Sedibeng District Municipality

Financial statements

for the period ending June, 2024

General Information

Nature of business and principal activities	District Municipality – DC42
Capacity of Municipality	Medium capacity municipality
Accounting Officer	Mr. FM Mathe – Appointed 01 May 2022
Chief Financial Officer	Vacant
Registered office	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Business address	Municipal Offices Civic Centre Cnr. Beaconsfield & Leslie street Vereeniging 1930
Postal address	PO Box 471 Vereeniging 1930
Bankers	Standard Bank (Primary Account)
Auditors	Auditor-General of South Africa
Executive Mayor	Councillor LF Maloka
Speaker	Councillor ML Modikeng
Chief Whip	Councillor MEFZ Moloi
Members of Mayoral Committee	Councillor MV Jones Councillor BJ Tsotetsi Councillor NG Ndwandwe Councillor NF Mokoena Councillor BM Mkhize Councillor ML Khomoeasera Councillor V Radebe Councillor LSA Gamede

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The reports and statements set out below comprise the financial statements presented to council:

Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MMC	Member of the Mayoral Committee
MFMA Act	Municipal Finance Management Act (act 56 of 2003 as amended)
MIG	Municipal Infrastructure Grant
GAMAP	Generally Accepted Municipal Accounting Practice
PPE	Property Plant and Equipment
SCM	Supply Chain Management

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

Every effort has been made to implement the austerity measures which has resulted in restriction of expenditure in certain areas in the financial statements.

We realized that it cannot be business as usual, the District Municipality will have to reduce the list of operations especially the employee cost.

The financial statements set out on pages 4 to 52, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2024 and were signed on its behalf by:

Mr. FM Mathe
Municipal Manager

Accounting Officer's Report

The accounting officer submits his financial report for the ending 30 June 2024

1. Incorporation

The municipality was incorporated on 1 January 1988 and obtained its certificate to commence business on the same day.

2. Accounting policies

The annual financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

3. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality	
Mr. Fairbridge Motsumi Mathe	RSA	Appointed 1 May 2022

4. Bankers

Standard bank is the appointed Municipality’s primary banker.

Statement of Financial Position as at 30 June, 2024

Figures in Rand	Note(s)	2024	2023 as restated
Assets			
Current Assets			
Trade and other receivables from exchange transactions	6	1,276,088	680,872
Cash and cash equivalents	8	29,230,765	32,783,122
		30,506,853	**33,463,994**
Non-Current Assets			
Property, plant and equipment	2	74,386,305	81,529,895
Intangible assets	3	337,737	787,885
Heritage assets	4	4,841,741	4,841,741
		79,565,783	**87,159,521**
Total Assets		**110,072,636**	**120,623,515**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	9	13,336,229	16,651,535
VAT payable	11	606,556	548,658
Trade and other payables from exchange transactions	10	227,103,069	216,098,909
Total Current Liabilities		**241,045,854**	**233,299,102**
Total Liabilities		**241,045,854**	**233,299,102**
Net Assets		**(130,973,218)**	**(112,675,587)**
Net Assets			
Accumulated (deficit) /surplus		(130,973,218)	(112,675,587)

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 as restated
Revenue			
Revenue from exchange transactions			
Sale of goods		-	-
Rental of facilities and equipment	13	479,303	447,694
Agency services	14	76,259,499	74,002,372
Other income	17	1,706,205	1,833,375
Interest received - investment	18	5,364,645	3,931,986
Commission received	16	2,803,571	3,700,456
Recoveries	19	784,565	
Gain on disposal of assets and liabilities		13,163	
Total revenue from exchange transactions		**87,410,951**	**83,915,883**
Revenue from non-exchange transactions			
Non-exchange revenue			
Licenses and permits	15	220,000	212,000
Government grants & subsidies	20	322,449,636	311,014,490
Services received in kind		-	-
Total revenue from non- exchange transactions		**322,669,636**	**311,226,490**
Total revenue	12	**410,080,587**	**395,142,373**
Expenditure			
Employee related costs	21	(320,338,724)	(298,143,138)
Remuneration of councillors	22	(14,240,437)	(14,519,067)
Depreciation and amortisation	23	(8,568,619)	(8,423,944)
Lease rentals on operating lease	24	(2,528,556)	(1,889,508)
Debt Impairment	7	-	(1,138,054)
Loss on disposal of assets		-	(128,918)
Contracted services	26	(36,628,302)	(36,912,975)
Impairment loss	25	(27,656)	(415,759)
Inventory losses/ write-downs		-	-
Cost of sales	28	-	-
General Expenses	27	(46,045,929)	(37,681,411)
Total expenditure		**(428,378,223)**	**(399,252,774)**
Operating surplus / (deficit) for the year		**(18,297,636)**	**(4,110.401)**

Statement of Changes in Net Assets

Figures in Rand	Note	Accumulated surplus	Total net assets
Opening balance as previously reported		(108,641,914)	(108,641,914)
Correction of errors	34	76,729	76,729
Balance at 1 July, 2022 as restated*		**(108,565,185)**	**(108,565,185)**
Changes in net assets			
Surplus (Deficit) for the year		(4,110,401)	(4,110,401)
Total recognised income and expenses for the year		(4,110,401)	(4,110,401)
Opening balance as previously reported		**(112,752,670)**	**(112,752,670)**
Correction of errors	34	77,088	77,088
Balance at 1 July, 2023 as restated*		**(112,675,582)**	**(112,675,582)**
Surplus (Deficit) for the year		(18,297,636)	(18,297,636)
Balance at 30 June, 2024		**(130,973,218)**	**(130,973,218)**

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 as restated
Cash flows from operating activities			
Receipts			
Grants & subsidies		319,134,330	311,091,809
Interest income		5,364,645	3,931,986
Other receipts		2,594,857	3,516,891
Receipts from Agency services (GDRT)		76,259,499	74,002,372
Receipts held on behalf of principal (GDRT)		264,739,661	252,217,369
Receipts from Commission (Fresh Produce Market)		2,803,571	3,700,456
Receipts held on behalf of the principal (Fresh Produce Market)		52,006,223	72,338,604
		722,902,786	720,799,487
Payments			
Employee costs		(333,600,014)	(313,088,467)
Suppliers		(74,277,129)	(72,337,804)
Total Payments (GDRT)		(262,288,392)	(247,151,746)
Payments Fresh Produce Market		(55,300,235)	(72,338,604)
		(725,465,770)	(704,916,621)
Net cash flows from operating activities	30	**(2,562,984)**	**15,882,866**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(931,836)	(1,463,126)
Proceeds from sale of property, plant and equipment		30,497	11,946
Purchase of other intangible assets	3	(88,034)	(77,098)
Net cash flows from investing activities		**(989,373)**	**(1,528,278)**
Net increase/(decrease) in cash and cash equivalents		**(3,552,357)**	**14,354,588**
Cash and cash equivalents at the beginning of the year		32,783,122	18,428,534
Cash and cash equivalents at the end of the year	8	**29,230,765**	**32,783,122**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Sale of goods	-	-	**-**	-	**-**
Rental of facilities and equipment	455,154	39,962	**495,116**	479,303	**(15,813)**
Agency services	75,238,691	1,597,456	**76,836,147**	76,259,499	**(576,648)**
Commissions received	3,605,260	-	**3,605,260**	2,803,571	**(801,689)**
Recoveries	-	-	**-**	784,565	**784,565**
Other income - (rollup)	1,418,987	64,794	**1,483,781**	1,706,205	**222,424**
Interest received - investment	2,324,500	1,236,844	**3,561,344**	5,364,645	**1,803,301**
Total revenue from exchange transactions	**83,042,592**	**2,939,056**	**85,981,648**	**87,397,788**	**1,416,140**
Revenue from non-exchange transactions					
Licenses and permits	1,680,000	-	**1,680,000**	220,000	**(1,460,000)**
Government grants & subsidies	323,941,000	(1,021,233)	**322,919,767**	322,449,636	**(470,131)**
Total revenue from non-exchange transactions	**325,621,000**	**(1,021,233)**	**324,599,767**	**322,669,636**	**(1,930,131)**
Total revenue	**408,663,592**	**1,917,823**	**410,581,415**	**410,067,424**	**(513,991)**
Expenditure					
Personnel	(317,702,618)	354,603	**(317,348,015)**	(320,338,724)	**(2,990,709)**
Remuneration of councillors	(14,737,996)	468,208	**(14,269,788)**	(14,240,437)	**29,351**
Depreciation and amortisation	(9,025,714)	522,145	**(8,503,569)**	(8,568,619)	**(65,050)**
Impairment losses	-	-	**-**	(27,656)	**(27,656)**
Lease rentals on operating lease	(2,054,247)	-	**(2,054,247)**	(2,528,556)	**(474,309)**
Debt Impairment	-	-	**-**	-	**-**
Contracted Services	(43,142,908)	(236,739)	**(43,379,647)**	(36,628,302)	**6,751,345**
Cost of sale	-	-	**-**	-	**-**
General Expenses	(36,368,506)	(2,941263)	**(39,309,769)**	(46,045,929)	**(6,736,160)**
Total expenditure	**(423,031,989)**	**(1,833,046)**	**(424,865,035)**	**(428,378,223)**	**(3,513,188)**
Operating deficit	**(14,368,397)**	**84,777**	**(14,283,620)**	**(18,310,799)**	**(4,027,179)**
(Loss)/Gain on disposal of assets and liabilities	-	-	**-**	13,163	**13,163**
Total Loss)/Gain on disposal of assets and liabilities	-	-	**-**	13,163	**13,163**
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(14,368,397)**	**84,777**	**(14,283,620)**	**(18,297,636)**	**(4,014,016)**

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to the adjustment budget report.

Sedibeng District Municipality
Financial Statements for the period ending 30 June 2024

Statement of Comparison of Budget and Actual Amounts
Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Inventories	-	-	-	-	-
Trade and other receivables from exchange transactions	1,535,284	(1,480,891)	54.393	1,276,088	1,221,695
Cash and cash equivalents	9,519,013	17,912,136	27,431,149	29,230,765	1,799,616
	11,054,297	**16,431,245**	**27,485,542**	**30,506,853**	**3,021,311**
Non-Current Assets					
Property, plant and equipment	72,008,689	3,832,475	**75,841,164**	74,386,305	**(1,454,859)**
Intangible assets	(144,067)	404,061	**259,994**	337,737	**77,743**
Heritage assets	4,894,941	(53,200)	**4,841,741**	4,841,741	**-**
	76,759,563	**4,183,336**	**80,942,899**	**79,565,783**	**(1,377,116)**
Total Assets	**87,813,860**	**20,614,581**	**108,428,441**	**110,072,636**	**1,644,195**
Liabilities					
Current Liabilities					
Trade and other payables from exchange transactions	209,450,217	12,894,170	**222,344,387**	227,103,069	**4,758,682**
VAT payable	254,250	44	**254,294**	606,556	**352,262**
Unspent conditional grants and receipts	17,701,523	(4,835,435)	**12,866,088**	13,336,229	**470,141**
	227,405,990	**8,058,779**	**235,464,769**	**241,045,854**	**5,581,085**
Total Liabilities	**227,405,990**	**8,058,779**	**235,464,769**	**241,045,854**	**5,581,085**
Net Assets	**(139,592,130)**	**12,555,801**	**(127,036,329)**	**(130,973,218)**	**(3,936,889)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Accumulated surplus	(139,592,130)	12,555,801	**(127,036,329)**	(130,973,218)	**(3,936,889)**
Total Net Assets	(139,592,130)	12,555,801	**(127,036,329)**	(130,973,218)	**(3,936,889)**

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Grants	323,941,000	(1,021,233)	322,919,767	319,134,330	**(3,785,437)**
Interest income	2,324,500	1,236,844	3,561,344	5,364,645	**1,803,301**
Other receipts	3,514,141	104,756	3,618,897	2,594,857	**(1,024,040)**
Receipts from Agency services (GDRT)	75,238,691	1,597,456	76,836,147	76,259,499	**(576,648)**
Receipts held on behalf of principal (GDRT)	255,503,115	6,029,946	261,533,061	264,739,661	**3,206,600**
Receipts from Commission (Fresh Produce Market)	3,605,260	-	3,605,260	2,803,571	**(801,689)**
Receipts held on behalf of the principal (Fresh Produce Market)	-	53,821,771	53,821,771	52,006,223	**(1,815,548)**
	664,126,707	**61,769,540**	**725,896,247**	**722,902,786**	**(2,993,461)**
Payments					
Employee costs	(321,129,414)	-	(321,129,414)	(333,600,014)	**(12,470,600)**
Suppliers	(96,757,828)	(132,683)	(96,890,511)	(74,277,129)	**22,613,382**
Total Payments (GDRT)	(255,503,115)		(255,503,115)	(262,288,392)	**(6,785,277)**
Payments Fresh Produce Market	-	(52,016,525)	(52,016,525)	(55,300,235)	**(3,283,710)**
	(673,390,357)	**(52,149,208)**	**(725,539,565)**	**(725,465,770)**	**73,795**
Net cash flows from operating activities	**(9,263,650)**	**9,620,332**	**356,682**	**(2,562,984)**	**(2,919,666)**
Cash flows from investing activities					
Purchase of property, plant and equipment	(2,287,000)	(700,000)	**(2,987,000)**	(931,836)	2,055,164
Proceeds from sale of property, plant and equipment	40,000	-	**40,000**	30,497	(9,503)
Purchase of other intangible assets	-	-	**-**	(88,034)	(88,034)
Net cash flows from investing activities	(2,247,000)	(700,000)	(2,947,000)	(989,373)	1,957,627
Net increase/(decrease) in cash and cash equivalents	(11,510,650)	8,920,332	**(2,590,318)**	(3,552,357)	**(962,039)**
Cash and cash equivalents at the beginning of the year	21,029,663	11,753,463	**32,783,126**	32,783,122	**(4)**
Cash and cash equivalents at the end of the year	**9,519,013**	**20,673,795**	**30,192,808**	**29,230,765**	**(962,043)**

Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008, including any interpretations and directives issued by the Accounting Standards Board

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

The following GRAP standards have been approved and are effective:

GRAP 1 -	Presentation of financial statements
GRAP 2 -	Cash flow statements
GRAP 3 -	Accounting policies, changes in accounting estimates and errors
GRAP 4 -	The effects of changes in foreign exchange rates
GRAP 5 -	Borrowing costs
GRAP 6 -	Consolidated and separate financial statements
GRAP 7 -	Investments in associates
GRAP 8 -	Interest in joint ventures
GRAP 9 -	Revenue from exchange transactions
GRAP 10 -	Financial reporting in hyperinflationary economies
GRAP 11 -	Construction contracts
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 16 -	Investment property
GRAP 17 -	Property, plant and equipment
GRAP 18 -	Segment reporting
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 20 -	Related party Disclosures

GRAP 21 -	Impairment of non-cash generating assets
GRAP 23 -	Revenue from non-exchange transactions
GRAP 24 -	Presentation of budget information
GRAP 25 -	Employee Benefits
GRAP 26 -	Impairment of cash generating assets
GRAP 31 -	Intangible assets
GRAP 103 -	Heritage assets
GRAP 100 –	Discontinued operations
GRAP 109 -	Principles and Agents
GRAP 27 -	Agriculture
GRAP 104 -	Financial instruments

Standards and interpretations issued but not yet effective

Standard / Interpretation	**Effective Date: Years beginning on or after**	**Expected impact**
GRAP 1 Presentation on Financial Presentation	01 April 2024	Unlikely to have a material impact
GRAP 103 Heritage Assets	01 April 2024	Unlikely to have a material impact
GRAP 104 (as revised) Financial instruments	01 April 2024	Unlikely to have a material impact
GRAP 105 Transfer of Functions between entries under common control	01 April 2024	Unlikely to have a material impact
GRAP 106 Transfer of Functions between entries not under common control	01 April 2024	Unlikely to have a material impact
GRAP 107 Mergers	01 April 2024	Unlikely to have a material impact

Offsets

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

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGMENTS AND ASSUMPTIONS

1.3.1 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

1.3.2 **Significant Estimates, Judgments and Assumptions**

In preparing the annual financial statements to conform with the Standards of GRAP, management is required to make estimates, judgments and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgments and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgments and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 2, 3 & 4: PPE, Intangible assets and Heritage assets useful lives estimates

Note 33: Contingencies

Note 25: Impairment

1.4 GOVERNMENT GRANT

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised 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.

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Recognition and Subsequent Measurement

An item of property, plant and equipment which qualifies for recognition as an asset has been initially measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is available for use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

1.5.2 De-recognition, Sale & Disposal

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 proceeds of disposal (if any) and the carrying value and is recognised in the Statement of Financial Performance.

1.5.3 Depreciation

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful life of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated useful life:

Community Assets	**Years**
Community halls	30
Recreation facilities	20 – 30

Other Assets	**Years**
Motor vehicles	5
Plant and equipment	5
Security measures	5
Buildings	30
Infrastructure Roads	20
IT equipment	5
Furniture and office equipment	7
Specialised vehicles	10

The residual value and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate. Residual values of assets are assigned based on the possible expected value at the end of the useful life. Minor assets with a low original purchase value will be kept in the asset register at residual value once fully depreciated but still in existence for internal control purposes.

1.6 INTANGIBLE ASSETS

Intangible assets which qualify for recognition as an asset has been initially measured at cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Refer to impairment of assets accounting policy 1.7

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands are recognised in the Statement of Financial Performance as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

1.6.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Financial Performance when incurred.

Development activities involve a plan or design for the production of new or substantially new improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the municipality intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Other development expenditure is recognised in the statement of financial performance as incurred.

1.6.2 Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

Item	Useful Life
Computer software	3 Years
Master plan water & sanitation	20 Years

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of Non-financial assets

Non-Financial assets, excluding investment property and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit is greater than its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

A financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, a cumulative gains or losses that have been accumulated in net assets are removed from net assets as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment; refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal installments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

1.9 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

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

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial asset is measured at cost less any impairments.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

A financial liability is measured at amortized cost.

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

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

Loan commitment is a firm commitment to provide credit under pre specified terms and conditions.

Loans payable are financial liabilities, other than short term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking;
  - non derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

1.10 INVENTORIES

Inventories are initially measured at cost, where cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Unsold aviation fuel are valued at the lower of cost and net realisable value on a specific identification cost basis. Fuel are recognized as inventory when purchased, and then charged to expense when sold. Aviation fuel are sold in line with the applicable tariff as promulgated.

1.11 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash with banks. Short term investments are included. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. 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 reversed.

The municipality on initial adoption of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The necessary disclosures have been made for non-recognition of provisions that form part of the cost of an asset.

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

Management judgment is required when disclosing and measuring contingent liabilities.

1.13 EMPLOYEE BENEFITS

1.13.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.13.3 Retirement benefits

The municipality provides retirement benefits for its employees and councilors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councilors have rendered the employment service or served office entitling them to the contributions.

1.13.4 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

1.13.5 Post employment medical care benefits

The municipality provides post-employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

The municipal post-employment medical care is also on the defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to rental of facilities and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of the principal has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Sale of Goods

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 goods;
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over 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; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliable.

1.14.2 Revenue from non-exchange transactions

Licenses and permits

Revenue from licenses and permits is recognized when the relevant service is rendered by applying the relevant tariff.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Performance at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such assets are transferred to the Municipality.

1.14.3 Transfer revenue

Assets and revenue recognised as a consequence of a transfer at no or nominal cost is measured at the fair value of the assets recognised as at the date of recognition. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

1.14.4 Other

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 councilors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.16 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), and the Public Office Bearers Act (Act 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.20 CONSTRUCTION OF ASSETS IN PROGRESS

Construction of assets in progress is capital projects done on behalf of the Local Municipalities from the proceeds of conditional grants received and internal contributions. These projects are only handed over after full completion of the project and therefore all those uncompleted capital projects will be shown as Construction of assets in progress until date of transfer.

1.21 RELATED PARTIES

Related parties are identified and disclosed in terms of GRAP 20. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Associates (as per GRAP 7 - Investments in Associates);
- Joint ventures (as per GRAP 8 - Interests in Joint Ventures)
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Management, and close members of the family of management; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the two bullets above, or over which such a person is able to exercise significant influence.

Each municipality and its own municipal entities are related parties. A municipality is not related to another municipality as they are not under common control.

The national government does not control provinces or municipalities for accounting purposes, although funding may be received from the national government.

The Municipality does not have any associates nor any joint ventures or any other form of association that may be defined as related party relation**.**

1.22 HERITAGE ASSETS

A heritage asset is an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held indefinitely for the benefit of present and future generations. The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably. Heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

- Heritage assets are subsequently measured at cost, less accumulated impairment losses. 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.
- Transfers to heritage assets are made only when the asset meets the definition of a heritage asset and transfers from heritage assets are made only when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.
- Most heritage assets have an indefinite useful life as they are to be preserved for current and future generations and might appreciate in value over time due to their cultural, environmental, historical, natural, scientific, technological and/or artistic significance. Based on this analysis, there is no finite limit to the period over which a heritage asset is expected to be held by the entity. The useful life of the heritage asset is therefore likely to be indefinite or the annual depreciation is likely to be immaterial.
- The entity derecognises heritage asset on disposal, or when no service potential is expected from its use or disposal.
- The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.23 BUDGET INFORMATION

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2023 to 30 June 2024.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts (see page 9 - 11)

1.24 SEGMENT REPORTING

GRAP 18 defines a segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information. This is done to evaluate the entity's past performance in achieving its objectives and as a basis for decisions about the future allocation of resources.

1.25 COMMITMENTS

The Municipality discloses capital expenditure as approved in the budget for each class of capital assets (PPE, investment properties, intangible assets and heritage assets) and as well as future minimum lease payments under non-cancellable operating leases. No commitments are disclosed for operating expenditure as the nature of the contracts “As and When required”.

2. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	29,628,439	(608,655)	29,019,784	29,628,439	(608,655)	29,019,784
Buildings	72,320,311	(37,683,174)	34,637,137	72,320,311	(35,319,226)	37,001,085
Plant and machinery	11,688,895	(11,384,344)	304,551	11,662,295	(10,913,563)	748,732
Furniture and fixtures	22,827,056	(20,255,972)	2,571,084	23,130,984	(19,782,467)	3,348,517
Motor vehicles	10,865,417	(8,015,865)	2,849,552	10,865,416	(7,566,769)	3,298,647
Electronic equipment	82,520,490	(79,754,474)	2,766,016	81,786,503	(76,535,127)	5,251,376
Infrastructure	67,418,202	(65,180,021)	2,238,181	67,418,202	(64,556,448)	2,861,754
Total	**297,268,810**	**(222,882,505)**	**74,386,305**	**296,812,150**	**(215,282,255)**	**81,529,895**

Reconciliation of property, plant and equipment – 2024

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	37,001,085	-	-	(2,363,948)	-	34,637,137
Plant and machinery	748,732	26,600	-	(470,680)	(100)	304,551
Furniture and fixtures	3,348,517	120,534	(10,983)	(883,769)	(3,218)	2,571,084
Motor vehicles	3,298,647	-	-	(449,096)	-	2,849,552
Electronic equipment	5,251,376	784,702	(6,351)	(3,239,373)	(24,338)	2,766,016
Infrastructure	2,861,754	-	-	(623,574)	-	2,238,181
	81,529,895	**931,836**	**(17,334)**	**(8,030,440)**	**(27,656)**	**74,386,305**

Reconciliation of property, plant and equipment – 2023

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Impairment loss**	**Total**
Land	29,019,784	-	-	-	-	29,019,784
Buildings	39,494,668	-	-	(2,370,457)	(123,126)	37,001,085
Plant and machinery	1,204,094	90,375	(23,259)	(494,432)	(28,046)	748,732
Furniture and fixtures	4,250,599	102,105	-	(900,810)	(103,377)	3,348,517

Figures in Rand					2024	2023 as restated
Motor vehicles	3,216,522	591,148	(54,288)	(366,338)	(88,397)	3,298,647
Electronic equipment	7,811,985	679,498	(63,317)	(3,157,177)	(19,613)	5,251,376
Infrastructure	3,485,329	-	-	(623,574)	-	2,861,754
	88,482,981	**1,463,126**	**(140,864)**	**(7,912,788)**	**(362,559)**	**81,529,895**

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

Included in the fixed asset register are items with zero-rand book value. Management has assessed at reporting date the revision of useful lives of assets. The asset currently held at R0.00 book value is impaired based on the conditional assessment and are earmarked for disposal.

The municipality also incurred **repair and maintenance** on the assets as outlined below. This repair and maintenance cost were not capitalized to the cost of the asset as per GRAP 17.

Buildings, Fences and Sites	3,238,409	1,398,433
Plant and Equipment	533,937	339,906
Vehicle	636,279	357,455
Total repair and maintenance	**4,408,625**	**2,095,794**

3. Intangible assets

	2024			2023		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, other	14,945,330	(14,607,593)	337,737	14,857,296	(14,069,411)	787,885

Reconciliation of intangible assets – 2024

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	787,885	88,034	(538,182)	337,737

Reconciliation of intangible assets – 2023

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	1,221,945	77,098	(511,157)	787,885

4. Heritage assets

	2024			**2023**		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	1,527,941	-72,200	1,455,741	1,527,941	-72,200	1,455,741
Historical monuments	3,386,000	-	3,386,000	3,386,000	-	3,386,000
Total	**4,913,941**	**-72,200**	**4,841,741**	**4,913,941**	**-72,200**	**4,841.74**

Reconciliation of heritage assets 2024

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,455,741	-	-	1,455,741
Historical monuments	3,386,000	-	-	3,386,000
	4,841,741	**-**	**-**	**4,841,741**

Reconciliation of heritage assets 2023

	Opening balance	Transfer received	Impairment losses recognized	Total
Art Collections, antiquities and exhibits	1,508,941	-	(53,200)	1,455,741
Historical monuments	3,386,000	-	-	3,386,000
	4,894,941	**-**	**-**	**4,841,741**

5. Inventories

	2024	2023 as restated
Fuel – Airport		
Both AVGAS and JET A1 are sold at the Vereeniging Aerodrome		
Aviation Fuel	-	-
	-	-

The license for selling of aviation fuel were revoke. Currently there is no inventory held.

6. Trade and other receivables from exchange transactions

	Note	2024	2023 as restated
Employee costs corrections	6.1	11,000	46,986
Recoveries from Irregular expenditure	6.2	812,250	-
Recoveries from staff	6.3	8,859	13,136
Unprocessed bank transactions	6.4	-	-
Interest Receivable on bank account	6.5	262,896	397,840
Local Municipality services	6.6	-	-
Fresh Produce Market services	6.7	-	-
Vat on accruals	6.8	181,082	222,910
Gross amount		**1,276,088**	**680,872**

6.1 Employee cost recoverable

	2024	2023 as restated
Current (0 – 30 days)	11,000	46,986
>91	-	-
Total Employee cost recoverable	**11,000**	**46,986**

6.2 Recoveries from Irregular expenditure

	2024	2023 as restated
Current (0 – 30 days)	812,250	
>91	-	-
Total Pre payments	**812,250**	**-**

6.3 Recoveries from staff

	2024	2023 as restated
Current (0 – 30 days)	8,859	13,136

6.4 Unprocessed bank transactions

	2024	2023 as restated
Current (0 – 30 days)	-	-
Less: Debt Impairment	-	-

Figures in Rand	2024	2023 as restated
	-	-
6.5 Interest receivable		
Current (0 – 30 days)	262,896	397,840
6.6 Local Municipality services		
Current (0 – 30 days)	-	-
>120 days	954,100	954,100
Less: Debt Impairment	(954,100)	(954,100)
Total Local Municipality services	**-**	**-**
6.7 Fresh Produce Market services		
Current (0 – 30 days)		
>120 days	1,138,054	1,138,054
Less: Debt Impairment	(1,138,054)	(1,138,054)
Total Fresh Produce Market services	**-**	**-**
6.8 Vat on Accruals		
Current (0 – 30 days)	181,092	222,910

7. Debt Impairment

	2024	2023 as restated
Debt impairment	-	1,138,054
	-	1,138,054

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023 as restated
Cash on hand	40,825	40,825
Cash book balances	29,189,940	32,742,297
	29,230,765	**32,783,122**

The municipality had the following bank accounts

Account number / description	**Bank statement balances**		**Cash book balances**	
	30 June 2024	**30 June, 2023**	**30 June 2024**	**30 June, 2023**
Standard Bank - Primary account -21777667	4,054,851	13,251,354	4,054,851	13,251,354
Standard Bank - Licensing account - 21781494	10,887,821	4,520,203	10,887,821	4,520,203
NEDBANK – Cheque Account – 1152944835	2,005,845	3,186,391	2,008,162	3,088,958
NEDBANK – Licensing account – 1152944606	8,970,199	8,655,568	8,970,199	8,655,568
NEDBANK Investment Call account 03788117292923-000001	1,162	1,072	1,162	1,072
NEDBANK Investment Call account 03788117292923-000002	918,269	847,711	918,269	847,711
STANDARD BANK call account -228 499 054 009	0.01	0.01	0.01	0.01
STANDARD BANK – Fresh Produce Market - 21779589	1,245,678	48,564	1,245,678	48,564
NEDBANK – Fresh Produce Market – 1152944363	1,103,798	2,328,867	1,103,798	2,328,867

Figures in Rand					2024	2023 as restated
Total	**29,187,623**	**32,839,730**	**29,189,940**	**32,742,297**		

The bank accounts for the Fresh Produce Market and Licensing are held specifically for transactions related to those functions. The bank balance at current is not in a position to settle the unspent conditional grants and payables from exchange transactions which poses a financial risk. This money is being held on behalf of the principals (Fresh Produce Market and Department of Transport)

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	,	
Provincial Grants	12,866,086	16,622,524
National Grants	470,143	29,011
	13,336,229	**16,651,535**

Movement during the year		
Balance at the beginning of the year	16,571,535	16,574,216
Additions during the year	17,663,000	17,905,809
Income recognition during the year	(19,111,635)	(17,023,490)
Grant Reversal / forfeit	(1,866,671)	(805,000)
	13,336,229	**16,651,535**

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The cash and cash equivalent held on behalf of the transferring departments are not available for use as required by paragraph 49 of GRAP 2 based on the current going concern problems of the municipality.

See note 20 for reconciliation of grants from National/Provincial Government.

10. Trade and other payables from exchange transactions

Trade payables	3,255,469	2,426,779
Accrued leave pay	30,885,260	29,906,113
Department of Transport (License fees)	154,774,767	152,323,498
Local Municipalities Accounts	37,527,945	30,815,947
Refundable town hall rental deposits	215,494	199,206
Unclaimed Salaries/ Salary arrears	296,538	157,520
VAT accrual	105,946	-
Mayoral events	(65)	203,551
Fresh Produce Market payables	41,715	66,295
	227,103,069	**216,098,909**

11. VAT Payable

Trade and other payables from exchange transactions

Tax refunds payables	606,556	548,658
	606,556	**548,658**

Council is registered on the cash basis for VAT, this amount is due to SARS based on submitted returns

12. Revenue

Figures in Rand	2024	2023 as restated
Recoveries from Irregular expenditure	784,565	-
Rental of facilities and equipment	479,303	447,694
Agency services	76,259,499	74,002,372
Licenses and permits	220,000	212,000
Commissions received	2,803,571	3,700,456
Other income	1,706,205	1,833,375
Interest received - investment	5,364,645	3,931,986
Government grants & subsidies	322,449,636	311,014,490
Gain on disposal of assets	13,163	-
	410,080,587	**395,142,373**

The amount included in revenue arising from exchanges of goods or services are as follows:

Recoveries from Irregular expenditure	784,565	-
Rental of facilities and equipment	479,303	447,694
Agency services	76,259,499	74,002,372
Commissions received	2,803,571	3,700,456
Other income	1,706,205	1,833,375
Gain on disposal of assets	13,163	-
Interest received - investment	5,364,645	3,931,986
	87,410,951	**83,915,883**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Licenses and permits	220,000	212,000
Services receive in kind	-	-
Transfer revenue		
Government grants & subsidies	322,449,636	311,014,490
	322,669,636	**311,226,490**

Figures in Rand	2024	2023 as restated

13. Rental of facilities and equipment

Facilities and equipment		
Facilities & equipment	284,578	255,926
Garages and parking		
Parking	194,725	191,768
	479,303	**447,694**

14. Agency services

Department of Transport	76,259,499	74,002,372
	76,259,499	**74,002,372**

The municipality is acting as an agent for the Provincial Department of Transport and receive an agency fee based on collections. Fraudulent transactions took place in 2022/2023 financial year. Possible income loss as a result of the fraud amounts to R1,248,687 in the year which is not included in the Agency fees reflected.

15. Licenses and permits (from non-exchange transactions)

Air quality emission fees	220,000	212,000
	220,000	**212,000**

16. Commissions received

Commissions received	2,803,571	3,700,456
	2,803,571	**3,700,456**

17. Other income

Ad-hoc Income (Market)	295,044	293,128
Insurance refunds	64,793	44,129
Skills Levy Income	512,718	481,437
Incidental income	226,465	417,852
Commission on Salaries	326,616	290,756
Staff recoveries	280,569	306,073
	1,706,205	**1,833,375**

18. Investment revenue

Interest revenue		
Bank	5,364,645	3,931,986
	5,364,645	**3,931,986**

19. Recoveries

Recoveries from Irregular Expenditure	784,565	-
	784,565	**-**

20. Government grants and subsidies received

Operating grants

Equitable share	303,338,000	293,991,000
HIV and AIDS Grants	12,568,000	9,236,629
EPWP Grant	1,056,992	1,254,496
Rural Roads Grant	2,088,684	2,605,457
National Grants – FMG	1,346,593	1,400,000
GP – Sport and recreation	1,918,767	1,386,473

Figures in Rand	2024	2023 as restated
National Youth Development agency	-	-
Aerotropolis Grant	-	1,140,435
	322,317,036	**311,014,490**

Capital Grants

Rural Roads Grant	132,600	-
	132,600	**-**
	322,449,636	**311,014,490**

Equitable Share

Current-year receipts	(303,338,000)	(293,991,000)
Conditions met – transferred to revenue	303,338,000	293,991,000
	-	**-**

Provincial Grants

Balance unspent at beginning of year	16,622,524	15,769,251
Current-year receipts	12,568,000	12,616,810
Conditions met – transferred to revenue	(14,486,767)	(11,763,537)
Grants forfeited	(1,837,671)	-
	12,866,086	**16,622,524**

Conditions still to be met – remain liabilities (see note 9).

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2023	**Grants Forfeited**	**Grants Received 2023/24**	**Grants Spent/ 2023/24**	**Unspent Grants June 2024**
LED Project	119,378	-	-	-	119,378
HIV/AIDS	1,587,671	(1,567,671)	12,568,000	(12,568,000)	-
Sport and Recreation	1,918,767	-	-	(1.918,767)	-
CoGTA – Orgplus Grant	250,000	(250,000)	-	-	-
Agriculture	79,718	-	-	-	79,718
Transfer of Informal Settlements	12,270,425	-	-	-	12,270,425
Aerotropolis Grant	396,565	-	-	-	396,565
	16,622,524	**(1,837,671)**	**12,568,000**	**(14,486,767)**	**12,866,086**

National Grants

	2024	2023 as restated
Balance unspent at beginning of year	29,011	804,965
Current-year receipts	5,095,000	5,289,000
Conditions met - transferred to revenue	(4,624,868)	(5,259,954)
Grant Forfeit	(29,000)	(805,000)
	470,143	**29,011**

Conditions still to be met - remain liabilities (see note 9).

	2024	2023 as restated

Reconciliation of Unspent Conditional Grants

	Opening Balance July 2023	Grants Forfeit	Grants Received 2023/24	Grants Spent 2023/24	Unspent Grants June 2024
Municipal Finance Management Grant	-	-	1,400,000	(1,346,593)	53,407
EPWP Grant	28,504	(28,493)	1,079,000	(1,056,992)	22,020
Rural Roads	507	(507)	2,616,000	(2,221,284)	394,716
	29,011	**(29,000)**	**5,095,000**	**(4,624,869)**	**470,143**

The grants forfeited during the year were offset against the equitable share.

Changes in level of government grants.

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

21. Employee related costs

		2024	2023 as restated
Employee related cost exclusive of Section 57 employees		202,515,760	192,904,826
13th Cheques		15,563,816	14,603,896
Medical aid - company contributions		19,126,947	18,089,014
UIF		1,074,437	1,089,444
Other payroll levies		3,706,730	3,527,665
Leave pay provision charge		6,435,026	1,169,285
Defined contribution plans		39,349,613	37,516,937
Acting Allowance		516,863	344,285
Overtime payments		577,237	558,667
Inconvenience allowance		4,075,202	2,632,922
Car allowance		9,744,312	9,921,324
Housing benefits and allowances		1,593,008	1,578,624
Telephone Allowances		5,400	5,400
Standby Allowance		295,359	250,542
EPWP Stipends		852.369	1,208,449
HIV/AIDS Stipends		8,092,844	8,043,343
Termination benefits	(see note 44 for more detail)	2,244,431	2,001,444
		315,769,354	**295,446,067**

Remuneration of Municipal Manager

	2024	2023 as restated
Annual Remuneration	1,279,181	1,131,752
Car Allowance	180,000	180,000
Contributions to UIF, Medical and Pension Funds	247,028	227,048
Acting allowances paid to Acting incumbents	-	-
	1,706,209	**1,538,800**

The Municipal Manager position was filled in May 2022.

Remuneration of Chief Financial Officer

Figures in Rand	2024	2023 as restated
Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Acting allowance paid to Acting incumbents	-	70,220
	-	**70,220**

The CFO is vacant since October 2019 and employees are acting in this position.

Remuneration of Executive Director – Corporate services

	2024	2023 as restated
Annual Remuneration	1,402,547	236,682
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	26,900	6,480
Other	-	-
Acting allowance paid to Acting incumbents	-	74,586
Encashment of Leave days	-	-
	1,429,447	**317,748**

Remuneration of Executive Director – Community services

	2024	2023 as restated
Annual Remuneration	-	280,044
Car Allowance	-	60,000
Contributions to UIF, Medical and Pension Funds	-	752
Encashment of Leave days	-	-
Acting allowance paid to Acting incumbents	-	45,839
	-	**386,635**

Remuneration of Executive Director – Strategic Planning and Economic development

	2024	2023 as restated
Annual Remuneration	1,215,651	201,348
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	218,063	41,814
Acting allowance paid to Acting incumbents		65,920
	1,433,714	**309,082**

Remuneration of Executive Director – Transport, Infrastructure and Environment (Vacant since May 2019)

	2024	2023 as restated
Annual Remuneration	-	-
Car Allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Acting allowance paid to Acting incumbents	-	74,586
	-	**74,586**
Total personnel cost	**320,338,724**	**298,143,138**

22. Remuneration of Councillors

	2024	2023 as restated
Executive Mayor	1,123,385	1,193,849
Mayoral Committee Members	5,437,000	5,518,217
Speaker	548,080	713,092
Councillors	7,131,972	7,093,909
	14,240,437	**14,519,067**

Figures in Rand	2024	2023 as restated

In-kind benefits (tools of trade)

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

The Executive Mayor and Speaker have use of a Council owned vehicle for official duties.

The Executive Mayor and Speaker have full-time bodyguards

23. Depreciation and amortization

Property, plant and equipment	8,030,437	7,912,787
Intangible assets	538,182	511,157
	8,568,619	**8,423,944**

24. Lease rentals on operating lease

Premises		
Contractual amounts	2,528,556	1,889,508
	2,528,556	**1,889,508**

25. Impairment loss

Plant and equipment	27,656	362,559
Heritage Assets (art)	-	53,200
	27,656	**415,759**

26. Contracted services

Outsourced Services		
Municipal Health services	16,658,269	18,169,061
Fire Services	76,543	56,485
Hygiene Services	116,994	229,977
ICT Services	570,623	375,691
Security Services	10,278,420	8,786,291
Consultants and Professional Services		
Business and Advisory	2,203,735	3,657,734
Legal Cost	1,753,802	2,969,536
Contractors		
Employee wellness	-	30,000
Catering Services	353,010	351,298
Event Promoters	174,280	172,552
Fire Protection	-	34,064
Maintenance of Buildings and Facilities	3,238,410	1,398,432
Maintenance of Equipment	533,937	339,906
Artist and Performers	18,000	-
Stage and sound crew	16,000	-
Maintenance Fleet	636,279	341,948
	36,628,302	**36,912,975**

27. General expenses

Advertising	241,210	218,351
Assessment rates & municipal charges	8,938,281	6,422,269
Auditors remuneration	4,017,378	3,677,943
Bank charges	4,691,148	4,450,738

Figures in Rand	2024	2023 as restated
Computer expenses	537,836	400,399
Consulting and professional fees	43,500	63,000
Consumables	6,758,062	3,245,998
Insurance	2,045,856	1,658,821
Community development and training	-	-
IT expenses	4,497,808	4,658,720
Levies	2,618,124	2,436,553
Printing and Publications	480,458	690,652
Protective clothing	121,994	105,295
Royalties and license fees	146,815	47,807
Subscriptions and membership fees	3,129,856	3,034,941
Telephone and fax	2,235,248	2,075,756
Training	1,419,711	1,581,926
Subsistence & Travel	1,243,154	262,993
Public Participation	529,178	419,110
Car Hire	320,370	43,132
Hire charges for equipment & machinery	458,347	723,673
Congresses & Meetings	79,107	60,849
WCA Contribution	1,492,488	1,402,488
	46,045,929	**37,681,411**

28. Sale of Goods

Sale of goods

Cost of Aviation fuel	-	-

Aviation fuel (JET A1 and AVGAS) are sold at the Vereeniging Aerodrome.

29. Auditors' remuneration

Fees	4,017,378	3,677,943

30. Cash generated from operations

Deficit	(18,297,636)	(4,110,401)
Adjustments for:		
Depreciation	8,568,619	8,423,944
Loss / (Gain) on sale of assets and liabilities	(13,163)	128,918
Debt impairment	-	1,138,054
Impairment deficit	27,656	415,759
Movements in operating lease assets and accruals	-	-
Changes in working capital:		
Inventories	-	-
Trade and other receivables from exchange transactions	(595,216)	2,223,376
Debt Impairment – Related party debtors	-	(1,138,054)
Trade and other payables from exchange transactions	11,004,160	8,493,973
VAT	57,898	229,975
Unspent conditional grants and receipts	(3,315,306)	77,319
	(2,562,988)	**15,882,866**

31. Risk management

31.1 Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Currently the total liabilities exceed the total assets which create a high level of financial uncertainty.

Interest rate risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short-term interest rates.

This risk is managed on an ongoing basis by comparison between current market related rates and historical rates and adjustments made where considered necessary.

The municipality had significant interest-bearing investments in call accounts, of which the municipality's interest income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Categories of Financial Instruments	2024	2023 as restated
Financial Assets		
Cash and cash equivalents	29,230,765	32,783,122
Trade and other receivables from exchange transactions	1,075,147	397,840
	30,305,912	**33,180,962**

Aging of Financial Assets

2024				2023			
Current to 30 days	90 days plus	Impairment provision	Total	Current to 30 days	90 days plus	Impairment provision	Total
1,075,147	2,092,154	(2,092,154)	1,075,147	397,840	2,092,154	(2,092,154)	397,840

	2024	2023 as restated
Financial Liabilities		
Unspent conditional grants and receipts	13,336,229	16,574,216
Trade and other payables from exchange transactions	195,815,325	177,031,736
Total Liabilities	**209,151,554**	**193,605,952**

If the interest rates received on investments increase or decrease by 100 basis points, the effect on the Statement of Financial performance would be as follows:

	2024		**2023**	
Floating Rate Financial Assets	**Rate %**	**Effect on Surplus**	**Rate %**	**Effect on Surplus**
Cash and cash equivalents	**1%**	292,308	**1%**	327,831
Trade and other receivables from exchange transactions	**1%**	10,751	**1%**	3,978

Floating Rate Financial Liabilities

Figures in Rand		2024		2023 as restated
Unspent conditional grants and receipts	**1%**	(133,362)	**1%**	(166,515)
Trade and other payables from exchange transactions	**1%**	(1,958,153)	**1%**	(1,860,353)

32. Commitments

The municipality do not have any contracted capital or operating lease commitments.

33. Contingencies

The Municipality may be liable for claims instituted against the Municipality by employees who have disputes against the Municipality. The amount is uncertain as an arbitration award has not yet being issued against those claims.

33.1 Contingent assets

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATIO N/DISPUTE	WHAT HAPPENED	COMMEN CEMENT DATE	EXPECTED VALUE	PROGRESS
1. Mokhare report on investigation	Recovery of Irregular expenditure	An investigation conducted on behalf of MEC CoGTA resulted in possible recoveries of money	August 2020 financial year	G Modise R3,765,110 Mafoko Security R14,565,638 Income for SDM	The state attorneys to be approached alternatively the SDM to appoint a legal firm to assist with the issuing of the summons for the recovery of the money due and payable to the SDM.
Total Amount				**R 18,330,748**	

NAMES OF SERVICE PROVIDER	NATURE OF LITIGATION/DISPUTE	INTENDED OUTCOME OF CLAIM	EXPECTED LIABILITY	PROGRESS
33.2 Contingent liabilities				
1.Nku (0204 0989)	Human resources dispute	Difference in salary between promoted position and existing position plus future legal costs	Legal cost of R80,000	Sedibeng has instituted an application to review and correct or set aside a rescission ruling. We are still awaiting a set down date
2.Kha mbule M	Human resources dispute	Reinstatement plus back pay to date of dismissal plus legal costs, current and future costs	Legal costs of R80,000	Sedibeng has instituted an application to review and correct or set aside an Arbitration award. We are currently awaiting a notice of set down on the unopposed roll.
3 Petlane MM	Human resources dispute	Reinstatement, alternatively, 12 months' compensation plus future legal costs	Legal costs of R80,000	Sedibeng filed a counter review in this matter to counter the review application launched by Petlane. It is currently preparing a record of proceedings
4 Irene Honoko	Human resources dispute	Reinstatement in previous position held	Legal costs of R80,000	Sedibeng is bringing an application to review and correct or set aside an Arbitration Award. We are still awaiting a set down date
5 Netshivhale KR	Human resources dispute	Placement within the organogram as he is currently in portfolio	Legal costs of R80,000	Sedibeng is opposing the review and reinstatement application.
6 Mokitimi W	Human resources dispute	Reinstatement in previous position at licensing center.	Legal costs of R110,000	Sedibeng is opposing the review application. Court proceedings did take place on 2nd June 2023 and we are waiting judgement of the court.
7 SAMWU obo Jonas Tale and others	Human resources dispute	Lost case by SAMWU taken on review by the applicants for uniform allowance	Legal costs of R368,0000	The matter has not yet been allocated a court date
8 SAMWU OBO Sakie Thakhuli	Human resources dispute	The applicant lost the arbitration and has now made an application to review the award	Legal costs of R80,000	Sedibeng is opposing the review and reinstatement application.
Total contingent Liability			**R958,000**	

34. Prior year amendments

34.1 Correction of errors

Statement of changes in net assets

Opening balance as previously reported 1 July 2023	**-108,641,914**
VAT payable overstated	76,729
Restated Closing balance 1 July 2023	**-108,565,185**
Surplus (Deficit) for the year 2023 Previously reported	**(4,110,760)**
Overstated Royalties and license fees	359
Restated Surplus (Deficit) for the year 2023	**(4,110,401)**

34.1.1 Correction on general expenditure classification

Description	2023 Restated	2023 Previous Year Stated,	Variance
Royalties and license fees	47,807	48,116	(359)

34.1.2 Correction on VAT payable

Description	2023 Restated	2023 Previous Year Stated,	Variance
Vat payable	(548,658)	(625,745)	(77,087)

34.2 Reclassification of expenses

34.2.1 General expenses re-classify

Description	2023 Restated	2023 Previous Year Stated,	Variance
Car Hire	43,132	-	**43,132**
Hire charges for equipment & machinery	726,673	-	**726,673**

34.2.2 Operating Lease re-classify

Description	2023 Restated	2023 Previous Year Stated,	Variance
Motor Vehicles – Contractual amount	-	43,132	**(43,132)**
Plant and Equipment - Contractual amount	-	186,371	**(186,371)**
Plant and Equipment - Ad-hoc amounts	-	537,302	**(537,302)**

35. Going concern

We draw attention to the fact that at 30 June, 2024, the municipality had an operating deficit of R18,297,636 which resulted in an accumulated deficit of R 130,973,218and that the municipality's total liabilities exceed its assets by R130,973,218.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As a District Municipality based on our powers and functions, we are completely grant dependent. No other main revenue source is obtainable. Over the last 11 years, as a result of the global financial economy constraints, National Treasury downscaled and implemented austerity measures which resulted in the reduction of our main source of revenue, the Equitable share. It is as a result of the global financial constraint that the equitable share over the last 11 years was increase far lessor than the CPI for each financial period. In addition, the South African Local Bargaining Council was implementing salary increases at a higher rate than the equitable share growth allocated to municipalities over the last 9 years – Uncontrollable to municipalities. The reduction has been reported to National Treasury as our revenue source diminished. It was based on this reason that the District Municipality implemented austerity measures over the last 8 years which is still in place. The municipality performs daily, weekly and monthly cash flow reconciliations with projections to ensure that we are able to meet our obligations. The municipality adopted a pro-poor budgeting approach and followed National Treasury budget guide as a principle for provision on depreciation and employee cost.

We draw further attention to the fact that at 30 June, 2024, the municipality's current liabilities exceed its current assets with R 210,539,001. The municipality also had operating deficit in the financial year of R 18,297,636 (previous financial year deficit of R 4,110,401) which resulted in a decrease in the net asset value.

The Municipality is busy with a process of aligning the current powers and functions assigned to the District and the Locals in order to regain sustainability within the district. Drastic cost saving measures will be implemented starting with a process of restructuring the organization based on the assigned powers and functions. The Council has recently approved that it (Sedibeng District Municipality) should perform the section 84(1) powers and functions of the Municipal Structures Act 117 of 1998.

The municipality does not have any fixed-term borrowing or short-term loans and therefore does not put reliance on borrowings.

The municipality does have comprehensive insurance on its assets as set out in the asset register.

36. Events after the reporting date

None

37. Unauthorised expenditure

	2024	2023 as restated
Opening balance	30,704,442	26,152,077
Add: expenditure identified – current period	18,297,636	4,552,365
Add: expenditure identified – prior period	-	-
Less: Approved by Council	-	-
	49,002,078	**30,704,442**
Analysis follow: Cash		
Employee related cost		
Other expenses		
Lease rentals		
Grant expenses		
Transfer and subsidies paid		
Amount in excess of revenue budget (unfunded)	18,297,636	4,552,365
	18,297,636	**4,552,365**
Analysis follow: Non Cash		
Depreciation and impairment losses	-	-
Inventory write down	-	-

Figures in Rand	2024	2023 as restated
	-	-
Analysis per Department:		
Finance	6,435,026	703,413
Corporate Services	11,862,610	3,848,952
	18,297,636	**4,552,365**

38. Fruitless and wasteful expenditure,

Possible fruitless and Wasteful expenditure are investigated and where applicable recovered from the Employee / Councillor concern. The municipality has paid interest on a civil claim as part of the court judgement to the value of R31,061 while R496,849 resulted in fruitless and wasteful expenditure based on the forensic investigation conducted

Opening balance	527,910	527,910
Paid off during the year	-	-
-Fruitless and wasteful expenditure identified during the year	-	-
	527,910	**527,910**

39. Irregular expenditure

Irregular expenditure was incurred in the financial year based on appointments made in deviating from SCM legislation where Irregular expenditure was also incurred on Sect 56 employee-related costs during the financial year.

Opening Balance	113,775,738	95,573,833
Less: written off in prior period (21/22)		(2,570,364)
Add: expenditure identified during the year	19,144,119	20,772,269
Add: expenditure – prior period identified during the year	-	-
Less: Approved by Council	(304,853)	-
	132,615,004	**113,775,738**

Instances and cases in the current year

Supply chain and contract management processes	19,144,119	20,467,416
Sect 56 & 57 Employee cost above threshold	-	304,853
	19,144,119	**20,772,269**

Cases under investigations

Investigations were not conducted by MPAC oversight committee on the 2022/23 financial year balances for unauthorized and irregular expenditure.

40. Additional disclosure in terms of Municipal Finance Management Act

40.1 PAYE, UIF & Skills levy

Current year subscription / fee	56,138,120	50,907,659
Amount paid – current year	(56,138,120)	(50,907,659)
	-	-

40.2 Pension and Medical Aid Deductions

Current year subscription / fee	91,316,929	86,002,403
Amount paid – current year	(91,316,929)	(86,002,403)
	-	-

40.3 VAT

VAT payable	606,556	548,658
	606,556	**548,658**

All VAT returns have been submitted by the due date throughout the year.

40 Awards made to people in service of the state

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

Company Name	Initials	Surname	Designation and Employee NO.	Relationship with the company	Amount Paid
Africa Shades Construction	N	Monga	Assistant Manager Networks (00518)	Son of the Director/Shareholder	R42,796
Panorama Bloemiste	CS	Heunes	Snr Accountant (17530)	Husband to the Director/Shareholder	R2,415
Lu De Big Pty Ltd	LPS	Lamfiti	Admin Assistant (01146)	Wife to the Director/Shareholder	R202,300
TOTAL					**R 247,511**

40.4.2 Awards made to suppliers in service of the state

No	Supplier name	Employee name	Employer name	Amount
1				
Total				

41 Related party transactions

Councillors and specifically the Executive Mayor and Speaker remuneration in terms of the government gazette are shown separately in note 22.
Section 56 employees' (Key Management) remuneration packages are shown separately in note 21. Councillors and all officials must annually declare their interests and the interest of close family members to Council.

42 Principles and Agents

See segment reporting for further detail (note 43)

42.1 Gauteng Department of Transport

The municipality is acting as an agent for the Gauteng Department of Transport by rendering services related to motor vehicle license registrations and renewals, driver license applications and renewals. The municipality also collect AARTO fees as part of the function. The current amount owed to the Department of transport is reflected below as a liability while the current assets still in the municipality's possession are reflected below in the bank account and debtor's account.

Based on the financial position of the municipality the high amount still owing to the Department of Transport contributing to the liquidity problem the municipality is currently facing. Significant cash and cash equivalent held on behalf of the Department of roads and transport is not available for use as disclosed in the financial statements.

The municipality also depicted fraudulent transactions within the licensing sector which are currently under investigation by the special crime investigation unit. This resulted in the debtor's amount reflected in the municipality's records

Account number	Amount as per bank confirmation	
Nedbank- Current Account Licensing (115944606)	8,970,199	8,655,568
Standard bank Licensing account (21781494)	10,887,821	4,520,203
Total	**19,858,020**	**13,175,771**

Breakdown of transactions		
Collections made on NATIS system	340,365,477	326,752,889
Distribution of Natis system collections		
Refunds payable to Province	250,692,025	239,091,570
Refunds to AARTO	2,009,030	2,500,728

Figures in Rand	2024	2023 as restated
VAT payable on collections	11,434,490	11,096,795
Refunds to customers	-	85,160
Amount retained by Council	76,229,932	73,978,636
Total Distributed Amount	**340,365,477**	**326,752,889**
Liability to Principle		
Total liability	**154,774,767**	**152,323,498**

42.2 Fresh Produce Market

The municipality is acting as an agent by rendering management services at the fresh produce market where fresh produce are being sold by the market agent on behalf of the farmers. The municipality is managing the financial affairs and are managing two bank accounts on behalf of the agents. These amounts are not available for use. The current balances on the bank accounts are as follow:

Account number	**Amount as per bank confirmation**	
Nedbank- Current Account (115944363)	1,103,798	2,328,867
Standard bank (21779589)	1,245,678	48,564
Total	**2,349,476**	**2,377,431**

Breakdown of transactions		
Bank statement o/b	2,377,431	656,223
Collections on the Fresh mark system	55,272,280	74,060,240
Payments made	(55,300,235)	(72,339,032)
Bank statement c/b held on behalf of the principal	2,349,476	2,377,431
Revenue		
Commission on transaction handling fees	2,803,571	3,700,456
Other income	295,044	293,128
Total Amount	**3,098,615**	**3,993,584**

43. Segment reporting

The municipality has identified the licensing centers and fresh produce market in terms of GRAP 18 as a unit with distinguishable activities of the municipality for which it is appropriate to separately report financial information. For management purposes, the municipality is organized and operates in two key segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenue and expenditure relating to these segments are allocated at a transactional level.

The key segments identified are the Licensing centers and Fresh produce market.

The grouping of this 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).

2024	**Licensing Center's**	**Fresh Produce Market**	**Non-Segment**	**Total**
Segment revenue				
Revenue from exchange transactions	76,259,500	3,098,615	2,675,029	**82,033,144**
Revenue from non-exchange transactions	-	-	322,669,635	**322,669,635**
Interest received	-	-	5,364,645	**5,364,645**
Gain on sale of assets			13,162	**13,162**
Total Revenue	**76,259,500**	**3,098,615**	**330,722,472**	**410,080,587**

2024	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Segment expenses				
Employee related costs	(66,745,609)	(11,402,229)	(242,190,888)	**(320,338,726)**
			(14,240,436)	**(14,240,436)**
Impairment losses	(203)	(3)	(27,450)	**(27,656)**
Depreciation and amortisation	(179,982)	(950,484)	(7,438,154)	**(8,568,620)**
Lease rentals on operating leases	-	-	(2,528,556)	**(2,528,556)**
General Expenses	(7,202,786)	(432,682)	(38,445,779)	**(46,573,048)**
Interest charges	-	-	-	**-**
Contracted services	-	(1,003,767)	(35,097,411)	**(36,101,178)**
Losses on sale of assets	-	-		**-**
Total Expenses	**(74,128,580)**	**(13,789,165)**	**(340,460,474)**	**(428,378,219)**
Net surplus/(deficit)	**2,130,920**	**(10,690,550)**	**(9,738,002)**	**(18,297,632)**
Total Assets				
Non-Current assets	97,382	13,286,325	66,182,075	79,565,782
Current assets	19,858,020	2,349,476	8,299,357	30,506,853
Total segment assets	**19,955,402**	**15,635,801**	**74,481,432**	**110,072,635**
Total Liabilities				
Non-current liabilities	-	-	-	-
Current liabilities	(154,774,767)	(41,715)	(86,229,372)	(241,045,854)
Total segment liabilities	**(154,774,767)**	**(41,715)**	**(86,229,372)**	**(241,045,854)**

2023	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Segment revenue				
Revenue from exchange transactions	74,002,372	3,993,584	1,987,941	**79,983,897**
Revenue from non-exchange transactions	-	-	311,226,490	**311,226,490**
Interest received	-	-	3,931,986	**3,931,986**
Total Revenue	**74,002,372**	**3,993,584**	**317,146,417**	**395,142,373**
Segment expenses				
Employee related costs	(62,143,524)	(10,244,797)	(225,754,817)	**(298,143,138)**

2023	Licensing Center's	Fresh Produce Market	Non-Segment	Total
Councillor remuneration	-	-	(14,519,067)	**(14,519,067)**
Impairment losses	-	(7,400)	(1,546,413)	**(1,553,813)**
Depreciation and amortisation	(185,594)	(952,780)	(7,285,570)	**(8,423,944)**
Lease rentals on operating leases	-	-	(1,889,508)	**(1,889,508)**
General Expenses	(6,723,565)	(811,753)	(67,059,068)	**(74,594,386)**
Interest charges	-	-	-	**-**
Losses on sale of assets	(36,278)	-	(92,640)	**(128,918)**
Total Expenses	**(69,088,961)**	**(12,016,730)**	**(318,147,083)**	**(399,252,774)**
Net surplus/(deficit)	**4,913,411**	**(8,023,146)**	**(1,000,666)**	**(4,110,401)**
Total Assets				
Non-Current assets	277,568	14,236,812	72,645,141	87,159,521
Current assets	13,175,771	2,377,431	17,910,792	33,463,994
Total segment assets	**13,453,339**	**16,614,243**	**90,555,933**	**120,623,515**
Total Liabilities				
Non-current liabilities	-	-	-	-
Current liabilities	(152,323,498)	-	(80,975,604)	(233,299,102)
Total segment liabilities	**(152,323,498)**	**-**	**(80,975,604)**	**(233,299,102)**

43. Changes in accounting estimate

None

44. Post employee Retirement Benefits

Post employee benefits are defined for medical contributions as defined contribution plans where the legal or constructive obligation is limited to the amount that is agreed to contribute to the fund.

The municipality's obligation towards contributions toward the medical aids are limited to the annual contribution of medical aid premiums and will be a fixed monthly premium. Annual increases will escalate in line with normal inflation.

Termination benefits	2,244,431	2,001,444

45. Deviation from supply chain management regulations

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. The expenses incurred as listed hereunder have been condoned.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 16 and 17 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

LESS THAN 3 QUOTES FOR 2023/2024

LESS THAN 3 QUOTES REGISTER FOR 2023/2024								
NO.	PERIOD	ORDER NO	DATE	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION
1	Aug-23	1041251	2023-08-07	Lesiba Ambulance Service CC	R8,000.00	One (01)	Insufficient local EMS suppliers registered on CSD; only one quotation was sourced	Ambulance services
2	Sep-23	1041302	2023-09-04	The Assessment Toolbox	R29,149.46	One (01)	Requests for quotations were sent to 3x COGTA accredited competency assessment service providers, however, only 1 supplier quoted	COGTA assessment battery CPP,15FQ* Giotto, work simulation exercises)
3	Sep-23	1041303	2023-09-04	The Assessment Toolbox	R29,149.46	One (01)	Requests for quotations were sent to 3x COGTA accredited competency assessment service providers, however, only 1 supplier quoted	COGTA assessment battery CPP,15FQ+Giotto, work simulation exercises development report with PDP for appointed

LESS THAN 3 QUOTES REGISTER FOR 2023/2024								
NO.	**PERIOD**	**ORDER NO**	**DATE**	**SUPPLIERS AWARDED**	**ORDER AMOUNT**	**NO OF QUOTATIONS RECEIVED**	**REASON**	**DESCRIPTION**
4	Sep-23	1041365	2023-09-27	The Assessment Toolbox	R31,567.50	One (01)	Requests for quotations were sent to 3x COGTA accredited competency assessment service providers, however, only 1 supplier quoted	Screening & verification
5	Oct-23	1041378	2023-10-03	Government Printing Works	R11,852.93	One (01)	Provision of services by another Organ of state as per MFMA 110(2)(a)	Determination of charges payable in terms of the by-laws relating to the hire
6	Nov-23	1041457	2023-11-22	Mooivaal Media (Pty) Ltd	R11,400.00	One (01)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria; 3x quotations sourced from different publications however, all held by singular media house	Sedibeng Ster: advertisement for the GDS/DDM/IDP stakeholder engagement
7	Nov-23	1041435	2023-11-10	Lindsay Saker	R6,178.95	One (01)	Replacement parts outside of service plan	Replacement of water pump VW Polo 1.4 - JY 07 HX GP
8	Nov-23	1041438	2023-11-10	Workshop Electronics (Pty) Ltd	R17,578.95	One (01)	Sole service provider contracted to perform maintenance on Dept of Transport equipment	Service & calibration for a-grade lane; Travelling per km
9	Dec-23	1041492	2023-12-11	Workshop Electronics (Pty) Ltd	R25,679.04	One (01)	Sole service provider contracted to perform maintenance on Dept of Transport equipment	Rollers set, recoating Installation of equipment Travelling per km

LESS THAN 3 QUOTES REGISTER FOR 2023/2024								
NO.	**PERIOD**	**ORDER NO**	**DATE**	**SUPPLIERS AWARDED**	**ORDER AMOUNT**	**NO OF QUOTATIONS RECEIVED**	**REASON**	**DESCRIPTION**
10	Dec-23	1041493	2023-12-11	Workshop Electronics (Pty) Ltd	R12,838.14	One (01)	Sole service provider contracted to perform maintenance on Dept of Transport equipment	New gear for roller set Installation of equipment Travelling per km
11	Jan-24	1041545	2024-01-11	Workshop Electronics (Pty) Ltd	R16,362.66	One (01)	Sole service provider contracted to perform maintenance on Dept of Transport equipment	Service and Calibration for A-Grade Lane in Meyerton Licensing
12	Mar-24	1041642	2024-03-04	Mooivaal Media (Pty) Ltd	R11,000.00	One (01)	Local newspaper advertisements; limited suppliers in the region meeting the prerequisite distribution and circulation criteria; 3x quotations sourced from different publications however, all held by singular media house	IDP Public Participation Advert
13	May-24	1041751	2024-05-16	Lexis Nexis (Pty)Ltd	R28,586.70	One (01)	Of the two national service providers (Juta and Lexis Nexis) Juta are behind in the legislature series updates and as a result, only Lexis Nexis was able to supply the requisite Road Traffic Act updates.	Road Traffic & Transport Legislation updates
14	Jun-24	1041817	2024-06-12	Putec Technologies Cc	R77,550.00	Two (02)	7-day advert for Formal Written Quotation processes followed for bid: 8/2/8/2-2024 and only 2 quotes received on closing date	Videographer, sound and live streaming for SODA
SUB-TOTAL FOR THE YTD OF 2023/2024					**R410,445.85**			

LESS THAN 3 QUOTES REGISTER FOR 2023/2024								
NO.	PERIOD	ORDER NO	DATE	SUPPLIERS AWARDED	ORDER AMOUNT	NO OF QUOTATIONS RECEIVED	REASON	DESCRIPTION

SEDIBENG DISTRICT MUNICIPALITY APPROVED DEVIATIONS REGISTER FOR 2023/24 YTD

	Applicable paragraph in SCM Policy	Name of Supplier	Date of the order	Month	Reason for deviation	Approved by:	Cluster	Amount	SCM Comments
1	33.1.1.4.3. Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	NEW VAAL MOTORS (PTY) LTD	05-Jul-23	Jul-23	Repairs to the vehicle FK 24 PG GP	Municipal Manager	Corporate Services	R 44,560.90	SCM Policy makes provision for deviating from normal procurement procedures where it is not possible to ascertain the extent of the repairs in order to source 3x quotations / call for bids. Approval was obtained from the Accounting Officer in accordance with legislative requirements
SUB-TOTAL FOR THE YTD OF 2023/2024								**R 44,560.90**	

Notes to the Financial Statements

46. Budget differences

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2024

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2023	Actual restated 2023
Revenue							
Sale of goods	**-**	-	-	-		-	-
Rental of facilities and equipment	**495,116**	**479,303**	-15,813	-3.19%		429,391	447,694
Agency services	**76,836,147**	**76,259,500**	-576,647	-0.75%		70,979,896	74,002,372
Commissions received	**3,605,260**	**2,803,571**	-801,689	-22.24%	Reduction in sales at the fresh produce market	3,401,189	3,700,456
Other income - (rollup)	**1,483,781**	**2,490,770**	1,006,989	67.87%	Increase in revenue due to recoveries from irregular expenditure	1,343,331	1,833,375
Interest received - investment	**3,561,344**	**5,364,645**	1,803,301	50.64%	Interest rate increase above trend while optimal rates received	2,015,468	3,931,986
Total revenue from exchange transactions	**85,981,648**	**87,397,790**	**1,416,142**	**1.65%**		78,169,275	83,915,883
Licenses and permits	**1,680,000**	220,000	-1,460,000	-86.90%	Anticipated revenue did not realize	1,575,000	212,000
Government grants & subsidies	**322,919,767**	322,449,635	-470,132	-0.15%		315,637,435	311,014,490
Services receive in kind						-	-
Total revenue from non-exchange transactions	**324,599,767**	**322,669,635**	**-1,930,132**			317,212,435	311,226,490
Total revenue	**410,581,415**	**410,067,425**	**-513,990**			395,381,710	395,142,373

Notes to the Financial Statements

Actual versus Budget (revenue and Expenditure) for the year ended 30 June 2024

Figures in Rand	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	% Variance	Explanation of Significant Variances greater than 10% versus Budget	Budget 2023	Actual restated 2023
Expenditure							
Personnel	**-317,348,015**	-320,338,724	-2,990,709	0.94%	Leave days provided higher than expected resulted in the overspending	(304,038,798)	(298,143,138)
Remuneration of councillors	**-14,269,788**	-14,240,437	29,351	-0.21%		(14,805,450)	(14,519,067)
Depreciation & impairment	**-8,503,569**	-8,568,619	-65,050	0.76%		(11,489,150)	(8,423,944)
Impairment Losses	**0**	-27656	-27,656			-	(415,759)
Lease rentals on operating lease	**-2,054,247**	-2,528,556	-474,309	23.09%	Amount higher than budgeted due to building leases at local municipalties.	(2,054,247)	(1,889,508)
Contracted Services	**-43,379,647**	-36,628,302	6,751,345	-15.56%	Emfuleni Municipal Health claims ess than expected, Reduction in legal fees as well as advisory services	(42,498,203)	(36,912,975)
Debt Impairment	**0**	0	0			-	(1,138,054)
General Expenses	**-38,177,258**	-46,045,929	-6,736,160	18.57%	Rates and municipal services specifically from Emfuleni has escalated with claims not previously received	(36,410,690)	(37,681,411)
Total expenditure	**-424,865,035**	**-428,378,223**	**-3,513,188**	**0.83%**		(411,296,538)	(399,123,856)
(Loss)/Gain on disposal of assets and liabilities	0.00	13,162	13,162	-%		-	(128,918)
Inventories losses/write downs	0	0	0			-	-
	0	**13,162**	**13,162**	**-%**		-	(128,918)
Operating deficit	**-14,283,620**	**-18,297,636**	**-4,014,016**	**28.10%**		(15,914,828)	(4,110,401)