**31 708 812**	**38 247 207**

Payables are being recognised net of any discounts.

Payables are payable within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

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

All payables are unsecured.

14. UNSPENT TRANSFERS AND SUBSIDIES

	2024 R	2023 R
Unspent Transfers and Subsidies	640 314	2 649 255
National Government Grants	267 041	235 316
Provincial Government Grants	373 272	2 413 939
Less: Unpaid Transfers and Subsidies	-	(351 984)
National Government Grants	-	(351 984)
Balance previously reported	-	-
Correction of incorrect recognition of income RRAMS and Integrated Transport - refer to Note 38.1	-	(351 984)
Provincial Government Grants	-	-
Total Unspent Transfers and Subsidies	**640 314**	**2 297 271**

See Appendix "B" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

No grants were delayed or withheld.

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

15. TAXES

		2024 R	2023 R
15.1	VAT Payable	-	-
	VAT Output in Suspense	(762 005)	(612 633)
	Total VAT Payable	**(762 005)**	**(612 633)**
15.2	VAT Receivable	575 233	2 479 025
	VAT Input in Suspense	1 881 711	1 451 405
	Balance previously reported	-	1 434 425
	Correction of under and over provision of Trade and other Payables - refer tot Note 38.4	-	16 980
	Total VAT Receivable	**2 456 944**	**3 930 429**
15.3	**Net VAT (Payable)/Receivable**	**1 694 939**	**3 317 797**

VAT is accounted for on the payment basis.

The municipality requested a binding VAT ruling from SARS concerning the output VAT treatment of the roads funding received from the Western Cape Department of Transport and Public Works. The objective of the opinion or request was to confirm if the municipality must declare output VAT at 15% or zero % on the funding received from the Western Cape Department of Transport and Public Works. At the date of these financial statements, there is still uncertainty about the obligation the municipality has, if any. SARS, along with relevant role players, are in the process of formulating guidance on the matter, which, was not available on reporting date.

16 SHORT-TERM BORROWINGS

The Municipality has no short term borrowings.

17 NET ASSET RESERVES

RESERVES	37 790 068	42 895 763
Capital Replacement Reserve	2 606 941	4 133 051
Employee Benefit Reserve	35 183 127	38 762 712
Total Net Asset Reserve and Liabilities	**37 790 068**	**42 895 763**

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

17.2 The Employee Benefits Reserve is used to finance future payment of post retirement as well as current employee benefits, excluding those relating to staff in the Roads Department, as this is payable by the Western Cape Provincial Department of Infrastructure and Public Works.

18	GOVERNMENT GRANTS AND SUBSIDIES	2024 R	2023 R
	Government Grants and Subsidies - Operating	192 051 547	190 660 006
	Equitable Share	178 333 000	172 721 000
	Human Settlements	4 333 809	4 708 490
	Expanded Public Works Programme Integrated Grant	2 180 000	2 440 000
	EEDSM (Energy Efficiency and Demand-side Management)	773 252	1 794 818
	Rural Road Asset Management Systems Grant	2 754 000	2 594 000
	Balance previously reported	-	2 594 000
	Correction of grant income incorrectly recognised - refer to Note 38.1	-	(351 984)
	Correction of grant income incorrectly recognised - refer to Note 38.1	-	351 984
	Local Government Financial Management Grant	1 000 000	1 000 000
	Local Government Public Employment Support Grant	-	101 445
	Municipal Service Delivery and Capacity Building	500 000	350 000
	Joint District and Metro Approach Grant	-	1 000 000
	Integrated Transport Planning	218 016	1 251 984
	Balance previously reported	-	900 000
	Correction of grant income incorrectly recognised - refer to Note 38.1	-	351 984
	Contribution Towards Acceleration of Housing Delivery	-	513 295
	Safety Plan Implementation - (WOSA)	1 560 000	2 070 708
	Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern	54 789	-
	Western Cape Financial Management Capability Grant (Bursary Programme)	344 682	114 267
	Government Grants and Subsidies - Capital	12 627 817	3 149 170
	Human Settlements	-	179 303
	Municipal Service Delivery and Capacity Building (Fire fighting)	4 416 185	-
	Fire Service Capacity-building Grant (Flood Response Vehicle)	2 500 000	-
	Municipal Water Resilience Grant (Water Truck 6'000 Liter)	1 151 610	-
	Emergency Municipal Load-Shedding Relief Grant	1 600 000	-
	EEDSM (Energy Efficiency and Demand-side Management)	2 960 022	2 969 867
	Total Government Grants and Subsidies	**204 679 365**	**193 809 176**

Included in above are the following grants and subsidies received during the year:

	2024	2023
Unconditional	178 333 000	172 721 000
Equitable Share	178 333 000	172 721 000
Conditional	25 452 617	20 534 000
Local Government Financial Management Grant	1 000 000	1 000 000
Expanded Public Works Programme Integrated Grant	2 180 000	2 440 000
Rural Road Asset Management Systems Grant	2 754 000	2 594 000
Human Settlements	4 407 617	5 000 000
Integrated Transport Planning	570 000	-
Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern	100 000	100 000
Emergency Municipal Load-Shedding Relief Grant	-	1 600 000
Joint District and Metro Approach Grant	-	1 000 000
EEDSM (Energy Efficiency and Demand-side Management)	4 000 000	5 000 000
Western Cape Financial Management Capability Grant (Bursary Programme)	200 000	300 000
Safety Plan Implementation - (WOSA)	1 560 000	1 500 000
Municipal Service Delivery and Capacity Building (Fire fighting)	4 481 000	-
Fire Service Capacity-building Grant (Flood Response Vehicle)	2 500 000	-
Municipal Water Resilience Grant (Water Truck 6'000 Liter)	1 200 000	-
Municipal Service Delivery and Capacity Building	500 000	-
Total Government Grants and Subsidies	**203 785 617**	**193 255 000**

	2024	2023
Unconditional		
Equitable Share	178 333 000	172 721 000
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Conditional grants	26 346 365	21 088 176
Office of the Municipal Manager	1 560 000	2 070 708
Financial Services	1 000 000	1 000 000
Corporate Services	344 683	464 267
Community Services	10 222 583	-
Planning and Economic Development	10 247 083	13 707 217
Roads	2 972 016	3 845 984
Total Government Grants and Subsidies	**204 679 365**	**193 809 176**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

18.1 Equitable Share

	2024	2023
Opening balance	-	-
Grants received	178 333 000	172 721 000
Conditions met - Operating	(178 333 000)	(172 721 000)
Conditions still to be met	-	-

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.

18.2 Local Government Financial Management Grant

	2024	2023
Opening balance	-	-
Grants received	1 000 000	1 000 000
VAT on Grants	(60 378)	-
Conditions met - Operating	(939 622)	(1 000 000)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

18	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2024 R	2023 R

18.3 Safety Plan Implementation - (WOSA)

	2024	2023
Opening balance	29 293	-
Correction of Error	-	600 000
Grants received	1 560 000	1 500 000
VAT on Grants	-	(46 392)
Repaid to National Revenue Fund	(29 293)	-
Conditions met - Operating	(1 560 000)	(2 024 315)
Conditions still to be met	**-**	**29 293**

Grant utilised for the operationalisation of a Safety Plan.

18.4 Expanded Public Works Programme Integrated Grant

	2024	2023
Opening balance	-	-
Grants received	2 180 000	2 440 000
Conditions met - Operating	(2 180 000)	(2 440 000)
Conditions still to be met	**-**	**-**

The grant is utilised for job creation.

18.5 Integrated Transport Planning

	2024	2023
Opening balance	-	1 778 309
Correction of Error	(351 984)	-
Grants received	570 000	-
VAT on Grants	(12 892)	(111 385)
Repaid to National Revenue Fund	-	(878 309)
Conditions met - Operating	(205 124)	(788 615)
Conditions still to be met	**-**	**-**

Grant utilised to review and update integrated transport plans to improve public transport services.

18.6 Joint District and Metro Approach Grant

	2024	2023
Opening balance	-	2 000 000
Correction of Error	-	(2 000 000)
Grants received	-	1 000 000
Conditions met - Operating	-	(1 000 000)
Conditions still to be met	**-**	**-**

Grant utilised to fund LED/SMME projects of George Municipality and Knysna Municipality.

18.7 Local Government Public Employment Support Grant

	2024	2023
Opening balance	-	101 445
VAT on Grants	-	(3 534)
Conditions met - Operating	-	(97 911)
Conditions still to be met	**-**	**-**

Grant utilised to improve fire services capacity.

18.8 Rural Road Asset Management Systems Grant

	2024	2023
Opening balance	-	(553 921)
Correction of Error	-	553 921
Grants received	2 754 000	2 594 000
VAT on Grants	(8 237)	-
Conditions met - Operating	(2 745 763)	(2 594 000)
Conditions still to be met	**-**	**-**

18.9 Municipal Service Delivery and Capacity Building (Smoke Detectors)

	2024	2023
Opening balance	-	350 000
Grants received	500 000	-
VAT on Grants	(229)	(2 090)
Conditions met - Operating	(499 771)	(347 910)
Conditions still to be met	**-**	**-**

18.10 Human Settlements

	2024	2023
Opening balance	112 208	2 331 088
Grants received	4 407 617	5 000 000
VAT on Grants	(10 973)	(108 408)
Repaid to National Revenue Fund	(112 208)	(2 331 088)
Conditions met - Operating	(4 322 836)	(4 600 081)
Conditions met - Capital	-	(179 303)
Conditions still to be met	**73 808**	**112 208**

18.11 Contribution Towards Acceleration of Housing Delivery

	2024	2023
Opening balance	386 705	900 000
VAT on Grants	-	(66 951)
Repaid to National Revenue Fund	(386 705)	-
Conditions met - Operating	-	(446 343)
Conditions still to be met	**-**	**386 705**

18.12 Western Cape Financial Management Capability Grant (Bursary Programme)

	2024	2023
Opening balance	185 733	-
Grants received	200 000	300 000
Conditions met - Operating	(344 684)	(114 267)
Conditions still to be met	**41 049**	**185 733**

18	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2024 R	2023 R
18.13	**EEDSM (Energy Efficiency and Demand-side Management)**		
	Opening balance	235 316	-
	Grants received	4 000 000	5 000 000
	VAT on Grants	(459 217)	(624 465)
	Repaid to National Revenue Fund	(235 000)	-
	Conditions met - Operating	(314 035)	(1 170 353)
	Conditions met - Capital	(2 960 022)	(2 969 867)
	Conditions still to be met	**267 041**	**235 316**
18.14	**Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern**		
	Opening balance	100 000	-
	Grants received	100 000	100 000
	Conditions met - Operating	(54 790)	-
	Conditions still to be met	**145 210**	**100 000**
18.15	**Emergency Municipal Load-Shedding Relief Grant**		
	Opening balance	1 600 000	-
	Grants received	-	1 600 000
	Conditions met - Capital	(1 600 000)	-
	Conditions still to be met	**-**	**1 600 000**
18.16	**Municipal Service Delivery and Capacity Building (Fire fighting)**		
	Opening balance	-	-
	Grants received	4 481 000	-
	Conditions met - Capital	(4 416 185)	-
	Conditions still to be met	**64 815**	**-**
18.17	**Fire Service Capacity-building Grant (Flood Response Vehicle)**		
	Opening balance	-	-
	Grants received	2 500 000	-
	Conditions met - Capital	(2 500 000)	-
	Conditions still to be met	**-**	**-**
18.18	**Municipal Water Resilience Grant (Water Truck 6'000 Liter)**		
	Opening balance	-	-
	Grants received	1 200 000	-
	Conditions met - Capital	(1 151 610)	-
	Conditions still to be met	**48 390**	**-**
18.19	**Total Grants**		
	Opening balance	2 649 255	6 906 921
	Correction of Error	(351 984)	(846 079)
	Grants received	203 785 617	193 255 000
	VAT on Grants	(551 926)	(963 225)
	Repaid to National Revenue Fund	(763 206)	(3 209 397)
	Conditions met - Operating	(191 499 624)	(189 344 795)
	Conditions met - Capital	(12 627 817)	(3 149 170)
	Conditions still to be met/(Grant expenditure to be recovered)	**640 315**	**2 649 256**

19	CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
	Contributed Property, Plant and Equipment	12 800	3 284 009
	Total Contributed Property, Plant and Equipment	**12 800**	**3 284 009**

Contributed Property relates to land dontated by George Municipality and cell phones received from Telkom.

20	LICENCES AND PERMITS		
	Health Certificates	67 725	77 961
	Total Licences and Permits	**67 725**	**77 961**

21	DEPARTMENT OF INFRASTRUCTURE - ROADS SERVICE CHARGES		
	Department of Infrastructure - Roads Service Charges	180 594 602	167 993 320
	Balance previously reported	-	165 923 628
	Correction of prior period claim with creditor provision expenses - refer to Note 8 & 38.2	-	2 069 692
	Income for admin services	18 489 387	17 215 332
	Income from increase/(decrease) in Employee Benefit Asset with the Department of Infrastructure	4 769 676	5 000 586
	Total Service Charges	**203 853 665**	**190 209 238**

22	SALES OF GOODS AND RENDERING OF SERVICES		
	Camping Fees	8 855 835	8 662 116
	Development Charges	107 500	107 500
	Entrance Fees	271 268	200 148
	Fire Services	2 562 401	5 556 915
	Health Services	473 715	380 015
	Sale of Goods	1 069 063	375 936
	Total Sales of Goods and Rendering of Services	**13 339 782**	**15 282 631**

23 RENT ON LAND

	2024 R	2023 R
Land	494 552	573 309
Investment Property	317 657	327 544
Balance previously reported	-	245 764
Correction of rent on land classification between Investment Property and Undeveloped Land	-	81 780
Undeveloped Land	176 895	245 764
Balance previously reported	-	327 545
Correction of rent on land classification between Investment Property and Undeveloped Land	-	(81 780)
Total Rent on Land	**494 552**	**573 309**

24 RENTAL OF FACILITIES AND EQUIPMENT

	2024 R	2023 R
Investment Property	632 272	860 956
Property, Plant and Equipment	377 848	482 584
Total Rental from Fixed Assets	**1 010 120**	**1 343 540**

25 INTEREST EARNED - EXTERNAL INVESTMENTS

	2024 R	2023 R
Bank	5 795 949	2 618 394
Financial assets	6 604 075	7 634 827
Total Interest Earned - External Investments	**12 400 024**	**10 253 221**

26 INTEREST EARNED - EXCHANGE TRANSACTIONS

	2024 R	2023 R
Other Receivables	5 222 326	4 189 182
Total Interest Earned - Outstanding Receivables	**5 222 326**	**4 189 182**

27 OPERATIONAL REVENUE

	2024 R	2023 R
Administrative Handling Fees	9 399	378 797
Incidental Cash Surplus	470	1 028
Insurance Refund	201 171	8 370
Merchandising, Jobbing and Contracts	245 611	-
Staff Recoveries	323 475	439 183
Skills Development Levy Refund	808 503	1 384 818
Total Operational Revenue	**1 588 629**	**2 212 196**

28 EMPLOYEE RELATED COSTS

	2024 R	2023 R
Basic Salaries and Wages	184 746 800	174 809 733
Balance previously reported	-	174 549 128
Correction of EPWP Salaries - refer to Note 13 & 38.3	-	260 605
Pension and UIF Contributions	31 093 612	29 462 995
Medical Aid Contributions	35 150 580	32 491 676
Overtime	6 447 283	4 673 567
Bonuses	19 505 407	17 839 157
Motor Vehicle Allowance	12 987 426	11 895 451
Cell Phone Allowance	272 159	301 138
Housing Allowances	2 834 451	2 768 330
Other benefits and allowances	8 921 578	8 390 515
Payments in lieu of leave	3 328 046	386 796
Workmen's Compensation Fund	-	-
Balance previously reported	-	2 100 626
Correction of incorrect classification as Emloyee Related Cost, reported now as Operational Costs - Refer Note 35	-	(2 100 626)
Total Employee Related Costs	**305 287 343**	**283 019 357**

KEY MANAGEMENT PERSONNEL

Key management personnel are appointed permanently, except for the municipal manager who is appointed on a 5 year fixed contract. There are post-employment or termination benefits payable at the end of his/her term.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr MG Stratu	**12 Months**	**12 Months**
Basic Salary	2 947 487	1 222 044
Pension and UIF Contributions	226 673	151 240
Medical Aid Contributions	59 453	56 233
Performance Bonus	241 367	294 356
Motor Vehicle Allowance	300 000	300 000
Cell Phone Allowance	137 400	114 381
Other benefits and allowances	47 278	84 083
Total	**3 959 659**	**2 222 337**

Remuneration of Executive Manager Finance - Mr CHR Boshoff	**12 Months**	**0 Months**
Basic Salary	946 601	-
Pension and UIF Contributions	730 115	-
Medical Aid Contributions	63 329	-
Motor Vehicle Allowance	128 000	-
Other benefits and allowances	16 605	-
Total	**1 884 649**	**-**

28 EMPLOYEE RELATED COSTS (CONTINUED)

	2024 R	2023 R
Remuneration of Executive Manager Finance - Mr JVH de Jager	**0 Months**	**7 Months**
Basic Salary	-	635 582
Pension and UIF Contributions	177	110 502
Medical Aid Contributions	-	33 893
Performance Bonus	132 811	236 603
Motor Vehicle Allowance	-	108 629
Housing Allowances	-	70 000
Other benefits and allowances	-	17 010
Payments in lieu of leave	-	188 685
Total	**132 988**	**1 400 905**
Remuneration of Acting Executive Manager Finance - Mr T Loliwe	**0 Months**	**5 Months**
Basic Salary	-	451 717
Pension and UIF Contributions	-	78 995
Medical Aid Contributions	-	23 157
Motor Vehicle Allowance	-	79 701
Housing Allowances	-	5 059
Other benefits and allowances	-	9 142
Cell Phone Allowance	-	5 000
Total	**-**	**652 771**
Remuneration of the Executive Manager Corporate Services - Mrs B Holtzhausen	**12 Months**	**12 Months**
Basic Salary	1 310 797	1 307 409
Pension and UIF Contributions	291 059	231 437
Performance Bonus	231 132	234 037
Motor Vehicle Allowance	112 423	115 118
Other benefits and allowances	41 279	23 247
Total	**1 986 690**	**1 911 249**
Remuneration of the Executive Manager Community Services - Mr C Africa	**8 Months**	**12 Months**
Basic Salary	477 462	1 005 658
Pension and UIF Contributions	109 358	182 967
Medical Aid Contributions	42 219	44 260
Performance Bonus	218 255	185 880
Motor Vehicle Allowance	77 323	136 538
Payments in lieu of leave	13 962	-
Housing Allowances	47 435	74 541
Other benefits and allowances	13 139	24 839
Total	**999 154**	**1 654 683**
Remuneration of the Acting Executive Manager Community Services - Mr G Otto	**3 Months**	**0 Months**
Basic Salary	201 612	-
Pension and UIF Contributions	36 822	-
Medical Aid Contributions	15 832	-
Motor Vehicle Allowance	50 403	-
Housing Allowances	3 199	-
Other benefits and allowances	82 195	-
Total	**390 063**	
Remuneration of the Acting Executive Manager Community Services - Mr J Compion	**1 Months**	**0 Months**
Basic Salary	87 237	-
Pension and UIF Contributions	15 880	-
Medical Aid Contributions	4 256	-
Motor Vehicle Allowance	16 801	-
Housing Allowances	1 066	-
Other benefits and allowances	1 838	-
Total	**127 078**	**-**
Remuneration of the Executive Manager Roads - Mr JG Daniels	**12 Months**	**12 Months**
Basic Salary	393 582	588 648
Pension and UIF Contributions	72 970	108 062
Medical Aid Contributions	34 074	31 019
Performance Bonus	231 132	234 037
Motor Vehicle Allowance	1 020 000	807 676
Housing Allowances	184 800	197 000
Other benefits and allowances	41 279	33 578
Total	**1 977 837**	**2 000 019**
Remuneration of Executive Manager: Planning and Economic Development – Mr L Menze	**12 Months**	**12 Months**
Basic Salary	1 052 773	1 053 694
Pension and UIF Contributions	249 674	191 635
Medical Aid Contributions	62 196	57 665
Performance Bonus	227 676	230 537
Motor Vehicle Allowance	144 000	144 000
Housing Allowances	180 000	180 000
Other benefits and allowances	40 968	28 665
Total	**1 957 287**	**1 886 196**
Remuneration of Key Management Personnel - TOTAL		
Basic Salary	7 417 550	6 264 753
Pension and UIF Contributions	1 732 729	1 054 838
Medical Aid Contributions	281 358	246 227
Performance Bonus	1 282 374	1 415 450
Motor Vehicle Allowance	1 848 950	1 691 662
Cell Phone Allowance	137 400	119 381
Housing Allowances	416 501	526 599
Payments in lieu of leave	13 962	188 685
Other benefits and allowances	284 582	220 564
Total Remuneration of Key Management Personnel	**13 415 407**	**11 728 159**

29 REMUNERATION OF COUNCILLORS

	2024 R	2023 R
Councillor - NF Kamte	-	3 534
Councillor - RJ April	65 689	59 932
Councillor - RW Arends	86 152	36 395
Councillor - JJ Bavuma	87 905	76 931
Councillor - RM Louw	72 033	4 493
Councillor - PE Petros	85 830	28 954
Councillor - DC Saptoe	113 624	329 690
Councillor - JP Buys	202 175	386 746
Alderlady - CN Lichaba	417 976	428 276
Councillor - D Acker	519 709	458 364
Councillor - RE Spies	-	8 376
Alderlady -T Teyisi	-	517
Councillor - KS Lose	-	8 376
Councillor - BN van Wyk	-	8 376
Councillor - AJ Rossouw	-	3 534
Councillor - EH Stroebel	-	517
Councillor - JR Canary	-	21 367
Alderman - V Gericke	25 567	104 474
Alderman - BHJ Groenewald	-	25 325
Councillor - E Meyer	-	5 470
Alderlady - RH Ruiters	561 488	563 450
Alderman - JJC Lambaatjeen	563 305	562 370
Councillor - RR Wildschut	-	628
Councillor - L Tyokolo	-	628
Councillor - IT Mangaliso	-	334
Councillor - J Cornelius	416 821	391 233
Alderman - M Booysen	1 135 718	1 153 263
Councillor - SF May	-	3 534
Councillor - SS Mbandezi	-	628
Alderman - PJ van der Hoven	-	517
Councillor - DL Cronje	27 569	71 204
Alderman - SF de Vries	417 976	428 368
Councillor - ASM Windvogel	-	628
Councillor - N Tsengwa	-	45 534
Councillor - NV Gungubele	416 821	395 615
Alderlady - GR Wolmarans	977 901	923 269
Alderlady - M Draghoender	-	5 881
Councillor - WT Harris	-	3 534
Councillor - J Fry	46 089	517
Councillor - G Boezak	-	628
Alderlady - IC Kritzinger	207 100	551 778
Councillor - X Matyila	-	628
Councillor - MG Matiwane	-	628
Councillor - HD Ruiters	105 755	63 195
Councillor - FN Mdumiso	-	3 534
Councillor - A Barker	-	12 355
Councillor - N Magopeni	-	628
Councillor - RJ Hector	-	57 335
Councillor - J Hoogbaard	900 379	868 319
Councillor - M Kannemeyer	88 084	82 206
Councillor - K Malooi	519 709	458 364
Councillor - TC Matika	-	47 336
Councillor - JG Meiring	416 821	392 081
Councillor - MA Mkonto	88 084	82 206
Alderlady - N Ndayi	561 488	557 383
Councillor - L Pieterse	-	182
Councillor - C Scheepers	-	62 391
Councillor - NT Seti	78 535	82 167
Councillor - AW Steenkamp	-	33 690
Councillor - HRT Stroebel	88 084	82 147
Councillor - CA Swart	-	418 166
Councillor - CP Taute	88 084	82 201
Alderman - P Terblanche	890 225	867 420
Councillor - SM Toto	76 513	71 204
Councillor - GJ van Niekerk	637 593	601 763
Councillor - B van Noordwyk	206 371	193 277
Councillor - LSS van Rooyen	88 084	82 171
Councillor - B Petrus	1 428	-
Councillor - A Oktober	281 521	-
Councillor - D Gultig	31 971	-
Councillor - F September	404 592	-
Councillor - JC Petersen	49 931	-
Alderman - SA Mangxaba	9 549	-
Alderman - SE September	160 269	-
Alderman - VM Donson	12 153	-
Total Councillors' Remuneration	**12 232 669**	**12 306 165**

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	273 379	253 126	492 237	116 975	1 135 718
Deputy-Mayor	411 570	133 700	22 800	69 523	637 593
Speaker	779 905	148 388	49 608	-	977 901
Executive Committee Members	2 633 194	405 954	451 843	192 993	3 683 985
Councillors	3 601 857	1 149 782	848 723	197 111	5 797 472
Total Councillors' Remuneration	**7 699 905**	**2 090 950**	**1 865 212**	**576 602**	**12 232 669**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost.

		2024 R	2023 R
30	**BAD DEBTS WRITTEN OFF**		
	Bad Debts Written Off	1 601 917	2 160 413
		1 601 917	**2 160 413**

The write-off mostly relates to fire fighting fees written off.

		2024 R	2023 R
31	**CONTRACTED SERVICES**		
	Outsourced Services	3 194 809	2 563 870
	Consultants and Professional Services	8 142 123	9 728 660
	Balance previously reported	-	9 726 020
	Correction of under provision of Provision for Trade Payables - refer to Note 38.3	-	2 640
	Contractors	12 700 283	16 572 251
	Balance previously reported	-	16 508 109
	Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	64 141
	Total Contracted Services	**24 037 214**	**28 864 780**
32	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	5 923 776	5 261 539
	Intangible Assets	401 774	395 853
	Investment Property carried at cost	109 008	108 711
	Total Depreciation and Amortisation	**6 434 558**	**5 766 102**
33	**FINANCE COSTS**		
	Long-term Borrowings	4 573 109	90 448
	Payables	91 335	57 406
	Total Finance Costs	**4 664 444**	**147 854**
34	**TRANSFERS AND SUBSIDIES**		
	Operational	5 805 192	5 598 569
	Allocations In-kind	590 210	-
	Households	302 476	-
	Local Government	244 596	-
	Non-profit Institutions	29 420	-
	Private Enterprises	13 719	-
	Monetary Allocations	5 214 981	5 598 569
	Higher Educational Institutions	64 257	-
	Households	2 417 040	849 199
	Non-profit Institutions	470 065	2 031 192
	Balance previously reported	-	2 034 192
	Correction of incorrect provision of creditors previous year - refer to Note 38.3	-	(3 000)
	Private Enterprises	317 827	-
	Local Government	1 053 836	2 718 178
	Public Corporations	891 957	-
	Total Transfers and Subsidies	**5 805 192**	**5 598 569**

35 OPERATIONAL COSTS

	2024 R	2023 R
Advertising, Publicity and Marketing	1 591 822	1 637 048
External Audit Fees	4 310 559	4 027 561
Bank Charges, Facility and Card Fees	194 388	112 305
Bursaries (Employees)	599 287	854 384
Balance previously reported	-	876 957
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	(22 573)
Cleaning Services	7 170	109 328
Courier and Delivery Services	1 698	6 671
Communication	2 792 286	3 271 957
Deeds	8 332	3 488
Entertainment	85 832	628 188
Balance previously reported	-	626 587
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	1 600
External Computer Service	7 692 757	4 639 023
Balance previously reported	-	4 621 894
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	17 129
Fines and penalties	400	-
Full Time Union Representative	146 599	60 159
Hire Charges	6 661 724	347 804
Insurance Underwriting	1 554 967	1 054 364
Learnerships and Internships	425 733	66 729
Balance previously reported	-	65 028
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	1 701
Licences	151 612	114 768
Municipal Services	7 318 777	5 991 855
Balance previously reported	-	6 001 723
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	(9 868)
Printing, Publications and Books	99 269	147 754
Professional Bodies, Membership and Subscription	950 528	3 401 831
Registration Fees	4 281 901	469 945
Rewards Incentives	49 970	-
Road Worthy Test	53 671	29 117
Samples and Specimens	6 340	499 811
Skills Development Fund Levy	1 490 560	1 414 458
Travel and Subsistence	6 250 219	6 806 304
Balance previously reported	-	6 800 913
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	5 391
Uniform and Protective Clothing	961 268	2 002 395
Balance previously reported	-	1 966 442
Correction of under and over provision of Trade and other Payables - refer to Note 38.3	-	35 953
Workmen's compensation	1 508 458	1 993 292
Balance previously reported	-	-
Correction of incorrect classification as Emloyee Related Cost, reported now as Operational Costs - Refer Note 28	-	2 100 626
Correction of Workmans Compensation Prepaid expense - refer to Note 38.3		(61 685)
Correction of Workmans Compensation Provision - refer to Note 38.3	-	(45 650)
Total Operational Costs	**49 196 128**	**39 690 538**

		2024 R	2023 R
36	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 8	(3 873 812)	(6 576 754)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**(3 873 812)**	**(6 576 754)**
37	**GAINS/ (LOSS) ON SALE OF FIXED ASSETS**		
	Property, Plant and Equipment and Intangible Assets	(1 019 960)	(136 175)
	Total Gains/ (Loss) on Sale of Fixed Assets	**(1 019 960)**	**(136 175)**

38 CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

38.1 Unspent Transfers and Subsidies

	2023 R	2022 R
Balance previously reported	2 649 255	6 906 921
Correction of incorrect recognition of grant income Integrated Transport Planning - Note 18	(351 984)	-
Restated Balance	**2 297 271**	**6 906 921**

38.2 Receivables from Exchange Transactions

	2023 R	2022 R
Balance previously reported	17 160 346	36 794 932
Correction of Department of Infrastructure debtor with expenses included in trade payable provision - Note 8	2 069 692	-
Correction of Workmans Compensation Prepaid Expense - Note 8	932 351	870 666
Restated Balance	**20 162 389**	**37 665 598**

38.3 Trade and Other Payables from Exchange Transactions

	2023 R	2022 R
Balance previously reported	38 092 377	22 671 194
Correction of incorrect provision for prior period invoice for maintenance - Note 13	131 304	131 304
Correction of Workmens Compensation Provision - Note 13	(462 253)	(416 603)
Correction of EPWP salaries and wages - Note 13	260 605	-
Correction of under and over provision for Trade and other Payables - Note 13	225 174	-
Restated Balance	**38 247 207**	**22 385 895**

38.4 Taxes

	2023 R	2022 R
Balance previously reported	3 300 816	1 732 593
Correction under and over provision of Trade and other Payables - Note 15.2	16 980	-
Restated Balance	**3 317 796**	**1 732 593**

38.5 Accumulated Surplus/(Deficit) - 1 July 2022

	2021
Correction of incorrect provision for prior period invoice for maintenance - Note 13	(131 304)
Correction of Workmens Compensation Provision - Note 13	416 603
Correction of Workmans Compensation Prepaid expense - Note 8	870 666
Total	**1 155 965**

38.6 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented, or not implemented correctly, in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		193 457 192	351 984	193 809 176
Contributed Property, Plant and Equipment		3 284 009	-	3 284 009
Actuarial Gains		7 121 207	-	7 121 207
Department of Infrastructure - Roads Service Charges		188 139 547	2 069 692	190 209 238
Sales of Goods and Rendering of Services		15 282 631	-	15 282 631
Rent on Land		573 309	-	573 309
Rental of Facilities and Equipment		1 343 540	-	1 343 540
Interest Earned - External Investments		10 253 221	-	10 253 221
Interest Earned - Exchange Transactions		4 189 182	-	4 189 182
Licences and Permits from Exchange Transactions		77 961	-	77 961
Operational Revenue		2 212 196	-	2 212 196
Total		**425 933 994**	**2 421 675**	**428 355 669**
Expenditure				
Employee related costs		(284 859 379)	1 840 022	(283 019 357)
Remuneration of Councillors		(12 306 165)	-	(12 306 165)
Bad Debts Written Off		(2 160 413)	-	(2 160 413)
Contracted Services		(28 797 999)	(66 781)	(28 864 780)
Depreciation and Amortisation		(5 766 102)	-	(5 766 102)
Finance Costs		(147 854)	-	(147 854)
Inventory Consumed		(51 622 611)	(115 080)	(51 737 692)
Operating Leases		(881 150)	-	(881 150)
Transfers and Subsidies		(5 601 569)	3 000	(5 598 569)
Operational Costs		(37 667 914)	(2 022 624)	(39 690 538)
Total		**(429 811 158)**	**(361 464)**	**(430 172 621)**
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(57 016)	-	(57 016)
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(6 576 754)	-	(6 576 754)
Gains/(Loss) on Sale of Fixed Assets		(136 175)	-	(136 175)
Total		**(6 769 944)**	**-**	**(6 769 944)**
Net Surplus/(Deficit) for the year		**(10 647 108)**	**2 060 212**	**(8 586 896)**

		2024 R	2023 R
39	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(20 172 653)	(8 586 896)
	Adjustments for:		
	Depreciation and Amortisation	6 434 558	5 766 102
	Loss/(Gain) on Sale of Fixed Assets	1 019 960	136 175
	Contributed Property, Plant and Equipment	(12 800)	(3 284 009)
	Government Grants and Subsidies received	203 785 617	193 255 000
	Government Grants and Subsidies repaid to National Revenue Fund	(763 206)	(3 209 397)
	Government Grants and Subsidies recognised as revenue	(204 679 368)	(193 809 174)
	Contribution from/to provisions - Non-Current Receivables	(4 319 676)	(5 000 586)
	Contribution from/to provisions - Non-Current Receivables - Actuarial losses	4 472 276	7 676 686
	Contribution from/to provisions - Non-Current Employee Benefits	10 943 859	12 253 716
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(3 221 024)	(14 797 894)
	Contribution from/to - Current Employee Benefits	618 086	(3 483 658)
	Contribution to provisions – Bad Debt	3 773 457	7 102 426
	Operating Surplus/(Deficit) before changes in working capital	(2 120 914)	(5 981 510)
	Changes in working capital	(45 768 076)	24 326 646
	Increase/(Decrease) in Trade and Other Payables	(6 538 395)	15 861 312
	Increase/(Decrease) in Taxes	1 622 857	(1 585 204)
	(Increase)/Decrease in Inventory	821 526	(357 071)
	(Increase)/Decrease in Trade Receivables from Exchange Transactions	(41 705 298)	10 400 784
	(Increase)/Decrease in Operating Lease Asset	31 233	6 825
	Cash generated/(absorbed) by operations	(47 888 990)	18 345 137

40	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 9	152 443 465	136 373 657
	Call Deposits and Investments - Note 9	4 342 610	-
	Cash Floats - Note 9	29 500	29 794
	Total cash and cash equivalents	**156 815 575**	**136 403 451**
41	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 40	156 815 575	136 403 451
	Less:	1 359 686	(649 255)
	Unspent Transfers and Subsidies - Note 14	(640 314)	(2 649 255)
	Net cash resources available for internal distribution	158 175 262	135 754 196
	Allocated to:		
	Capital Replacement Reserve	(2 606 941)	(4 133 051)
	Employee Benefit Reserve	(35 183 127)	(38 762 712)
	Resources available for working capital requirements	**120 385 194**	**92 858 433**
42	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 10	117 566 161	1 245 421
	Used to finance property, plant and equipment - at cost	(117 566 161)	(1 245 421)
	Cash invested for repayment of long-term liabilities	-	-

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

43 BUDGET INFORMATION

The Annual Budget of the Municipality is prepared for a 2023/24 MTREF period and is applicable from 1 July 2023 until 30 June 2024.

A reconciliation is provided on the face of the Statement of comparison of budget and actual amounts for the classification disclosure differences resulting between the Budget and the Annual financial statements.

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to lower expenditure (and its related revenue) on Roads Services, that is duly explained in applicable variance explanations below.

Explanation of variances greater than 10% and R500,000: Final Budget and Actual Amounts

43.2 Statement of Financial Position

43.2.1 Current Assets **Variance**

Cash and Cash equivalents 29%

Increase in cash balance due to draw down of long term loan and not utilized 100% at year-end.

Trade and other receivables from exchange transactions 1219%

Increase in debtor for Department of Infrastructure payable for the roads services circa R50m balance at 30 June 2024.

Trade and other receivables from non- exchange transactic -100%

GRDM does not provide water or electricity services and therefore thus not have any consumer debtors.

Other current assets -100%

Unpaid transfers and subsidies were R0 at year-end

VAT -76%

VAT receivable less at 30 June than anticipated as orders/invoices closed prior to June.

Investments -45%

Payment of dividends on KKLK shares and decrease in share balance after payment.

Inventory -23%

Inventory levels lower than budgeted for due to operational requirements of the roads agency services department

43 BUDGET INFORMATION (CONTINUED)

43.1 Explanation of variances between approved and final budget amounts (continued)

Intangible Assets 220%

ICT budget was re-prioritised from PPE to address urgent need for intangible assets, causing the closing balance of this asset class closing higher than the budgeted balance.

43.2.2 Current Liabilities

Borrowing 1183%

The renewal of cell phone contracts (i.e. new finance leases) during 2023/24 financial year.
Uptake of the Standard Bank Loan for the Landfill Site and first drawdowns received end of 2023/2024.

Consumer Deposits -100%

This should be included under other payables.

Trade payables and other payables from exchange -32%

Trade payables less at 30 June than anticipated as orders/invoices closed prior to June and creditors balance decreased at year-end with earlier payments..

Trade payables and other payables from non-exchange -76%

Grants utilization higher than anticipated resulted in significant decrease in unspent grants at 30 June.

Provisions 89%

Increase in employee benefits provisions due to salary increases, other factors included in calculations.

VAT -100%

No VAT payable to SARS at year-end, VAT was receivable from SARS.

43.2.3 Non-Current Liabilities

Borrowing 207%

The first installment of the external loan to finance the regional waste management facility received.

Non-Current Employee Bennefits 1127%

Budget alignement, non-current employee benefit provision included under Other non-current liabilites.

Other Non-current Liabilities -100%

Budget alignement, non-current employee benefit provision included under Other non-current liabilites.

43.2.4 Net Assets

Funds and reserves -12%

Decrease in Employee benefit reserve and capital replacement reserve balances at year-end.

Statement of Financial Performance

43.2.5 Revenue (excluding capital transfers and contributions)

Sale of Goods and Rendering of Services -14,41%

Income from Fire Fighting services lower due to decrease in major fires

Agency Services 874,38%

Budget amount is included under Operational revenue

Interest earned from Current and Non Current Assets 20,82%

Higher interest derived from investments than anticipated

Rental from Fixed Assets -35,71%

Property section in process of revisiting expired leases and enter into new lease agreements at market related value.

Operational Revenue -99,24%

Actual amounts are included under Agency Services

43.2.6 Expenditure

Interest 227%

First drawdowns received from external loan for the regional landfill site and interest accrued on draw downs of R116m.

Contracted Services -51%

Decrease in contracted services due to cost saving measures implemented

Transfers and Grants 147%

Increase in housing fencing subsidies paid by the Roads Department and actual amounts aligned to the correct mSCOA classification.

Operational costs -32%

Decrease in operational cost due to cost savings measures implemented

Losses on disposal of Assets

GRAP related transactions processed in preparation of the AFS

Other Losses 4343%

Actuarial losses on post retirment benefits based on assumptions

	2024 R	2023 R

43 BUDGET INFORMATION (CONTINUED)

43.2.7 Net Cash from/(used) Operating Activities

Other Revenue -27,60%

Department of Infrastructure debtor increased and was R50m, thus cash was received post year-end

Government - Operating -9,55%

Decrease in inciome from fire fighting services, decrease in LG SETA funding of R10m anticipated to be received

Interest 32,42%

Interest received higher than anticipated

Finance Cost 226,59%

Repayment of external loan for regional landfill site and finance charges accrued up to 30 June

Government grants repaid 100,00%

Approval for roll-ver grant was denied and had to be repaid, was not anticipated for

Transfers and Grants 100,00%

Grants are included in the budget by nature e.g. employee related cost, contracted services, etc

43.2.8 Net Cash from/(used) Investing Activities

Decrease/(Increase) in Non-Current Investments 100,00%

Current investments were made for the year, no non-current investments made

Capital Assets -9,93%

Included in budget is the regional landfill site, majority of underspending was on the landfill site

43.2.9 Net Cash from/(used) Financing Activities

Borrowing long term/refinancing 234,35%

Further drawdowns were received up to 30 June 2024 of R116m, budget was based on the budgeted capital expenditure amount of R35m

Repayment of Borrowing -100,00%

First repayments were processed end of financial year.

Increase/(Decrease) in Consumer Deposits -100,00%

Decrease in anticpated consumer deposits

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2024 R	2023 R
Opening balance	6 943 402	-
Unauthorised expenditure current year - operational	11 383 797	4 042 040
Unauthorised expenditure current year - capital	581 583	2 901 362
Approved by Council or condoned	-	-
Unauthorised expenditure awaiting authorisation	**18 908 782**	**6 943 402**

Unauthorised expenditure current year - operating	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Vote 1 and 2 - Office of the Municipal Manager	80 954 324	71 141 235	(9 813 089)	(9 813 089)
Vote 3 and 4 - Financial Services	26 884 190	26 315 352	(568 838)	(568 838)
Vote 5 and 6 - Corporate Services	52 089 430	64 871 036	12 781 606	-
Vote 7 and 8 - Community Services	82 821 316	82 509 900	(311 416)	(311 416)
Vote 9, 10 and 11 - Planning and Economic Development	38 844 368	38 153 914	(690 454)	(690 454)
Vote 12 and 13 - Roads	185 706 083	207 178 499	21 472 416	-
	467 299 711	**490 169 936**	**22 870 225**	**(11 383 797)**

Unauthorised expenditure current year - capital	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Vote 1 and 2 - Office of the Municipal Manager	486 130	800 000	313 870	-
Vote 3 and 4 - Financial Services	15 447	-	(15 447)	(15 447)
Vote 5 and 6 - Corporate Services	785 057	250 000	(535 057)	(535 057)
Vote 7 and 8 - Community Services	42 978 813	48 026 191	5 047 378	-
Vote 9, 10 and 11 - Planning and Economic Development	3 736 286	4 240 000	503 714	-
Vote 12 and 13 - Roads	31 080	-	(31 080)	(31 080)
	48 032 812	**53 316 191**	**5 283 379**	**(581 583)**

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2024 R	2023 R
Opening balance	57 406	-
Interest: Creditors	91 335	57 406
Penalties and fines	400	-
Fruitless and wasteful expenditure awaiting condonement	**149 141**	**57 406**

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

44.3 Irregular expenditure

	2024 R	2023 R
Reconciliation of irregular expenditure:		
Opening balance	36 419 842	27 420 232
Irregular expenditure current year	17 954 961	16 286 596
Irregular expenditure - prior years	17 109 832	280 000
Irregular expenditure recovered	(1 501)	-
Irregular expenditure written-off as irrecoverable supported by council i.t.o section 32 of MFMA	(36 324 634)	(7 566 985)
Irregular expenditure awaiting further action	**35 158 500**	**36 419 842**

Majority of the irregular movement for the current and prior year:
Non-compliance with SCM regulations: Contract Management R0, (2023: R2 899 266)
Non-compliance with SCM regulations: Preferential Procurement Policy Framework Act R10 803 138 (2023: R5 896 939)
Non-compliance with CIDB regulations: R1 450 939 (2023: R2 619 013.43)
BAC composition (on going, no new incorrect awards since audit finding in October 2019): R194 388 (2023:R4 871 348)

Non-compliance with Regulation 19(a) of the Municipal Supply Chain Management Regulations: R3 591 497
prior years: R12 613 737

Non-compliance with Regulation 35 of the Local Government: Regulations on Appointment and Conditions of Employment of Senior Managers. R1 915 000 and prior years R4 496 095.

Council resolved to write off as irrecoverable on:
12 December 2023 R19 751 778; and on
25 April 2024 R16 572 856
Recoverability of newly identified irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

	2024 R	2023 R
Opening balance	7 205	-
Council subscriptions	3 084 917	3 099 327
Amount paid - current year	(3 092 122)	(3 092 122)
Balance unpaid (included in creditors)	**-**	**7 205**

45.2 Audit fees - [MFMA 125 (1)(c)]

	2024 R	2023 R
Opening balance	-	-
Current year audit fee	4 589 492	4 027 561
External Audit - Auditor-General	4 589 492	4 027 561
Internal Audit	-	-
Audit Committee	-	-
Amount paid - current year	(4 581 419)	(4 027 561)
Balance unpaid (included in creditors)	**8 073**	**-**

45.3 VAT - [MFMA 125 (1)(c)]

	2024 R	2023 R
Amount paid - current year	-	20 312
Amounts received - current year	8 549 949	3 288 082
Closing balance	**8 549 949**	**3 288 082**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

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

	2024 R	2023 R
Opening balance	-	-
Current year payroll deductions	47 822 955	43 140 490
Amount paid - current year	(47 822 955)	(43 140 490)
Balance unpaid (included in creditors)	**-**	**-**

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

	2024 R	2023 R
Opening balance	-	-
Current year pension and medical aid contributions	79 971 299	50 263 960
Amount paid - current year	(79 971 299)	(50 263 960)
Balance unpaid (included in creditors)	**-**	**-**

45.6 Levies paid to other government organisations (MFMA sec (1)(c)

	2024 R	2023 R
Opening balance	-	
Current year payroll deductions	161 020	155 908
Amount paid - current year	(161 020)	(155 908)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**-**	**-**

45.7 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillor had a arrear account outstanding for more than 90 days during the year.

	Total	90+ Days
30 June 2024		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	93 708	93 708
30 June 2023		
The following amount is outstanding for overpayment of Councillor remuneration:		
V Gericke	95 708	95 708

45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2024 R	2023 R

45.8 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. Deviations for the amount of R3 886 405 has been condoned by council.

Deviations per deviation type can be summarised as follows:

	2024	2023
Emergency	288 373	1 454 105
Impractical	12 070 988	1 627 463
Single Supplier	395 831	804 837
	12 755 192	**3 886 405**

Deviations from procurement processes in terms of section 36 of the Supply Chain Management Regulations were identified on the following categories:

30 June 2024	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	10 737	169 837		-
Corporate/Strategic Services	27 597	224 180	3 019 945	2 333 660,70
Financial Services	65 861	-	-	-
Office of the Municipal Manager	190 551	312 727	204 284	-
Planning and Economic Development Services	121 884	41 700	-	-
Roads Services	380 419	1 539 447	4 112 362	-
	797 049	**2 287 891**	**7 336 591**	**2 333 661**

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Phoenix	Impractical procurement Process	2 333 661
Business Engineering	Impractical procurement Process	1 690 395
Ignite Advisory Services	Impractical procurement Process	683 609
Payday	Impractical procurement Process	645 941
Buco Hardware	Impractical procurement Process	516 992
Entsha Plant Hire	Impractical procurement Process	461 495
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	335 530
Sentraal Suid Koperasie	Impractical procurement Process	299 880
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Sentraal Suid Koperasie	Impractical procurement Process	298 375
Bans Attorneys	Impractical procurement Process	204 284
Transand	Emergency	191 878
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	183 600
Sentraal Suid Koperasie	Impractical procurement Process	189 990
Sentraal Suid Koperasie	Impractical procurement Process	189 990
Sentraal Suid Koperasie	Impractical procurement Process	140 833
Zephyr Annual Subscriptions & Maintenance Plan	Single Supplier	106 893
Total		**11 040 634**

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005 (continued)

30 June 2023	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	109 222	117 750	1 984 627	-
Corporate/Strategic Services	51 884	197 269	-	-
Financial Services	112 667	-	-	-
Office of the Municipal Manager	62 647	181 505	-	-
Planning and Economic Development Services	31 047	-	-	-
Roads Services	225 180	812 607	-	-
	592 646	**1 309 132**	**1 984 627**	**-**

The major deviations were as follows:

Awarded to	Reason/Explanation	
Working on fire	Single Supplier	669 927
Working on fire	Emergency	556 629
Working on fire	Emergency	276 182
Working on fire	Emergency	260 884
Kishugu Aviation	Emergency	221 006
AMBAX (Pty) Ltd.	Impractical Procurement Process	184 891
AMBAX (Pty) Ltd.	Impractical Procurement Process	184 891
Kempston Motors	Impractical Procurement Process	138 505
Total		**2 492 915**

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

45.9 Awards to close family members of persons in the service of the state

The following purchases were made from close family members of persons in the service of the state :

2023/2024 Financial Year

Supplier	Name of Relation in Employment of Organ of State	Organ of State	Actual Expenditure	Awarded Amount
			R	R
The Institute of Internal Auditors	Mamadimo Mogano	Internal Auditor At Limpopo Economic Development Agency	17 333	17 333
Playtime Production	Myrtle Sacuenda	Chairperson - Indigo Community Development NPO	149 144	149 144
C EN M RAADGEWENDE INGENIEURS	LZ Ngele	SA Weather Services	106 893	106 893
Piston Power Chemical CC	Nadira Aweshee	Teacher at KZN Department of Education	961 067	rates based tender / quotations
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	368 420	rates based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	51 180	51 180
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	463 560	461 770
Zutari (Pty) Ltd	HC Ahischlager	Special Investigating Unit - Legal representative	3 939 295	rates based
	S Seegers	City of Cape Town - Head of Security Architecture		
	K Nadasen	National Department of Public Works - Director		
	M Marques	National Department of Internal Affairs - Director		
	Mr Mzimkulu Msiwa	Part-time Commissioner of KZN Provincial Planning		
	Nadiema Allie	SARS - Operations Manager		
	Mariam Gasant	SARS - Debt Collection		
	TJ Ndala	Gauteng Department of Education - School Principal		
Genela Security Training and Projects	Alderman V. Gericke	Garden Route District Municipality - Councillor	15 980	15 980
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	GRDM Chief: Municipal Heath	2 880 412	rate per learner
Mubesko Africa (Pty) Ltd	L Saaiman	Northen Cape Department of Health	1 005 817	rates based
SCLI Environmental	Spouse of MC Kirstein	South African National Defence Force	183 000	183 000
Nedbank	Venisha Subramoney - Wife of Mr Subramoney Non-Executive Director	Department of Education	194 388	rates based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	1 765	1 765
			10 338 255	

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

45.9 Awards to close family members of persons in the service of the state (continued)

2022/2023 Financial Year

Supplier	Name of Relation in Employment of Organ of State	Organ of State	Actual Expenditure	Awarded Amount
			R	R
Shabby to Chick - Zingfontein Estates	J Stander	Garden Route District Municipality - Manager: Income, Expenditure, Remuneration and Bank Reconciliations	47 278	47 278
The Institute of Internal Auditors	Mamadimo Mogano	Internal Auditor At Limpopo Economic Development Agency	73 302	73 302
Bundu Dakke & Cool Makers (JV)	Elsie Johanna De Kock	State Security Agency - Investigator	1 638 405	3 190 330
Southern Ambitions 1085 T/A Moos Enterprise	Dora Victoria Moos	Municipal Councillor At Oudtshoorn Municipality	3 278	3 278
Duokorp 109 T/A IRRIKOR	Celste Immink	Accountant South Cape College	2 432	2 432
Llewilln & Son Transport	Nadine Melembo	Eastern Cape Dept Of Education - Admin Clerk	1 811	1 811
Playtime Production	Myrtle Sacuenda	Chairperson - Indigo Community Development NPO	64 872	64 872
C EN M RAADGEWENDE INGENIEURS	LZ Ngele	SA Weather Services	56 063	56 063
Piston Power Chemical CC	Nadira Aweshee	Teacher at KZN Department of Education	420 358	rates based
Lezmin 2021 t/a K1 Quarries	Spouse of C Pieterse	Secretary in South African Police Service	387 729	rates based
Henna's Catering	Child of JL du Preez	Western Cape Department of Education	102 806	102 806
	Spouse of JL du Preez	Kannaland Municipality		
	Child of JL du Preez	Department of Agriculture		
Eden Community Hope Outreach / GR Food Pantry	A van Blerk	Western Cape Department of Education	539 741	539 741
Group Editors	AM Aucamp	Accountant Stores - Garden Route District Municipality	334 458	334 458
Zutari (Pty) Ltd	HC Ahischlager	Special Investigating Unit - Legal representative	900 139	rates based
	S Seegers	City of Cape Town - Head of Security Architecture		
	K Nadasen	National Department of Public Works - Director		
	M Marques	National Department of Internal Affairs - Director		
	Mr Mzimkulu Msiwa	Part-time Commissioner of KZN Provincial Planning		
	Nadiema Allie	SARS - Operations Manager		
	Mariam Gasant	SARS - Debt Collection		
	TJ Ndala	Gauteng Department of Education - School Principal		
Genela Security Training and Projects	Alderman V. Gericke	Garden Route District Municipality - Councillor	111 930	111 930
School of Public Leadership (SPL) - University of Stellenbosch	FEM Douglas	GRDM Chief: Municipal Heath	2 155 043	rate per learner
Mubesko Africa (Pty) Ltd	L Saaiman	Northen Cape Department of Health	610 712	rates based
SCLI Environmental	Spouse of MC Kirstein	South African National Defence Force	169 420	169 420
Nedbank	Venisha Subramoney - Wife of Mr Subramoney Non-Executive Director	Department of Education	113 141	rates based
The Business Zone 1681 (ProWorx)	Mother of R Meyer	South African Police Service	4 853	4 853
			7 737 770	

	2024	2023
	R	R

46 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2024	2023
1% (2023: 1%) Increase in interest rates	656 210	(1 170 718)
1% (2023: 1%) Decrease in interest rates	(656 210)	1 170 718

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is 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.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

The provision for bad debts could be allocated between the different classes of debtors as follows:	2024 %	2024 R	2023 %	2023 R
Rental Agreements	7,74%	3 917 401	6,09%	2 851 170
Fire Fighting Fees	87,99%	44 513 661	90,19%	42 225 250
Other Arrears	4,27%	2 160 200	3,72%	1 741 384
Total	**100,00%**	**50 591 261**	**100,00%**	**46 817 804**

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 2% where applicable.

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2024		
1 month past due	494 464	-
2+ months past due	33 815 545	-
	34 310 009	-
2023		
1 month past due	13 817 141	-
2+ months past due	857 456	-
	14 674 598	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below. The risk on cash on hand is regarded as unlikely and excluded from credit risk disclosure.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (Nedbank and ABSA). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

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

Financial assets exposed to credit risk at year end are as follows:	2024 R	2023 R
Receivables from exchange transactions	108 685 491	66 980 193
Cash and Cash Equivalents	156 786 075	136 373 657
	265 471 567	203 353 850

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
2024			
Long-term Liabilities	31 016 108	176 923 412	266 271 172
Trade and Other Payables	31 708 812	-	-
Unspent conditional grants and subsidies	640 314	-	-
	63 365 233	176 923 412	266 271 172

	Less than 1 year	Between 1 and 5 years	More than 5 years
2023			
Long-term Liabilities	762 009	622 191	-
Trade and Other Payables	38 247 207	-	-
Unspent conditional grants and subsidies	2 649 254	-	-
	41 658 470	622 191	-

46 FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

Financial Assets	Classification	2024 R	2023 R
Investments			
Unlisted Shares		15 665	28 416
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	4 033 390	3 222 567
Fire Fighting Fees	Financial Instruments at amortised cost	46 596 302	42 446 740
Other Arrears	Financial Instruments at amortised cost	58 055 800	21 310 886
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	152 443 465	136 373 657
Investment Accounts	Financial Instruments at amortised cost	4 342 610	-
Cash on hand	Financial Instruments at amortised cost	29 500	29 794
Total Financial Assets		**265 516 732**	**203 412 060**

SUMMARY OF FINANCIAL ASSETS

		2024 R	2023 R
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	4 033 390	3 222 567
Receivables from Exchange Transactions	Fire Fighting Fees	46 596 302	42 446 740
Receivables from Exchange Transactions	Other Arrears	58 055 800	21 310 886
Cash and Cash Equivalents	Cash on Hand	29 500	29 794
Cash and Cash Equivalents	Bank Balances	152 443 465	136 373 657
Cash and Cash Equivalents	Call Deposits and Investments	4 342 610	-
		265 501 067	**203 383 644**
Financial Instruments at fair value:			
Investments	Listed Investments	15 665	28 416
		15 665	**28 416**
Total Financial Assets		**265 516 732**	**203 412 060**

Financial Liabilities	Classification	2024 R	2023 R
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	108 912 000	-
Capitalised Lease Liability	Financial Instruments at amortised cost	151 062	582 771
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	24 072 505	33 307 762
Other Payables	Financial Instruments at amortised cost	3 228 351	2 067 384
Retentions	Financial Instruments at amortised cost	2 716 678	1 633 182
Current Portion of Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	8 000 000	-
Capitalised Lease Liability	Financial Instruments at amortised cost	503 099	662 650
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		147 583 695	38 253 748

SUMMARY OF FINANCIAL LIABILITIES

		2024 R	2023 R
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	116 912 000	-
Long-term Liabilities	Capitalised Lease Liability	654 161	1 245 421
Trade and Other Payables	Trade Payables	24 072 505	33 307 762
Trade and Other Payables	Other Payables	3 228 351	2 067 384
Trade and Other Payables	Retentions	2 716 678	1 633 182
		147 583 695	**38 253 748**

47 STATUTORY RECEIVABLES

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

	2024 R	2023 R
Taxes		
Nett VAT Receivable	1 694 939	3 317 797
Total Statutory Receivables (before provision)	**1 694 939**	**3 317 797**
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	**1 694 939**	**3 317 797**

48 CONTINGENT LIABILITY

48.1 Barry Louis Rae Trust / Farm Uitvlugt 269 Fire / Rogers

	2024 R	2023 R
Claim for damages as a result of the fire that spread (29 August until 1 September 2016).	-	4 500 000

The attorneys has delivered a Rule 35(3) notice, calling on the Rae Family Trust to discover the applications for control burning permits which were allegedly made to GRDM.

It if further apparent from the reply to the request for trial particulars that the Plaintiff will be amending its particulars of claim and that it no longer alleges that the fire would not have happened but for GRDM's alleged negligence. It also no longer alleges that the fire would have been brought under control and extinguished by 28 August 2016, but for GRDM's alleged negligence.

On 27 September 2023 a settlement in principle was reached and all actions against Garden Route District Municipality was withdrawn with each party to pay their own costs.

48.2 Possible Property Dispute: Calitzdorp Spa - Prins Family

	2024 R	2023 R
Possible Property Dispute: Calitzdorp Spa - Prins Family	7 504 242	7 729 522

This Municipality became aware of a land claim submitted by the Prins Family more than 20 years ago. This dispute is still with the Land Claims Commissioner and not resolved. Preliminary research conducted could not show any ownership rights for the family on the claimed properties. A site visit was conducted and subsequent thereto, the office (RLLC:WC) roped in the services of the NGI to assist in plotting the identified properties on a map. The map indicated the exact properties under claim. However, the nature of rights lost by the Prins family could not be ascertain from this process.

On the 23rd of April 2024 we received correspondence from Mr Andile Shoko from the Commission on the Restitution of Land Rights stating that they are in the process of appointing an independent service provider to undertake historical valuation for occupation on Farm 60 Warmwater. The historical valuation is conducted to establish the value of the property at the time of disposession and to establish whether compensation was reasonable at the time of disposession of the property.

Only upon completion of the historical valuation assessment, will the Land Claims Commission be able to determine whether the land claim meets the acceptance criteria in terms of Section 2 of the Restitution of Land Rights Act no 22 of 1994.

GRDM responded in a letter dated 23 April 2024 stating that during a meeting held on 15 April 2021 and 20 May 2021 respectively, the officials of GRDM were informed that a service provider has been appointed but that the report was not conclusive and lacked evidence and that they were not satisfied with the evidence provided to them. We further communicated our dissatisfication with the delay in finalising the process and also how the delay negatively affects the municipality in managing the property.

48.3 Mossel Bay Transfer Agreement

Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)

	2024 R	2023 R
Portion of Portion 2 of the Farm Hoogekraal No.238 (Erf 832 Glentana)	32 115	32 115

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process. Herbie Oosthuizen Attorneys have been appointed by Mossel Bay Municipality to handle this matter. In process.

Portion of Erf 271, Reebok

	2024 R	2023 R
Portion of Erf 271, Reebok	47 714	47 714

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process. The Mossel Bay Municipality emailed their Council resolution where it states that Erf 271 Reebok must be transferred to them.

Northern Portion of Erf 3803, Mossel Bay

	2024 R	2023 R
Northern Portion of Erf 3803, Mossel Bay	1 483 061	1 479 473

Possible transfer to Mossel Bay Municipality as per signed Transfer Agreement between the parties, subject to completion of subdivision process. Herbie Oosthuizen Attorneys have been appointed by Mossel Bay Municipality to handle this matter. In process.

48.4 R van Rooi

	2024 R	2023 R
R van Rooi	-	-

Mr van Rooi applied for a position at the Municipality. He was unsuccessful, felt that he was the best candidate and that there was discriminated against him. His attorney gave proposals for settlement, which were not accepted by the Municipality. Mr Van Rooi passed on and his executor is proceeding with the case. To date, we are still awaiting a trial date and according to our attorneys, it will probably only be next year (2024). The status quo remains the same.

48.5 Combined Summons: Geelhoutvlei CC

	2024 R	2023 R
Combined Summons: Geelhoutvlei CC	13 488 244	13 488 244

On 09 January 2018, a veldfire originated and spread to the Plaintiffs plantation. It is alleged that the Defendants failed to extinguish this fire whilst it was still small and containable and the fire therefore spread, causing damage.

The Second and Third Defendants filed their amended plea's after the Plaintiff amended theirs. The First Defendant did not provide their plea by 15 October 2021. There has been no movement from the Plaintiff after the Defendants filed their plea. The Plaintiff is *dominus litis* (owner of the case/trial) and will determine the procession of this litigation. The matter is kept in abeyance until further notice. The status quo remains the same. Raubenheimers Attorneys was appointed to defend this matter.

48.6 Knysna Municipality Property Dispute

	2024 R	2023 R
Knysna Municipality Property Dispute	54 654 407	54 732 429

Ongoing challenge from Knysna Municipality claiming ownership of land registered in the name of Garden Route District Municipality. The parties are in discussion to find a resolution. Knysna municipality communicated their Council resolution to GRDM stating that the following properties are under dispute:

Erf 20, 21 & 22 Belvedere
Farm 185, Portion 0-2 George Road (Swartvlei)
Farm 215, Portion 1-3 Knysna Rd (Buffalo Bay)
Erf 2790, Knysna
Farm 191, Portion 22, Knysna RD Westford

48.7 Notice of Motion: Envitech Solutions (Pty) Ltd (Applicant) vs GRDM and Zutari

Mfinci Bahlman Inc was appointed to represent GRDM in this matter. A trial date was set for 6 March 2023. The judge, however, informed the Parties that the matter won't proceed this quarter and will probably only be heard in November 2023. In view of the fact that 70% of the work has already been done, it might only be a matter of costs that will be determined in November 2023.

Subsequently during the 2023/2024 financial year this case was withdrawn from the court roll.

	2024 R	2023 R
Notice of Motion: Envitech Solutions (Pty) Ltd (Applicant) vs GRDM and Zutari	-	-

48.8 Combined Summons: K Dippenaar

	2024 R	2023 R
Combined Summons: K Dippenaar	-	2 680 000

On or about 13 September 2019 at night K Dippenaar was driving a motor vehicle and collided with an unattended horse on the road surface.

This matter was referred to our Insurance Company who appointed Everinghams to defend this matter. On 9 November 2022, our Plea was filed. We are the 2nd Defendant (8 defendants in total). In our Plea, we have denied any responsibility and the attorney has requested that the claim against us be withdrawn and each party to pay its own legal costs.

Subsequantly the matter has been finalised on the 22 January 2024.

48.9 Combined Summons: S Pretorius

	2024 R	2023 R
Combined Summons: S Pretorius	120 613	120 613

On or about 23 October 2020 the Plaintiff, Shanelle Pretorius was driving a motor vehicle which drove through a pothole on Bibby's Hoek Road in Rheenendal. Summons was received by the Municipality on the 17th of January 2023. This matter was referred to the Insurance Company to defend.

According to the Roads Department, only a portion of the road belongs to GRDM. In progress.

48 CONTINGENT LIABILITY (CONTINUED)

		2024 R	2023 R
48.10	**Combined Summons: Province vs Garden Route District Municipality and SD Ndengane**		
	On the 16th of April a combined summons was hand delivered to Garden Route District Municipality "GRDM". On or about the 14th of April 2021 damages were caused to a Berth Priclo Caravan by Mr Ndengane, an employee of GRDM (Roads Department).	133 389	-
	The matter was referred to the Insurance Company to defend.		
48.11	**Labour disputes** The Labour Relations Section has the following dispute lodged for the financial year ended 30 June 2024. All disputes have not yet been finalised and only an estimation is made based on the claims put forth by the applicants and the possible outcomes as per the Code of Good Practice of the Labour Relations Act as amended.		
	SN Mqota	1 612 966	792 992
	Balance previously reported	-	-
	Correction	-	792 992
		79 076 750	**85 603 101**

49 CONTINGENT ASSETS

49.1 Portion of Portion of Erf 12406, Mossel Bay

Erf 12406, Mossel Bay - EHP Building to be transferred from Mossel Bay Municipality to GRDM as per the Transfer Agreement signed on 17 March 2021.	910 000	910 000
	910 000	**910 000**

50 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

50.1 Related Party Transactions

The following purchases were made during the year where Councillors or staff have an interest:

Year ended 30 June 2024	**Transaction(s) value**	**Outstanding Balance**
Genela Security Training and Projects Alderman Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	15 980	-
	15 980	**-**

	2024 R Other	**2024 R Outstanding Balance**
Municipal Manager and Section 57 Employees		
Mr C Africa - Overpayment of Salary	140 473	109 017
	140 473	**109 017**

Year ended 30 June 2023	**2023 R Transaction(s) value**	**2023 R Outstanding Balance**
Shabby to Chick – Zingfontein Estates		
J Stander (Garden Route District Municipality's Manager Finance) brother-in-law owns Shabby to Chick. Garden Route District Municipality received Property, plant and equipment from Shabby to Chick.	47 278	29 750
Genela Security Training and Projects Alderman Gericke V (Councillor - Garden Route District Municipality) Sister son owns Genela Security Training and Projects	111 930	-
	159 208	**29 750**

	2023 R Other	**2023 R Outstanding Balance**
Municipal Manager and Section 57 Employees		
Mr C Africa - Overpayment of Salary	127 799	109 017
	127 799	**109 017**

The amounts outstanding are unsecured and will be settled in cash.

No bad debt expenses have been recognised in respect of amounts owed by related parties.

Detail of any guarantees held in respect of amounts owned by related parties.

<u>Related party relationship</u>

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities

- Accounting officer
- Other spheres of government
- Members of key management
- Councillors

50 RELATED PARTIES (CONTINUED)

50.2 Compensation of key management personnel

The compensation of key management personnel and councillors are set out in note 28 to the Annual Financial Statements.

50.3 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2024:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations
Mr MG Stratu	Municipal Manager	242 341	328 154	343 541
Mr. C.H.R. Boshoff	Chief Financial Officer	-	49 298	264 832
Mrs B Holtzhausen	Executive Manager: Corporate Services	-	196 818	241 760
Mr C Africa	Executive Manager: Community Services	-	-	187 011
Mr JH Compion	Acting Executive Manager: Community Services	-	296 307	6 933
Mr JG Daniels	Executive Manager: Technical Services	-	328 502	241 760
Mr L Menze	Executive Manager: Planning and Economic Development	-	341 004	238 637
		242 341	**1 540 083**	**1 524 474**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2023:

Name	Position	Exit Gratuity	Staff Leave Obligations	Staff Bonus Obligations
Mr MG Stratu	Municipal Manager	214 175	151 942	244 400
Mr JVH de Jager	Chief Financial Officer	-	-	135 796
Mrs B Holtzhausen	Executive Manager: Corporate Services	-	181 524	234 037
Mr C Africa	Executive Manager: Community Services	-	55 972	220 998
Mr JG Daniels	Executive Manager: Technical Services	-	299 438	234 037
Mr L Menze	Executive Manager: Planning and Economic Development	-	330 111	230 537
Mr T Loliwe	Acting Chief Financial Officer (5 Months)	-	120 014	38 115
		214 175	**1 139 001**	**1 337 919**

51. PRINCIPAL - AGENT ARRANGEMENTS

Principal in Principal-Agent Arrangement (Material)

Garden Route District Municipality's binding arrangements for services delivered on behalf of the municipality and for which commissions were paid, have been evaluated and it was found that the conditions don't meet the applicable GRAP 109 criteria to be regarded as a principal arrangements.

52. EVENTS AFTER REPORTING PERIOD

No events after reporting period to disclose.

53. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

As with most municipalities, the municipality is dependent on transfers and subsidies from National and Provincial Government.

53.1 Financial Indicators

The following ratios are considered to be key financial indicators to determine financial health and going concern:

i) Current ratio
This ratio has improved from the prior to the current year. It stands at 2.66 times and is above the norm set for municipalities.

Current Ratio: (Current Assets / Current Liabilities)
Norm: 1.5 - 2.1

	30 June 2024	30 June 2023	
Current Assets	223 892 027	168 842 662	
Current Liabilities	84 027 857	82 753 220	
Current ratio	**2,66**	**2,04**	*times*

ii) Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants):
This ratio has improved from the prior to the current year. It stands at 4.1 times and is better than the norm set for municipalities of 1 to 3 times.

Cash (Excl. Unspent Conditional Grants) / Monthly Fixed Cash Operating Expenditure

	30 June 2024	30 June 2023	
Cost cover	**4,1**	**3,7**	*times*

ii) Reconciliation of Available Cash and Investment Resources

Refer to note 41 that shows cash available after deduction of cash-backed items from the bank balances as at 30 June 2024.

54. DISCLOSURES IN TERMS OF BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the Broad Based Black Economic Empowerment Act is included in the annual report under the section titled B-BBBEE Compliance Performance Information.

55 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2024

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Office of the Municipal Manager	1.1 - Municipal Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.2 - Office: of the Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.3 - Office: of the Deputy Executive Mayor	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.4 - Office : of the speaker	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.5 - Mayor and Council	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.6 - Strategic Manager	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.7 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.9 - Legal Services	Aggregated	Office of the Municipal Manager	Supporting service departments
	1.8 - Performance Management	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 2 - Office of the Municipal Manager (cont)	2.1 - Risk Management unit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.2 - Internal audit	Aggregated	Office of the Municipal Manager	Supporting service departments
	2.3 - Marketing publicity& media cor	Aggregated	Office of the Municipal Manager	Supporting service departments
Vote 3 - Financial Services	3.2 - Manager: Finance (CFO)	Aggregated	Financial Services	Supporting service departments
	3.3 - Expenditure	Aggregated	Financial Services	Supporting service departments
	3.4 - BTO & AFS	Aggregated	Financial Services	Supporting service departments
	3.5 - FMG Interns	Aggregated	Financial Services	Supporting service departments
	3.7 - Income	Aggregated	Financial Services	Supporting service departments
	3.8 - Assets	Aggregated	Financial Services	Supporting service departments
	3.9 - Data	Aggregated	Financial Services	Supporting service departments
	3.10 - Assets Management	Aggregated	Financial Services	Supporting service departments
Vote 4 - Financial Services (cont)	4.1 - SCM	Aggregated	Financial Services	Supporting service departments
Vote 5 - Corporate Services	5.1 - Executive Manager: Corporate Services	Aggregated	Corporate Services	Supporting service departments
	5.2 - Support Services: committee	Aggregated	Corporate Services	Supporting service departments
	5.3 - Support services: registry	Aggregated	Corporate Services	Supporting service departments
	5.4 - Task unit	Aggregated	Corporate Services	Supporting service departments
	5.5 - Training & Development	Aggregated	Corporate Services	Supporting service departments
	5.6 - Labour Relations	Aggregated	Corporate Services	Supporting service departments
	5.7 - Recruitment & Selection	Aggregated	Corporate Services	Supporting service departments
	5.8 - Basic Conditions of Service	Aggregated	Corporate Services	Supporting service departments
	5.9 - OHS	Aggregated	Corporate Services	Supporting service departments
	5.10 - EAP	Aggregated	Corporate Services	Supporting service departments
Vote 6 - Corporate Services (cont)	6.1 - Section 79/80 committees	Aggregated	Corporate Services	Supporting service departments
	6.2 - IT Section	Aggregated	Corporate Services	Supporting service departments
	6.3 - HR Manager	Aggregated	Corporate Services	Supporting service departments
	6.4 - It section	Aggregated	Corporate Services	Supporting service departments
Vote 7 - Community Services	7.1 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.2 - Executive Manager: Community Services	Aggregated	Community Services	Health Services
	7.3 - Municipal Health Services: Administration	Aggregated	Community Services	Health Services
	7.4 - Municipal Health Services: George	Aggregated	Community Services	Health Services
	7.5 - Municipal Health Services: Klein Karoo	Aggregated	Community Services	Health Services
	7.6 - Municipal Health Services: Langeberg	Aggregated	Community Services	Health Services
	7.7 - Municipal Health Services: Lakes Areas	Aggregated	Community Services	Health Services
	7.8 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.9 - Disaster Management	Aggregated	Community Services	Disaster Management Services
	7.10 - Environmental Management	Aggregated	Community Services	Environmental Protection

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 8 - Community Services (cont)	8.1 - Fire fighting	Aggregated	Community Services	Fire Fighting Services
	8.2 - Fire services: Riversdal	Aggregated	Community Services	Fire Fighting Services
	8.3 - Fire services: Kannaland	Aggregated	Community Services	Fire Fighting Services
	8.4 - Fire Fighting	Aggregated	Community Services	Fire Fighting Services
	8.5 - Bulk infrastructure:(m hubbe)	Aggregated	Community Services	Waste Management Services
	8.6 - Refuse	Aggregated	Community Services	Waste Management Services
	8.7 - Bulk infr.: water	Aggregated	Community Services	Waste Management Services
	8.8 - Air quality control	Aggregated	Community Services	Environmental Protection
	8.9 - Landfill Sites	Aggregated	Community Services	Waste Management Services
	8.10 - Solid Waste Removal	Aggregated	Community Services	Waste Management Services
Vote 9 - Planning and Economic Development	9.1 - Property Development	Aggregated	Planning and Development	Supporting service departments
	9.2 - Executive Manager: Planning and Economic Developm	Aggregated	Planning and Development	Supporting service departments
	9.3 - Regional planning	Aggregated	Planning and Development	Supporting service departments
	9.4 - Tourism	Aggregated	Planning and Development	Supporting service departments
	9.5 - Human Settlement	Aggregated	Planning and Development	Supporting service departments
	9.6 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	9.7 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	9.8 - Population Development	Aggregated	Planning and Development	Supporting service departments
	9.9 - Pollution Control	Aggregated	Planning and Development	Supporting service departments
	9.10 - Tourism	Aggregated	Planning and Development	Supporting service departments
Vote 10 - Planning and Economic Development (cont)	10.1 - PMU	Aggregated	Planning and Development	Supporting service departments
	10.2 - Led	Aggregated	Planning and Development	Local Economic Development Services
	10.3 - Idp	Aggregated	Planning and Development	Supporting service departments
	10.4 - EPWP Manager	Aggregated	Planning and Development	Supporting service departments
	10.5 - EPWP Projects	Aggregated	Planning and Development	Supporting service departments
	10.6 - Resorts: Calitzdorp Spa Kiosk	Aggregated	Planning and Development	Resorts
	10.7 - Resorts: Calitzdorp Spa Resort	Aggregated	Planning and Development	Resorts
	10.8 - Resorts: De Hoek Mountain Resort	Aggregated	Planning and Development	Resorts
	10.9 - Resorts: De Hoek Mountain Shop	Aggregated	Planning and Development	Resorts
	10.10 - Led	Aggregated	Planning and Development	Local Economic Development Services
Vote 11 - Planning and Economic Development(cont2)	11.1 - Resorts: Swartvlei	Aggregated	Planning and Development	Resorts
	11.2 - Resorts: Victoriabaai	Aggregated	Planning and Development	Resorts
	11.3 - Resorts: Kleinkrantz	Aggregated	Planning and Development	Resorts
Vote 12 - Roads	12.1 - Public transport	Aggregated	Roads Services	Roads Services
	12.2 - Road Transport - Roads General	Aggregated	Roads Services	Roads Services
	12.3 - ROADS OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.4 - ROADS WORKSHOP OPERATIONAL COST 1	Aggregated	Roads Services	Roads Services
	12.5 - ROADS - MAINTENANCE OUDTSHOORN - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.6 - ROADS - GRADER OUDTSHOORN - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.7 - ROADS - MAINTENANCE RIVERSDALE - PROJECT 1 - PREVENTATIVE CONDI	Aggregated	Roads Services	Roads Services
	12.8 - ROADS - GRADER RIVERSDALE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.9 - ROADS - GRADER GEORGE - PROJECT 1	Aggregated	Roads Services	Roads Services
	12.10 - ROADS - REGRAVEL - PROJECT 2 - SHORT SECTION	Aggregated	Roads Services	Roads Services
Vote 13 - Roads (cont)	13.1 - Roads	Aggregated	Roads Services	Roads Services
	13.2 - ROADS - MAINTENANCE GEORGE - PROJECT 1 - PREVENTATIVE CONDITION	Aggregated	Roads Services	Roads Services
	13.3 - ROADS - REGRAVEL - PROJECT 1 - MAINTENANCE RO	Aggregated	Roads Services	Roads Services
	13.4 - ROADS - RESEAL - PROJECT 1 - MAINTENANCE ROAD	Aggregated	Roads Services	Roads Services
	13.5 - ROADS - CONSTR (UPGRADE)- PROJECT 1 - CORRECTIVE MAINT - SLANGRIVIER	Aggregated	Roads Services	Roads Services
	13.6 - ROADS - CONSTR - CORRECTIVE MAINTEN SMALL IN/OUTLET STRUCTURES	Aggregated	Roads Services	Roads Services

SECONDARY SEGMENTS

Mscoa Functional Segments identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Resorts and community services
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Community and public safety	Fire services
	Health services	Aggregated	Community and public safety	Health Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Road services
	Environmental protection	Aggregated	Economic and environmental services	Environmental Protection
• Trading services	Water management	Individually Reported	Water management	Water management
	Waste management	Individually Reported	Waste management	Waste management service
• Other	Tourism	Individually Reported	Other	Tourism

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Garden Route District Municipality consists of the following municipalities situated in different geographical areas:

Bitou Municipality
George Municipality
Hessequa Municipality
Kannaland Municipality
Knysna Municipality
Mossel Bay Municipality
Oudtshoorn Municipality

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	31 709 346	4 347 359	2 519 319	13 758 947	3 108 840	182 533 011	237 976 822
Roads Service Charge	18 489 387	2 831 267	-	-	-	182 533 011	203 853 665
Rental of Facilities and Equipment	176 895	1 010 120	-	317 657	-	-	1 504 672
Interest Earned - External Investments	12 400 024	-	-	-	-	-	12 400 024
Interest Earned - Exchange Transactions	-	373 543	310 744	4 538 038	-	-	5 222 326
Licences and Permits	-	-	-	-	67 725	-	67 725
Other Revenue	643 039	132 429	2 208 575	8 903 252	3 041 116	-	14 928 411
External revenue from non-exchange transactions	196 288 198	234 220	-	-	-	-	196 522 418
Transfers And Subsidies - Operating	196 288 198	-	-	-	-	-	196 288 198
Gains	-	234 220	-	-	-	-	234 220
Total Segment Revenue (excluding capital transfers and contributions)	**227 997 543**	**4 581 580**	**2 519 319**	**13 758 947**	**3 108 840**	**182 533 011**	**434 499 240**
SEGMENT EXPENDITURE							
Employee Related Costs	(41 605 876)	(23 510 348)	(33 667 041)	(29 274 135)	(69 837 859)	(107 392 085)	(305 287 343)
Remuneration of Councillors	(12 232 669)	-	-	-	-	-	(12 232 669)
Debt Impairment	(5 475 728)	-	-	-	-	-	(5 475 728)
Depreciation and Amortisation	(264 238)	(143 813)	(1 481 571)	(2 218 234)	(2 286 774)	(39 929)	(6 434 558)
Finance Charges	(3 970 055)	-	-	-	(694 389)	-	(4 664 444)
Other Materials	(496 094)	(124 099)	(749 395)	(624 950)	(975 283)	(48 655 389)	(51 625 209)
Contracted Services	(4 350 786)	(1 871 351)	(3 473 914)	(2 565 008)	(3 704 775)	(8 071 381)	(24 037 214)
Transfers and Subsidies	(2 341 040)	-	(942 327)	(551 013)	(1 970 812)	-	(5 805 192)
Other Expenditure	(12 418 902)	(1 234 579)	(11 775 183)	(3 611 028)	(3 351 424)	(17 075 024)	(49 466 141)
Losses	2 201 064	-	-	-	-	(4 472 276)	(2 271 212)
Total Segment Expenditure	(80 954 324)	(26 884 190)	(52 089 430)	(38 844 368)	(82 821 316)	(185 706 083)	(467 299 711)
Surplus/(Deficit)	147 043 219	(22 302 610)	(49 570 111)	(25 085 421)	(79 712 476)	(3 173 072)	(32 800 471)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12 627 817	-	-	-	-	-	12 627 817
Surplus/(Deficit) after Capital Transfers & Contributions	159 671 037	(22 302 610)	(49 570 111)	(25 085 421)	(79 712 476)	(3 173 072)	(20 172 654)
Surplus/(Deficit) for the year	**159 671 037**	**(22 302 610)**	**(49 570 111)**	**(25 085 421)**	**(79 712 476)**	**(3 173 072)**	**(20 172 654)**
CAPITAL EXPENDITURE FOR THE YEAR	**486 130**	**15 447**	**785 057**	**3 736 286**	**42 978 813**	**31 080**	**48 032 812**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Community and public safety	Economic and environmental services	Trading services	Governance and Administration	Other	Total
			Waste management			
	R	R			R	R
SEGMENT REVENUE						
External revenue from exchange transactions	11 907 682	187 487 742	-	38 581 398	-	237 976 822
Roads Service Charge	-	182 533 011	-	21 320 654	-	203 853 665
Rental of Facilities and Equipment	-	317 657	-	1 187 015	-	1 504 672
Interest Earned - External Investments	-	-	-	12 400 024	-	12 400 024
Interest Earned - Exchange Transactions	-	4 538 038	-	684 288	-	5 222 326
Licences and Permits	-	67 725	-	-	-	67 725
Other Revenue	11 907 682	31 311	-	2 989 417	-	14 928 411
External revenue from non-exchange transactions	-	-	-	196 522 418	-	196 522 418
Transfers And Subsidies - Operating	-	-	-	196 288 198	-	196 288 198
Agency Services	-	-	-	-	-	-
Gains	-	-	-	234 220	-	234 220
Total Segment Revenue (excluding capital transfers and contributions)	**11 907 682**	**187 487 742**	**-**	**235 103 816**	**-**	**434 499 240**
SEGMENT EXPENDITURE						
Employee Related Costs	(69 842 396)	(124 900 994)	(2 467 444)	(106 905 022)	(1 171 488)	(305 287 343)
Remuneration of Councillors	-	-	-	(12 232 669)	-	(12 232 669)
Debt Impairment	-	-	-	(5 475 728)	-	(5 475 728)
Depreciation and Amortisation	(2 987 599)	(141 932)	(5 271)	(3 293 062)	(6 694)	(6 434 558)
Actuarial Losses	-	-	-	-	-	-
Finance Charges	(91 335)	-	(603 054)	(3 970 055)	-	(4 664 444)
Other Materials	(1 395 769)	(48 708 849)	(12 888)	(1 507 704)	-	(51 625 209)
Contracted Services	(4 262 062)	(8 717 001)	(633)	(11 057 518)	-	(24 037 214)
Transfers and Subsidies	(775 342)	(1 746 483)	-	(3 283 367)	-	(5 805 192)
Other Expenditure	(4 234 729)	(18 101 546)	(211 088)	(26 269 891)	(648 887)	(49 466 141)
Losses	-	(4 472 276)	-	2 201 064	-	(2 271 212)
Total Segment Expenditure	(83 589 231)	(206 789 081)	(3 300 378)	(171 793 952)	(1 827 070)	(467 299 711)
Surplus/(Deficit)	(71 681 548)	(19 301 339)	(3 300 378)	63 309 864	(1 827 070)	(32 800 471)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	12 627 817	-	12 627 817
Contributions Recognised - Capital	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	(71 681 548)	(19 301 339)	(3 300 378)	75 937 681	(1 827 070)	(20 172 654)
Surplus/(Deficit) for the year	**(71 681 548)**	**(19 301 339)**	**(3 300 378)**	**75 937 681**	**(1 827 070)**	**(20 172 654)**
CAPITAL EXPENDITURE FOR THE YEAR	**16 399 934**	**3 023 673**	**27 322 571**	**1 286 633**	**-**	**48 032 812**

GARDEN ROUTE DISTRICT MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Office of the Municipal Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Roads Services	Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	39 511 384	-	1 763 615	9 385 796	457 975	173 022 507	224 141 277
Roads Service Charge	17 215 332	-	-	-	-	172 993 906	190 209 238
Rental of Facilities and Equipment	1 434 264	-	-	482 584	-	-	1 916 849
Interest Earned - External Investments	10 253 221	-	-	-	-	-	10 253 221
Interest Earned - Exchange Transactions	4 189 182	-	-	-	-	-	4 189 182
Licences and Permits	-	-	-	-	77 961	-	77 961
Other Revenue	6 419 384	-	1 763 615	8 903 211	380 015	28 601	17 494 827
External revenue from non-exchange transactions	205 457 899	-	-	-	-	(7 676 686)	197 781 213
Transfers And Subsidies - Operating	190 660 006	-	-	-	-	-	190 660 006
Agency Services	-	-	-	-	-	-	-
Gains	14 797 893	-	-	-	-	(7 676 686)	7 121 207
Total Segment Revenue (excluding capital transfers and	**244 969 284**	**-**	**1 763 615**	**9 385 796**	**457 975**	**165 345 821**	**421 922 490**
SEGMENT EXPENDITURE							
Employee Related Costs	(36 301 139)	(18 904 304)	(30 033 895)	(30 654 823)	(67 920 869)	(99 204 329)	(283 019 357)
Remuneration of Councillors	(12 306 165)	-	-	-	-	-	(12 306 165)
Irrecoverable debt written off	(2 160 413)	-	-	-	-	-	(2 160 413)
Debt Impairment	-	-	-	-	-	(6 576 754)	(6 576 754)
Depreciation and Amortisation	(573 572)	(273 525)	(1 422 701)	(1 903 830)	(1 592 475)	-	(5 766 102)
Interest	(147 854)	-	-	-	-	-	(147 854)
Inventory consumed	(694 368)	(160 384)	(688 271)	(2 336 934)	(1 533 793)	(46 323 941)	(51 737 692)
Contracted Services	(3 286 433)	(1 825 225)	(2 949 067)	(4 374 302)	(4 315 681)	(12 114 073)	(28 864 780)
Transfers and Subsidies	(1 948 896)	(1 281 797)	(636 975)	(1 817 609)	86 707	-	(5 598 569)
Operational cost	(12 113 368)	(2 365 051)	(7 111 672)	(3 805 759)	(3 425 368)	(11 750 469)	(40 571 688)
Losses	(22 553)	(69 831)	(80 480)	(12 742)	(7 584)	-	(193 190)
Total Segment Expenditure	(69 554 761)	(24 880 116)	(42 923 060)	(44 905 999)	(78 709 064)	(175 969 566)	(436 942 565)
Surplus/(Deficit)	175 414 523	(24 880 116)	(41 159 445)	(35 520 204)	(78 251 088)	(10 623 744)	(15 020 075)
Transfers and subsidies - capital (monetary allocations)	3 149 170	-	-	-	-	-	3 149 170
Transfers and subsidies - capital (in-kind - all)	3 284 009	-	-	-	-	-	3 284 009
Surplus/(Deficit) after Capital Transfers & Contributions	181 847 701	(24 880 116)	(41 159 445)	(35 520 204)	(78 251 088)	(10 623 744)	(8 586 896)
Surplus/(Deficit) for the year	**181 847 701**	**(24 880 116)**	**(41 159 445)**	**(35 520 204)**	**(78 251 088)**	**(10 623 744)**	**(8 586 896)**
CAPITAL EXPENDITURE FOR THE YEAR	**190 911**	**122 625**	**607 555**	**8 010 311**	**19 290 710**	**210 074**	**28 432 187**

GARDEN ROUTE DISTRICT MUNICIPALITY

SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Community and public safety	Economic and environmental services	Trading services			Governance and Administration	Other	Total
			Water Management	Waste water management	Waste management			
	R	R	R				R	R
SEGMENT REVENUE								
External revenue from exchange transactions	9 762 252	173 074 424	-	-	-	41 304 601	-	224 141 277
Roads Service Charge	-	172 993 906	-	-	-	17 215 332	-	190 209 238
Rental of Facilities and Equipment	482 584	-	-	-	-	1 434 264	-	1 916 849
Interest Earned - External Investments	-	-	-	-	-	10 253 221	-	10 253 221
Interest Earned - Exchange Transactions	-	-	-	-	-	4 189 182	-	4 189 182
Licences and Permits	-	77 961	-	-	-	-	-	77 961
Other Revenue	9 279 668	2 558	-	-	-	8 212 601	-	17 494 827
External revenue from non-exchange transactions	-	-	-	-	-	197 781 213	-	197 781 213
Transfers And Subsidies - Operating	-	-	-	-	-	190 660 006	-	190 660 006
Gains	-	-	-	-	-	7 121 207	-	7 121 207
Total Segment Revenue (excluding capital transfers and	**9 762 252**	**173 074 424**	**-**	**-**	**-**	**239 085 814**	**-**	**421 922 490**
SEGMENT EXPENDITURE								
Employee Related Costs	(67 529 124)	(116 315 114)	-	-	(1 888 726)	(95 639 954)	(1 646 439)	(283 019 357)
Remuneration of Councillors	-	-	-	-	-	(12 306 165)	-	(12 306 165)
Irrecoverable debt written off	-	-	-	-	-	(2 160 413)	-	(2 160 413)
Debt Impairment	-	-	-	-	-	(6 576 754)	-	(6 576 754)
Depreciation and Amortisation	(1 682 413)	-	-	-	-	(4 083 689)	-	(5 766 102)
Interest	-	-	-	-	-	(147 854)	-	(147 854)
Inventory consumed	(1 811 680)	(48 216 807)	-	-	(90 243)	(1 609 182)	(9 780)	(51 737 692)
Contracted Services	(5 430 548)	(14 150 686)	-	-	(31 580)	(9 251 966)	-	(28 864 780)
Transfers and Subsidies	86 707	(1 339 348)	-	-	-	(3 867 668)	(478 261)	(5 598 569)
Operational cost	(5 147 277)	(12 661 061)	-	-	(46 538)	(22 211 751)	(505 061)	(40 571 688)
Losses	(7 584)	-	-	-	-	(185 606)	-	(193 190)
Total Segment Expenditure	(81 521 920)	(192 683 015)	-	-	(2 057 088)	(158 041 001)	(2 639 540)	(436 942 565)
Surplus/(Deficit)	(71 759 668)	(19 608 591)	-	-	(2 057 088)	81 044 813	(2 639 540)	(15 020 075)
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	-	3 149 170	-	3 149 170
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	3 284 009	-	3 284 009
Surplus/(Deficit) after Capital Transfers & Contributions	(71 759 668)	(19 608 591)	-	-	(2 057 088)	87 477 991	(2 639 540)	(8 586 896)
Surplus/(Deficit) for the year	**(71 759 668)**	**(19 608 591)**	**-**	**-**	**(2 057 088)**	**87 477 991**	**(2 639 540)**	**(8 586 896)**
CAPITAL EXPENDITURE FOR THE YEAR	**6 115 172**	**6 506 689**	**-**	**-**	**-**	**981 255**	**14 829 071**	**28 432 187**

Reconciliation Between Statement of Financial Performance and Segment Report

Item	Statement of Financial Performance 2024 R	Budget Schedule Classification	Statement of Financial Performance 2024 R
Government Grants and Subsidies - Operating	192 051 547	Transfers And Subsidies - Operating	190 660 006
Government Grants and Subsidies - Capital	12 627 817	Transfers and subsidies - capital (monetary allocations) (National / Provincial and Dist	3 149 170
Contributed Property, Plant and Equipment	12 800	Transfers and subsidies - capital (in-kind - all)	3 284 009
Actuarial Gains	-	Gains	7 121 207
Fines. Penalties and Forfeits	-		
Government Incentives Received	4 223 851		
Department of Infrastructure - Roads Service Charges	203 853 665	Agency Services	190 209 238
Sales of Goods and Rendering of Services	13 339 782	Other Revenue	15 282 631
Rent on Land	494 552	Rental of Facilities and Equipment	573 309
Rental of Facilities and Equipment	1 010 120	Rental of Facilities and Equipment	1 343 540
Interest Earned - External Investments	12 400 024	Interest Earned - External Investments	10 253 221
Interest Earned - Exchange Transactions	5 222 326	Interest Earned - Outstanding Debtors	4 189 182
Licences and Permits	67 725	Licences and Permits	77 961
Operational Revenue	1 588 629	Other Revenue	2 212 196
Total Revenue	**446 892 838**		**428 355 669**
Employee related costs	(305 287 343)	Employee related costs	(283 019 357)
Remuneration of Councillors	(12 232 669)	Remuneration of Councillors	(12 306 165)
Bad Debts Written Off	(1 601 917)	Debt Impairment	(2 160 413)
Contracted Services	(24 037 214)	Contracted Services	(28 864 780)
Depreciation and Amortisation	(6 434 558)	Depreciation & Asset Impairment	(5 766 102)
Actuarial Losses	(1 251 252)		-
Finance Costs	(4 664 444)	Finance Charges	(147 854)
Inventory Consumed	(51 625 209)	Other Materials	(51 737 692)
Operating Leases	(270 013)	Other Expenditure	(881 150)
Transfers and Subsidies	(5 805 192)	Transfers and Subsidies	(5 598 569)
Operational Costs	(49 196 128)	Other Expenditure	(39 690 538)
Total Expenditure	**(462 405 939)**		**(430 172 621)**
Operating Surplus/(Deficit) for the Year	**(15 513 102)**		**(1 816 952)**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	234 220	Losses	(57 016)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(3 873 812)	Debt Impairment	(6 576 754)
Gains/(Loss) on Sale of Fixed Assets	(1 019 960)	Losses	(136 175)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	Depreciation & Asset Impairment	-
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(20 172 653)**		**(8 586 896)**

APPENDIX A
GARDEN ROUTE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2023	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2024	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Annuity Loan	10,50%	803554	2035/06/29	-	-	116 912 000	-	116 912 000	45 733 357	-
Mobile Communication Devices	Prime	334621609	Various	1 245 421	-	108 956	(700 215)	654 161	941 047	-
Total Lease Liabilities				1 245 421	-	117 020 955	(700 215)	117 566 161	45 733 357	-
TOTAL EXTERNAL LOANS				**1 245 421**	**-**	**117 020 955**	**(700 215)**	**117 566 161**	45 733 357	-

APPENDIX B
GARDEN ROUTE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2023	Correction of Error	Restated Balance 30 June 2023	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants	Balance 30 June 2024	Unspent 30 June 2024 (Creditor)	Unpaid 30 June 2024 (Debtor)
National Government Grants											
Equitable Share	-	-	-	178 333 000	-	(178 333 000)	-	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 000 000	-	(939 622)	-	(60 378)	-	-	-
Expanded Public Works Programme Integrated Grant	-	-	-	2 180 000	-	(2 180 000)	-	-	-	-	-
EEDSM (Energy Efficiency and Demand-side Managem	235 316	-	235 316	4 000 000	(235 000)	(314 035)	(2 960 022)	(459 217)	267 041	267 041	-
Rural Road Asset Management Systems Grant	-	-	-	2 754 000	-	(2 745 763)	-	(8 237)	-	-	-
Total National Government Grants	**235 316**	**-**	**235 316**	**188 267 000**	**(235 000)**	**(184 512 419)**	**(2 960 022)**	**(527 833)**	**267 041**	**267 041**	**-**
Provincial Government Grants											
Integrated Transport Planning	-	(351 984)	(351 984)	570 000	-	(205 124)	-	(12 892)	-	-	-
Human Settlements	112 208	-	112 208	4 407 617	(112 208)	(4 322 836)	-	(10 973)	73 808	73 808	-
Contribution Towards Acceleration of Housing Delivery	386 705	-	386 705	-	(386 705)	-	-	-	-	-	-
Western Cape Municipal Interventions Grant - Graduate Disaster Management Intern	100 000	-	100 000	100 000	-	(54 790)	-	-	145 210	145 210	-
Municipal Service Delivery and Capacity Building (Fire fighting)	-	-	-	4 481 000	-	-	(4 416 185)	-	64 815	64 815	-
Fire Service Capacity-building Grant (Flood Response Vehicle)	-	-	-	2 500 000	-	-	(2 500 000)	-	-	-	-
Municipal Water Resilience Grant (Water Truck 6'000 Liter)	-	-	-	1 200 000	-	-	(1 151 610)	-	48 390	48 390	-
Joint District and Metro Approach Grant	-	-	-	-	-	-	-	-	-	-	-
Local Government Public Employment Support Grant	-	-	-	-	-	-	-	-	-	-	-
Municipal Service Delivery and Capacity Building	-	-	-	500 000	-	(499 771)	-	(229)	-	-	-
Emergency Municipal Load-Shedding Relief Grant	1 600 000	-	1 600 000	-	-	-	(1 600 000)	-	-	-	-
Safety Plan Implementation - (WOSA)	29 293	-	29 293	1 560 000	(29 293)	(1 560 000)	-	-	-	-	-
Western Cape Financial Management Capability Grant (Bursary Programme)	185 733	-	185 733	200 000	-	(344 684)	-	-	41 049	41 049	-
Total Provincial Government Grants	**2 413 939**	**(351 984)**	**2 061 955**	**15 518 617**	**(528 206)**	**(6 987 205)**	**(9 667 795)**	**(24 094)**	**373 272**	**373 272**	**-**
Total Grants	**2 649 255**	**(351 984)**	**2 297 271**	**203 785 617**	**(763 206)**	**(191 499 624)**	**(12 627 817)**	**(551 926)**	**640 314**	**640 314**	**-**

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

MUN - Reconciliation of Table A1 Budget Summary

Description	2023/24								2022/23			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	–	–	–	–		–	0,0%	0,0%				–
Service charges	37 688	–	–	–		–	0,0%	0,0%				–
Investment revenue	10 134	130	10 263	12 400		–	0,0%	0,0%				10 253
Transfers recognised - operational	212 004	1 901	213 905	196 275		–	0,0%	0,0%				190 660
Other own revenue	258 111	(4 273)	253 838	225 811		–	0,0%	0,0%				221 009
Total Revenue (excluding capital transfers and contributions)	**517 937**	**(2 242)**	**478 007**	**434 486**		**–**	**0,0%**	**0,0%**				**421 922**
Employee costs	300 666	(12 351)	288 315	305 287	–	–	0,0%	0,0%	–	–	–	283 019
Remuneration of councillors	14 216	(819)	13 397	12 233	–	–	0,0%	0,0%	–	–	–	12 306
Depreciation & asset impairment	5 106	854	5 960	6 435	–	–	0,0%	0,0%	–	–	–	5 766
Finance charges	8 820	(7 392)	1 428	4 664	–	–	0,0%	0,0%	–	–	–	148
Inventory consumed and bulk purchases	51 861	4 302	56 162	51 625	–	–	0,0%	0,0%	–	–	–	51 738
Transfers and grants	2 501	(153)	2 348	5 805	–	–	0,0%	0,0%	–	–	–	5 599
Other expenditure	149 034	(26 474)	122 560	81 250	–	–	0,0%	0,0%	–	–	–	78 367
Total Expenditure	**532 204**	**(42 034)**	**490 170**	**467 300**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**436 943**
Surplus/(Deficit)	**(14 267)**	**39 792**	**(12 163)**	**(32 813)**		**–**	**0,0%**	**0,0%**				**(15 020)**
Transfers and subsidies - capital (monetary allocations)	8 481	5 300	13 781	12 628		–	0,0%	0,0%				3 149
Transfers and subsidies - capital (in-kind - all)	–	35	35	13		–	0,0%	0,0%				3 284
Surplus/(Deficit) after capital transfers & contributions	**(5 786)**	**45 127**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	-	-				–
Surplus/(Deficit) for the year	**(5 786)**	**45 127**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**
Capital expenditure & funds sources												
Capital expenditure	**158 300**	**(104 984)**	**53 316**	**48 033**								
Transfers recognised - capital	8 481	4 740	13 221	12 628		–	0,0%	0,0%				3 149
Public contributions & donations	–	–	–	13		–	0,0%	0,0%				3 284
Borrowing	143 981	(111 981)	32 000	27 432		–	0,0%	0,0%				1 712
Internally generated funds	5 838	2 257	8 095	7 961		–	0,0%	0,0%				20 287
Total sources of capital funds	**158 300**	**(104 984)**	**53 316**	**48 033**		**–**	**0,0%**	**0,0%**				**28 432**
Financial position												
Total current assets	283 780	(137 817)	145 962	223 892		–	0,0%	0,0%				168 843
Total non current assets	431 969	(69 144)	362 826	355 587		–	0,0%	0,0%				314 695
Total current liabilities	33 460	40 713	74 173	84 028		–	0,0%	0,0%				82 753
Total non current liabilities	376 559	(198 666)	177 893	257 334		–	0,0%	0,0%				142 494
Community wealth/Equity	**253 223**	**(49 008)**	**256 723**	**238 118**		**–**	0,0%	0,0%				**258 290**
Cash flows												
Net cash from (used) operating	(4 936)	8 487	3 551	(47 889)		–	0,0%	0,0%				18 345
Net cash from (used) investing	(158 272)	104 984	(53 288)	(48 020)		–	0,0%	0,0%				(23 548)
Net cash from (used) financing	144 200	–	35 637	116 321		–	0,0%	0,0%				(461)
Cash/cash equivalents at the year end	**102 265**	**20 038**	**122 303**	**156 816**		**–**	**0,0%**	**0,0%**				**136 403**
Cash backing/surplus reconciliation												
Cash and investments available	100 139	21 072	121 211	156 816		–	0,0%	0,0%				136 403
Application of cash and investments	120 799	(1 101)	119 698	36 430		–	0,0%	0,0%				43 545
Balance - surplus (shortfall)	(20 660)	**22 173**	**1 513**	**120 385**		**–**	**0,0%**	**0,0%**				**92 858**
Asset Management												
Asset register summary (WDV)	257 916	(19 028)	238 888	296 368		–	0,0%	0,0%				255 353
Depreciation & asset impairment	5 106	854	5 960	6 435		–	0,0%	0,0%				5 766
Renewal and Upgrading of Existing Assets	14 069	3 340	17 410	48 033		–	0,0%	0,0%				28 432
Repairs and Maintenance	4 686	(2 687)	1 999	6 382		–	0,0%	0,0%				6 470

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2023/24								2022/23			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**275 990**	**(10 198)**	**265 792**	**247 732**		**–**	**0,0%**	**0,0%**				**253 196**
Executive and council	274 960	(16 468)	258 492	240 625		–	0,0%	0,0%				251 429
Finance and administration	1 029	6 271	7 300	7 106		–	0,0%	0,0%				1 767
Internal audit	–	–	–	–		–	0,0%	0,0%				–
Community and public safety	**15 036**	**790**	**15 826**	**11 908**		**–**	**0,0%**	**0,0%**				**9 762**
Community and social services	–	–	–	–		–	0,0%	0,0%				–
Sport and recreation	14 597	(4 217)	10 381	8 867		–	0,0%	0,0%				9 382
Public safety	–	5 005	5 005	2 567		–	0,0%	0,0%				–
Housing	–	–	–	–		–	0,0%	0,0%				–
Health	439	1	440	474		–	0,0%	0,0%				380
Economic and environmental services	**195 060**	**15 145**	**210 206**	**187 488**		**–**	**0,0%**	**0,0%**				**165 398**
Planning and development	–	4 605	4 605	4 856		–	0,0%	0,0%				–
Road transport	194 878	10 629	205 507	182 533		–	0,0%	0,0%				165 320
Environmental protection	183	(89)	93	99		–	0,0%	0,0%				78
Trading services	**40 332**	**(40 332)**	**–**	**–**		**–**	**0,0%**	**0,0%**				**–**
Electricity	–	–	–	–		–	0,0%	0,0%				–
Water	–	–	–	–		–	0,0%	0,0%				–
Waste water management	–	–	–	–		–	0,0%	0,0%				–
Waste management	40 332	(40 332)	–	–		–	0,0%	0,0%				–
Other	**–**	–	–	–		**–**	**0,0%**	**0,0%**				–
Total Revenue - Standard	**526 418**	**(34 595)**	**491 823**	**447 127**		**–**	**0,0%**	**0,0%**				**428 356**
Expenditure - Standard												
Governance and administration	**182 063**	**(8 535)**	**173 528**	**171 854**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**157 605**
Executive and council	55 515	(1 462)	54 053	65 187	–	–	0,0%	0,0%	–	–	–	63 195
Finance and administration	123 362	(7 010)	116 352	103 571	–	–	0,0%	0,0%	–	–	–	91 565
Internal audit	3 186	(63)	3 123	3 096	–	–	0,0%	0,0%	–	–	–	2 846
Community and public safety	**91 305**	**(8 391)**	**82 914**	**83 666**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**81 520**
Community and social services	8 016	(596)	7 421	8 591	–	–	0,0%	0,0%	–	–	–	6 644
Sport and recreation	14 322	(3 571)	10 751	11 425	–	–	0,0%	0,0%	–	–	–	11 461
Public safety	28 546	(717)	27 829	26 904	–	–	0,0%	0,0%	–	–	–	27 355
Housing	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Health	40 421	(3 507)	36 914	36 746	–	–	0,0%	0,0%	–	–	–	36 061
Economic and environmental services	**218 159**	**9 822**	**227 981**	**206 652**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**193 121**
Planning and development	18 300	(1 259)	17 041	15 734	–	–	0,0%	0,0%	–	–	–	20 546
Road transport	195 904	11 275	207 178	186 997	–	–	0,0%	0,0%	–	–	–	169 090
Environmental protection	3 955	(193)	3 762	3 922	–	–	0,0%	0,0%	–	–	–	3 486
Trading services	**38 047**	**(34 108)**	**3 939**	**3 300**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**2 057**
Electricity	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Water	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Waste management	38 047	(34 108)	3 939	3 300	–	–	0,0%	0,0%	–	–	–	2 057
Other	**2 630**	(823)	1 807	1 827	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	2 639
Total Expenditure - Standard	**532 204**	**(42 034)**	**490 170**	**467 300**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**436 943**
Surplus/(Deficit) for the year	**(5 786)**	**7 439**	**1 653**	**(20 173)**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**(8 587)**

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2023/24								2022/23			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Office of the Municipal Manager	274 960	(16 468)	258 492	240 625		–	0,0%	0,0%				251 402
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 3 - Financial Services	–	4 046	4 046	4 595		–	0,0%	0,0%				–
Vote 4 - Financial Services (cont)	–	–	–	(14)		–	0,0%	0,0%				–
Vote 5 - Corporate Services	1 029	1 174	2 203	1 590		–	0,0%	0,0%				1 764
Vote 6 - Corporate Services (cont)	–	1 042	1 042	929		–	0,0%	0,0%				–
Vote 7 - Community Services	439	1	440	474		–	0,0%	0,0%				380
Vote 8 - Community Services (cont)	40 515	(35 442)	5 073	2 635		–	0,0%	0,0%				78
Vote 9 - Planning and Economic Development	–	35	35	37		–	0,0%	0,0%				4
Vote 10 - Planning and Economic Development (cont)	7 612	3 247	10 859	10 182		–	0,0%	0,0%				5 701
Vote 11 - Planning and Economic Development(cont2)	6 985	(2 858)	4 127	3 540		–	0,0%	0,0%				3 681
Vote 12 - Roads	194 878	10 629	205 507	182 533		–	0,0%	0,0%				165 346
Vote 13 - Roads (cont)	–	–	–	–		–	0,0%	0,0%				–
Vote 14 -	–	–	–	–		–	0,0%	0,0%				–
Vote 15 -	–	–	–	–		–	0,0%	0,0%				–
Total Revenue by Vote	**526 418**	**(34 595)**	**491 823**	**447 127**		**–**	**0,0%**	**0,0%**				**428 356**
Expenditure by Vote ***to be appropriated***												
Vote 1 - Office of the Municipal Manager	63 758	530	64 289	74 070	–	–	0,0%	0,0%	–	–	–	63 290
Vote 2 - Office of the Municipal Manager (cont)	6 734	119	6 853	6 884	–	–	0,0%	0,0%	–	–	–	6 265
Vote 3 - Financial Services	22 124	(1 773)	20 350	20 884	–	–	0,0%	0,0%	–	–	–	19 077
Vote 4 - Financial Services (cont)	6 511	(546)	5 965	6 000	–	–	0,0%	0,0%	–	–	–	5 803
Vote 5 - Corporate Services	37 456	(352)	37 105	24 044	–	–	0,0%	0,0%	–	–	–	19 526
Vote 6 - Corporate Services (cont)	29 874	(2 108)	27 766	28 045	–	–	0,0%	0,0%	–	–	–	23 397
Vote 7 - Community Services	52 804	(4 647)	48 157	48 500	–	–	0,0%	0,0%	–	–	–	46 994
Vote 8 - Community Services (cont)	69 242	(34 889)	34 353	34 321	–	–	0,0%	0,0%	–	–	–	31 715
Vote 9 - Planning and Economic Development	20 176	(4 813)	15 363	16 116	–	–	0,0%	0,0%	–	–	–	23 898
Vote 10 - Planning and Economic Development (cont)	23 326	(2 945)	20 381	20 415	–	–	0,0%	0,0%	–	–	–	17 790
Vote 11 - Planning and Economic Development(cont2)	4 296	(1 885)	2 410	2 314	–	–	0,0%	0,0%	–	–	–	3 218
Vote 12 - Roads	124 074	4 851	128 925	110 069	–	–	0,0%	0,0%	–	–	–	116 239
Vote 13 - Roads (cont)	71 830	6 423	78 253	75 637	–	–	0,0%	0,0%	–	–	–	59 730
Vote 14 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0,0%	0,0%	–	–	–	–
Total Expenditure by Vote	**532 204**	**(42 034)**	**490 170**	**467 300**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**436 943**
Surplus/(Deficit) for the year	**(5 786)**	**7 439**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2023/24								2022/23			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	–	–	–	–		–	0,0%	0,0%				–
Service charges - Water	–	–	–	–		–	0,0%	0,0%				–
Service charges - Waste Water Management	–	–	–	–		–	0,0%	0,0%				–
Service charges - Waste Management	37 688	(37 688)	–	–		–	0,0%	0,0%				–
Sale of Goods and Rendering of Services	26 779	(11 193)	15 586	13 340		–	0,0%	0,0%				15 283
Agency services	214 389	(193 468)	20 921	203 854		–	0,0%	0,0%				190 209
Interest	–	–	–	–		–	0,0%	0,0%				–
Interest earned from Receivables	3 371	2 278	5 649	5 222		–	0,0%	0,0%				4 189
Interest earned from Current and Non Current Assets	10 134	130	10 263	12 400		–	0,0%	0,0%				10 253
Dividends	–	–	–	–		–	0,0%	0,0%				–
Rent on Land	627	(154)	472	495		–	0,0%	0,0%				573
Rental from Fixed Assets	3 377	(1 806)	1 571	1 010		–	0,0%	0,0%				1 344
Licence and permits	–	–	–	68		–	0,0%	0,0%				78
Operational Revenue	9 386	200 184	209 571	1 589		–	0,0%	0,0%				2 212
Non-Exchange Revenue												
Property rates	–	–	–	–		–	0,0%	0,0%				–
Surcharges and Taxes	–	–	–	–		–	0,0%	0,0%				–
Fines, penalties and forfeits	–	–	–	–		–	0,0%	0,0%				–
Licences or permits	183	(115)	68	–		–	0,0%	0,0%				–
Transfer and subsidies - Operational	212 004	1 901	213 905	196 275		–	0,0%	0,0%				190 660
Interest	–	–	–	–		–	0,0%	0,0%				–
Fuel Levy	–	–	–	–		–	0,0%	0,0%				–
Operational Revenue	–	–	–	–		–	0,0%	0,0%				–
Gains on disposal of Assets	–	–	–	–		–	0,0%	0,0%				–
Other Gains	–	–	–	234		–	0,0%	0,0%				7 121
Discontinued Operations	–	–	–	–		–	0,0%	0,0%				–
Total Revenue (excluding capital transfers and contributions)	**517 937**	**(39 930)**	**478 007**	**434 486**		**–**	**0,0%**	**0,0%**				**421 922**
Expenditure By Type			–				-	-				
Employee related costs	300 666	(12 351)	288 315	305 287	–	–	0,0%	0,0%	–	–	–	283 019
Remuneration of councillors	14 216	(819)	13 397	12 233	–	–	0,0%	0,0%	–	–	–	12 306
Bulk purchases - electricity	–	–	–	–								–
Inventory consumed	51 861	4 302	56 162	51 625								51 738
Debt impairment	–	–	–	3 874	–	–	0,0%	0,0%	–	–	–	6 577
Depreciation & asset impairment	5 106	854	5 960	6 435	–	–	0,0%	0,0%	–	–	–	5 766
Interest	8 820	(7 392)	1 428	4 664	–	–	0,0%	0,0%	–	–	–	148
Contracted services	81 910	(33 341)	48 569	24 037								28 865
Transfers and subsidies	2 501	(153)	2 348	5 805	–	–	0,0%	0,0%	–	–	–	5 599
Irrecoverable debts written off	2 100	(700)	1 400	1 602	–	–	0,0%	0,0%	–	–	–	2 160
Operational costs	64 950	7 613	72 563	49 466	–	–	0,0%	0,0%	–	–	–	40 572
Losses on disposal of Assets	–	–	–	1 020	–	–	0,0%	0,0%	–	–	–	136
Other Losses	75	(46)	28	1 251	–	–	0,0%	0,0%	–	–	–	57
Total Expenditure	**532 204**	**(42 034)**	**490 170**	**467 300**	**–**	**–**	**0,0%**	**0,0%**	**–**	**–**	**–**	**436 943**
Surplus/(Deficit)	**(14 267)**	**2 104**	**(12 163)**	**(32 813)**		**–**	**0,0%**	**0,0%**				**(15 020)**
Transfers and subsidies - capital (monetary allocations)	8 481	5 300	13 781	12 628		–	0,0%	0,0%				3 149
Transfers and subsidies - capital (in-kind - all)	–	35	35	13		–	0,0%	0,0%				3 284
Surplus/(Deficit) after capital transfers & contributions	**(5 786)**	**7 439**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**
Taxation	–	–	–	–		–	0,0%	0,0%				–
Surplus/(Deficit) after taxation	**(5 786)**	**7 439**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**
Share of Surplus/Deficit attributable to Joint Venture	–	–	–	–		–	0,0%	0,0%				–
Share of Surplus/Deficit attributable to Minorities	–	–	–									
Surplus/(Deficit) attributable to municipality	**(5 786)**	**7 439**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**
Share of Surplus/Deficit attributable to Associate	–	–	–	–		–	0,0%	0,0%				–
Intercompany/Parent subsidiary transactions	–	–	–									
Surplus/(Deficit) for the year	**(5 786)**	**7 439**	**1 653**	**(20 173)**		**–**	**0,0%**	**0,0%**				**(8 587)**

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2023/24								2022/23			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Office of the Municipal Manager	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Financial Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Financial Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Corporate Services (cont)	250	(5)	245	–	–	–	0%	0%	–	–	–	–
Vote 7 - Community Services	8 619	2 798	11 417	37 749	–	–	0%	0%	–	–	–	–
Vote 8 - Community Services (cont)	144 631	(108 194)	36 437	5 230	–	–	0%	0%	–	–	–	–
Vote 9 - Planning and Economic Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 10 - Planning and Economic Development (c	4 800	(560)	4 240	3 711	–	–	0%	0%	–	–	–	–
Vote 11 - Planning and Economic Development(co	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	**158 300**	**(105 961)**	**52 339**	**46 690**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Single-year expenditure												
Vote 1 - Office of the Municipal Manager	–	800	800	486	–	–	0%	0%	–	–	–	138
Vote 2 - Office of the Municipal Manager (cont)	–	–	–	–	–	–	0%	0%	–	–	–	53
Vote 3 - Financial Services	–	–	–	15	–	–	0%	0%	–	–	–	95
Vote 4 - Financial Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	28
Vote 5 - Corporate Services	–	5	5	12	–	–	0%	0%	–	–	–	60
Vote 6 - Corporate Services (cont)	–	–	–	773	–	–	0%	0%	–	–	–	548
Vote 7 - Community Services	–	172	172	–	–	–	0%	0%	–	–	–	19 003
Vote 8 - Community Services (cont)	–	–	–	–	–	–	0%	0%	–	–	–	288
Vote 9 - Planning and Economic Development	–	–	–	25	–	–	0%	0%	–	–	–	6 377
Vote 10 - Planning and Economic Development (c	–	–	–	–	–	–	0%	0%	–	–	–	1 633
Vote 11 - Planning and Economic Development(co	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 12 - Roads	–	–	–	31	–	–	0%	0%	–	–	–	210
Vote 13 - Roads (cont)	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 14 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 15 -	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital single-year expenditure	–	977	977	1 343	–	–	0%	0%	–	–	–	28 432
Total Capital Expenditure - Vote	**158 300**	**(104 984)**	**53 316**	**48 033**	–	–	0%	0%	–	–	–	**28 432**

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2023/24								2022/23			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	**8 869**	**1 976**	**10 846**	**1 287**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**981**
Executive and council	–	800	800	452	–	–	0%	0%	–	–	–	97
Finance and administration	8 869	1 176	10 046	834	–	–	0%	0%	–	–	–	875
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	9
Community and public safety	**1 450**	**3 752**	**6 996**	**16 400**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**6 115**
Community and social services	–	–	1 794	1 849	–	–	0%	0%	–	–	–	1 072
Sport and recreation	800	–	800	744	–	–	0%	0%	–	–	–	1 544
Public safety	650	3 752	4 402	13 808	–	–	0%	0%	–	–	–	2 586
Housing	–	–	–	–	–	–	0%	0%	–	–	–	110
Health	–	–	–	–	–	–	0%	0%	–	–	–	804
Economic and environmental services	**4 000**	**(560)**	**3 440**	**3 024**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**6 507**
Planning and development	4 000	(560)	3 440	2 993	–	–	0%	0%	–	–	–	6 330
Road transport	–	–	–	31	–	–	0%	0%	–	–	–	177
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	**143 981**	**(111 946)**	**32 035**	**27 323**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**14 829**
Electricity	–	–	–	–	–	–	0%	0%	–	–	–	–
Water	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste water management	–	–	–	–	–	–	0%	0%	–	–	–	–
Waste management	143 981	(111 946)	32 035	27 323	–	–	0%	0%	–	–	–	14 829
Other	**–**	**–**	**–**	**–**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**158 300**	**(106 777)**	**53 316**	**48 033**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**28 432**
Funded by:												
National Government	4 000	(560)	3 440	2 960	–	–	0%	0%	–	–	–	2 970
Provincial Government	4 481	5 300	9 781	9 668	–	–	0%	0%	–	–	–	179
District Municipality	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	**8 481**	**4 740**	**13 221**	**12 628**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**3 149**
Public contributions & donations	**–**	**–**	**–**	**13**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	3 284
Borrowing	**143 981**	**(111 981)**	**32 000**	**27 432**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	1 712
Internally generated funds	**5 838**	**2 257**	**8 095**	**7 961**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	20 287
Total Capital Funding	**158 300**	**(104 984)**	**53 316**	**48 033**	**–**	**–**	**0%**	**0%**	**–**	**–**	**–**	**28 432**

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2023/24							2022/23
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts				**398 290**				**421 169**
Property rates, peanalties and collection charges	–	–	–	–	–	0,0%	0,0%	–
Service charges	37 688	(37 688)	–	–	–	0,0%	0,0%	–
Other revenue	54 770	190 905	245 676	177 881	–	0,0%	0,0%	217 660
Government - operating	405 154	(191 249)	213 905	193 487	–	0,0%	0,0%	189 633
Government - capital	8 481	5 300	13 781	14 522	–	0,0%	0,0%	3 622
Interest	10 134	(769)	9 364	12 400	–	0,0%	0,0%	10 253
Dividends	–	–	–	–	–	0,0%	0,0%	–
Payments				(446 179)				(402 823)
Suppliers and employees	(512 343)	34 596	(477 747)	(434 946)	–	0,0%	0,0%	(393 868)
Finance charges	(8 820)	7 392	(1 428)	(4 664)	–	0,0%	0,0%	(148)
Transfers and Grants	–	–	–	(6 568)	–	0,0%	0,0%	(8 808)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(4 936)**	**8 487**	**3 551**	**(47 889)**	**–**	**0,0%**	**0,0%**	**18 345**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts				–				–
Proceeds on disposal of PPE	–	–	–	–	–	0,0%	0,0%	–
Decrease (Increase) in non-current debtors	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) other non-current receivables	–	–	–	–	–	0,0%	0,0%	–
Decrease (increase) in non-current investments	28	–	28	–	–	0,0%	0,0%	–
Payments				(48 020)				(23 548)
Capital assets	(158 300)	104 984	(53 316)	(48 020)	–	0,0%	0,0%	(23 548)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(158 272)**	**104 984**	**(53 288)**	**(48 020)**	**–**	**0,0%**	**0,0%**	**(23 548)**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts				117 021				–
Short term loans	–	–	–	–	–	0,0%	0,0%	–
Borrowing long term/refinancing	143 732	(108 732)	35 000	117 021	–	0,0%	0,0%	–
Increase (decrease) in consumer deposits	468	169	637	–	–	0,0%	0,0%	–
Payments				(700)				(461)
Repayment of borrowing	–	–	–	(700)	–	0,0%	0,0%	(461)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**144 200**	**(108 563)**	**35 637**	**116 321**	**–**	**0,0%**	**0,0%**	**(461)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(19 008)**	**4 908**	**(14 100)**	**20 412**				**(5 663)**
Cash/cash equivalents at the year begin:	**121 273**	15 130	136 403	136 403				142 066
Cash/cash equivalents at the year end:	102 265	20 038	122 303	156 816	–	0,0%	0,0%	136 403