

# ZF MGCAWU DISTRICT Municipality



**2023 / 2024**

[These financial statements have been audited]

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2024**

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

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**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**ABBREVIATIONS**

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ASB	Accounting Standards Board
B-BBEE	Broad-based black economic empowerment
CPMD	Continuous Professional Management Development
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
PEMA	Post-retirement Health Care Benefits
PFMA	Public Finance Management Act
PMS	Performance Management System
PPE	Property, Plant, and Equipment
RRAMS	Rural Roads Asset Management Systems Grant
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
ZFM	ZF Mgcawu District Municipality

**ZF MGCWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**GENERAL INFORMATION**

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**EXECUTIVE MAYOR**

M.C. BASSON

**SPEAKER**

W.R.S. PETERSON

**MEMBERS OF THE MAYORAL COMMITTEE**

Executive Mayor: M.C. BASSON

Councillors:

J. SILO  
A. MATSHIMO  
P.M. MGCERA  
A. JOHNSON

**GRADING OF THE LOCAL AUTHORITY**

Grade 4

**AUDITORS**

External: Auditor-General South Africa

Internal: ZF Mgcawu District Municipality Internal Audit Unit

**PRIMARY BANKER**

ABSA

**REGISTERED OFFICE**

c/o Upington 26 Avenue & Dr Nelson Mandela Drive  
Upington  
8801

Private Bag X6039  
Upington  
8800

Telephone: (054) 337 2800  
Fax: (054) 337 2888

E-Mail:  
Website:

admin@zfm-dm.gov.za  
www.zfm-dm.co.za

**ACTING MUNICIPAL MANAGER**

MR. A. TIETIES

**CHIEF FINANCIAL OFFICER**

MRS. E. ISAACS

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**GENERAL INFORMATION (continued)**

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**REVIEW OF FINANCIAL STATEMENTS**

The Annual Financial Statements were reviewed by the Audit & Performance Committee, Internal Audit Unit, MPAC, Provincial Treasury and Management before it was approved by the Acting Municipal Manager.

**APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 3 to 128, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 30 August 2024.



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**MR. A. TIETIES**  
**ACTING MUNICIPAL MANAGER**  
**30 August 2024**

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**MEMBERS OF COUNCIL**

<b>NAME</b>	<b>POSITION</b>	<b>PARTY</b>	<b>PERIOD</b>
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S. Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mqcera	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.H. Matthys	Chairperson of 79 Committee	HFTF	Commencement: 30/08/2022 Term ended: 27/02/2024
M.M. Louw	Chairperson of 79 Committee	ANC	Commencement: 28/02/2024
M.M. Louw	Direct Elected Councillor	ANC	Commencement: 23/06/2022 Term ended: 27/02/2024
J. Esau	Direct Elected Councillor	EFF	Commencement: 09/11/2021 Term ended: 23/11/2023
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023
H. De Koker	Direct Elected Councillor	DA	Commencement: 09/11/2021
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 09/11/2021
P.H. Matthys	Direct Elected Councillor	HFTF	Commencement: 28/02/2024 Term ended: 11/06/2024
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
F. Basson	Councillor	ANC	Commencement: 14/12/2021
P.J. George	Councillor	ANC	Commencement: 14/12/2021
K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
A.J. Ruiters	Councillor	DA	Commencement: 14/12/2021
C.F.P. Bezuidenhout	Councillor	DA	Commencement: 14/12/2021
P.T. Van der Steen	Councillor	DA	Commencement: 14/12/2021
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021

**CERTIFICATION OF REMUNERATION OF COUNCILLORS**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 49142 dated 18/08/2023. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.



**MR. A. TIETIES**  
**ACTING MUNICIPAL MANAGER**  
**30 August 2024**

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**FOREWORD**

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It is my pleasure to present the 2023/2024 Annual Financial Statements of the ZF Mgcawu District Municipality. These statements represent a comprehensive overview of our financial performance and accountability over the past fiscal year. We must maintain transparency and integrity in our financial reporting, as it serves as a reflection of our commitment to sound governance and stewardship of public funds. As we continue our journey towards realizing the goals set out in our strategic plan, we remain guided by our mandate to serve the people of the ZF Mgcawu District. The past year has been one of both challenges and achievements. Despite the obstacles, we have managed to uphold the principles of good governance and fiscal discipline.

Our focus on collaborative governance has been key to our success. By working closely with Local Municipalities, community stakeholders, and non-governmental organizations, we have been able to leverage our collective strengths to drive development and improve service delivery. This collaborative approach has not only enhanced our ability to meet the needs of our residents but has also strengthened the bonds within our communities.

The 2022/2023 audit results are a testament to the dedication and hard work of our administrative staff and public representatives. Achieving a Clean Audit is a significant milestone that reflects our unwavering commitment to managing public funds efficiently and upholding the highest standards of integrity. The Council's active oversight role, supported by the Municipal Public Accounts Committee, has been instrumental in ensuring that our administration remains accountable and transparent. Their efforts have significantly contributed to our success, and I extend my sincere gratitude for their unwavering commitment and dedication.

As we move forward, we remain committed to strive within our financial and administrative capacity to meet the objectives of Local Government as set out in the Constitution. Our vision is to build a District Municipality where every individual has the opportunity to thrive and contribute to a better South Africa.

I would like to express my deepest appreciation to all Councillors, the Mayoral Committee, and the Municipal Public Accounts Committee for their effective oversight and support. I also extend my gratitude to the Management and Staff for their tireless efforts and dedication to serve our community. Finally, I thank the Audit Committee for their invaluable guidance and oversight.



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**CLLR. M.C. BASSON**  
**EXECUTIVE MAYOR**  
**30 August 2024**

ZF MGCAWU DISTRICT MUNICIPALITY  
Annual Financial Statements for the year ended 30 June 2024

REPORT OF THE AUDITOR GENERAL



AUDITOR-GENERAL  
SOUTH AFRICA

The accounting officer  
ZF Mgcawu District Municipality  
Private Bag X6039  
Upington  
8800

29 November 2024

Reference: 21363REG23-24

Dear Sir

**Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of ZF Mgcawu District Municipality for the year ended 30 June 2024**

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
  - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
  - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

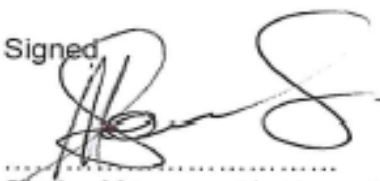
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Morakane Saule

Signed



.....  
Senior Manager: Northern Cape Business Unit

Enquiries: Gladwin Munnick  
Telephone: (053) 836 8850  
Fax: (053) 836 8899

# Report of the auditor-general to the Northern Cape Provincial Legislature and the council on ZF Mgcawu District Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages xx to xx which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of matter.
7. I draw attention to note 49 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further, cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 49, these events or conditions, along with the other matters

as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

#### **Other matters**

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### **Unaudited disclosure notes**

9. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. It is not practicable to determine the completeness of such disclosure and to provide assurance on it.

#### **Unaudited supplementary schedules**

10. The supplementary information set out on pages XX to XX does not form part of the financial statement and is presented as additional information. I have not audited these schedules and accordingly, do not express an opinion on them.

#### **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

#### **Responsibilities of the auditor-general for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 8 of the annexure to the auditor's report, forms part of our auditor's report.

## Report on the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- The assistant director Environmental health to conduct quarterly monitoring of drinking water quality at all Category B-municipalities and correspond any failures to the Category B –Municipality.
  - Assistant Director: PMU,LED,Tourism & EPWP to create 08 Full time equivalent for the financial year ending 30 October 2023 by repairing water leaks in Kheis Municipality.
  - Assistant Director: PMU,LED,Tourism & EPWP to create 1.9 Full time equivalent by 23 September 2023 cleaning townships waste management (illegal dumping).
17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any overachievement of targets.
19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
20. I did not identify any material findings on the reported performance information for the selected indicators.

## **Report on compliance with legislation**

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Expenditure management**

25. Reasonable steps were not taken to prevent irregular expenditure amounting to R98 874 as disclosed in note 35.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by key management personnel exceeding acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

### **Assets management**

26. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by sections 14(2) (a) and 14(2) (b) of the MFMA.

## Other information in the annual report

27. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.
28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
29. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
33. Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Auditor-General

*Auditor General*

Kimberley

29 November 2024



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**ZF MGCWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality ending 30 June 2024.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2023/24 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2024 indicates an increase in Non-Current Assets, a decrease in Current Assets, an increase in Non-Current Liabilities and a decrease in Current Liabilities.

The increase in Non-Current Assets is primarily as a result of the increase in the Non-current Investments. The decrease in Current Assets is primarily as a result of the decrease in Cash and Cash Equivalents.

The increase in Non-Current Liabilities is primarily as a result of the increase in Employee Benefit Liabilities. The decrease in Current Liabilities is primarily as a result of the decrease in Current Portion of Long-term Liabilities.

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**2. mSCOA IMPLEMENTATION PLAN**

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

**3. KEY FINANCIAL INDICATORS**

The following indicators are the key indicators and is a comparison to prior year figures. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the District Municipality.

**Financial Statement Ratios:**

INDICATOR	2024 R	2023 R
Surplus / (Deficit) before Appropriations	(3 103 230)	2 977 597
Surplus / (Deficit) at the end of the Year	(19 566 095)	(16 462 865)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	65.94%	66.92%
Remuneration of Councillors	5.54%	5.91%
Depreciation and Amortisation	1.63%	1.42%
Impairment Losses	0.81%	0.33%
Finance Costs	4.17%	4.76%
Contracted Services	6.71%	5.29%
Inventory Consumed	0.54%	0.45%
Transfers and Subsidies Paid	0.52%	1.02%
Operating Leases	0.00%	0.00%
Operational Costs	14.12%	13.77%
Loss on Disposal of Capital Assets	0.03%	0.13%

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**4. OPERATING RESULTS**

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E (1), E (2) and E (3).

**5. FINANCING OF CAPITAL EXPENDITURE**

The expenditure on Assets during the year amounted to R1,340,406 (2022/23: R1,549,584). Full details of Assets are disclosed in Notes 8, 9, 51 and Appendix "B" to the Annual Financial Statements.

The capital expenditure of R1,340,406 was financed as follows:

DETAILS	Actual 2023/24 R	Actual 2022/23 R	Percentage Variance %	Budgeted 2023/24 R	Variance actual/ budgeted %
Finance Leases	-	130 889	(100.00)	-	-
Grants and Subsidies	377 368	1 189 930	(68.29)	377 368	-
Own Funds (Accumulated Surplus)	963 038	228 766	320.97	1 605 863	(40.03)
	<b>1 340 406</b>	<b>1 549 584</b>	<b>(13.50)</b>	<b>1 983 231</b>	<b>(32.41)</b>

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2024 %	2023 %
Finance Leases	-	8.45%
Grants and Subsidies	28.15%	76.79%
Own Funds (Accumulated Surplus)	71.85%	14.76%
	<b>100.00%</b>	<b>100.00%</b>

**6. RECONCILIATION OF BUDGET TO ACTUAL**

**6.1 Operating Budget:**

DETAILS	2024 R	2023 R
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	657 000	1 388 487
Revenue variances	(3 784 650)	3 800 643
Expenditure variances:		
Employee Related Costs	298	864 917
Remuneration of Councillors	43	25 859
Depreciation and Amortisation	59	1 367
Impairment Losses	-	(298 774)
Finance Costs	85	(3 797 000)
Contracted Services	4 375	687 022
Inventory Consumed	372	82 257
Transfers and Subsidies Paid	187	146 688
Operating Leases	-	-
Operational Costs	4 544	75 260
Loss on Disposal of Capital Assets	14 457	871
Actual surplus before appropriations	<b>(3 103 230)</b>	<b>2 977 597</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

DETAILS	2024 R	2023 R
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	657 000	1 388 487
Executive and Council	(248 732)	114 325
Finance and Administration (incl Bad Debt)	249 238	(1 752 462)
Internal Audit	1 357	(138 537)
Public Safety	161	54 285
Health	26	107 676
Planning and Development	3 541	(6 378)
Other	189	54 957
Add: Gains and Losses	(3 766 010)	3 155 245
Actual surplus before appropriations	(3 103 230)	2 977 597

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E(1), E(2) and E(3).

**6.2 Capital Budget:**

DETAILS	Actual 2023/24 R	Actual 2022/23 R	Variance actuals R	Budgeted 2023/24 R	Variance actual/ budgeted R
Executive and Council	803 574	28 043	775 531	803 574	-
Finance and Administration	441 035	706 089	(265 054)	1 083 860	(642 825)
Public Safety	-	9 565	(9 565)	-	-
Health	8 999	33 621	(24 622)	8 999	-
Planning and Development	86 798	-	86 798	86 798	-
	1 340 406	1 549 584	(209 178)	1 983 231	(642 825)

Details of the results per segmental classification of capital expenditure are included in Note 51.

**7. ACCUMULATED SURPLUS**

The balance of the Accumulated Surplus as at 30 June 2024 amounted to R19,566,095 (30 June 2023: R16,462,865) and is made up as follows:

Accumulated Surplus	(19 566 095)	(16 462 865)
	<b>(19 566 095)</b>	<b>(16 462 865)</b>

Refer to Note 17 and the Statement of Change in Net Assets for more detail.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

	<b>2024</b>	<b>2023</b>
	R	R
<b>8. LONG-TERM LIABILITIES</b>		
The outstanding amount of Long-term Liabilities as at 30 June 2024 was R0 (30 June 2023: R276,895) and is made up as follows:		
Finance Lease Liability	-	276 895
	-	<b>276 895</b>

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Refer to Note 15 and Appendix "A" for more detail.

**9. EMPLOYEE BENEFIT LIABILITIES**

Employee Benefit Liabilities amounted R33,732,000 as at 30 June 2024 (30 June 2023: R30,960,000) and is made up as follows:

Post-retirement Health Care Benefits Liability	Note 16	25 684 000	23 453 000
Long Service Awards Liability	Note 16	8 048 000	7 507 000
		<b>33 732 000</b>	<b>30 960 000</b>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the District Municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 16 for more detail.

**10. CURRENT LIABILITIES**

Current Liabilities amounted R10,100,328 as at 30 June 2024 (30 June 2023: R10,626,065) and is made up as follows:

Provisions	Note 12	3 422 070	3 121 597
Payables from Exchange Transactions	Note 13	6 398 202	6 853 362
Unspent Conditional Grants and Receipts	Note 14	-	-
Current Portion of Long-term Liabilities	Note 15	280 056	651 106
		<b>10 100 328</b>	<b>10 626 065</b>

Current Liabilities are those liabilities of the District Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the District Municipality will not be able to meet its obligations.

Refer to Note 12, 13, 14, 15 for more detail.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**11. PROPERTY, PLANT AND EQUIPMENT**

The net value of Property, Plant and Equipment was R21,083,113 as at 30 June 2024 (30 June 2023: R21,602,242).

Refer to Note 8, 51 and Appendix B for more detail.

**12. INTANGIBLE ASSETS**

The net value of Intangible Assets were R70,383 as at 30 June 2024 (30 June 2023: R108,712).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the District Municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 and Appendix "B" for more detail.

**13. NON-CURRENT INVESTMENTS**

The District Municipality held Investments to the value of R1,719,010 as at 30 June 2024 (30 June 2023: R1,070,386).

These investments are invested to improve the District Municipality's unfunded budget and going concern.

Refer to Note 10 for more detail.

**14. LONG-TERM RECEIVABLES**

Long-term Receivables of R81,524 at 30 June 2024 (30 June 2023: R93,933) is made up as follows:

		2024 R	2023 R
Finance Lease Receivable	Note 11	8 289	10 616
Staff Related Long Term Receivables	Note 11	88 818	99 759
CPMD Debtors		83 600	90 600
SCM Debtors		2 383	8 035
Maternity Leave Debtors		-	1 123
Payroll Debtors		2 835	-
		<b>97 106</b>	<b>110 374</b>
Less: Short-term portion included in Current Assets	Note 7	(15 583)	(16 441)
		<b>81 524</b>	<b>93 933</b>

The increase in the amount for Long-term Receivables is due to new debtors raised during 2023/24 financial year.

Refer to Note 11 for more detail.

**15. CURRENT ASSETS**

Current Assets amounted R1,312,204 as at 30 June 2024 (30 June 2023: R2,524,821) and is made up as follows:

Receivables from Exchange Transactions	Note 2	271 488	224 591
Statutory Receivables from Exchange Transactions	Note 3	7 963	3 605
Receivables from Non-exchange Transactions	Note 4	-	126 207
VAT Receivable	Note 5	565 341	448 235
Cash and Cash Equivalents	Note 6	451 829	1 705 742
Current Portion of Long-term Receivables	Note 7	15 583	16 441
		<b>1 312 204</b>	<b>2 524 821</b>

Refer to Note 2, 3, 4, 5, 6 and 7 for more detail.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2024**

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**16. INTER-GOVERNMENTAL GRANTS**

The District Municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services. Refer to Notes 14 and 18, and Appendix "F" for more detail.

**17. EVENTS AFTER THE REPORTING DATE**

Full details of all known events, if any, after the reporting date are disclosed in Note 46.

**18. GOING CONCERN ASSESSMENT**

Refer to management's going concern assessment disclosed in Note 49.

**19. EXPRESSION OF APPRECIATION**

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Acting Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



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**MRS. E. ISAACS**  
**CHIEF FINANCIAL OFFICER**  
**30 August 2024**

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024**

	Note	Actual	
		2024 R	2023 Restated R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>1 312 204</b>	<b>2 524 821</b>
Receivables from Exchange Transactions	2	271 488	224 591
Statutory Receivables from Exchange Transactions	3	7 963	3 605
Receivables from Non-exchange Transactions	4	-	126 207
VAT Receivable	5	565 341	448 235
Cash and Cash Equivalents	6	451 829	1 705 742
Current Portion of Long-term Receivables	7	15 583	16 441
<b>Non-Current Assets</b>		<b>22 954 029</b>	<b>22 875 273</b>
Property, Plant and Equipment	8	21 083 112.58	21 602 242
Intangible Assets	9	70 383.10	108 712
Non-current Investments	10	1 719 010	1 070 386
Long-term Receivables	11	81 524	93 933
<b>Total Assets</b>		<b>24 266 233</b>	<b>25 400 094</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>10 100 328</b>	<b>10 626 065</b>
Provisions	12	3 422 070	3 121 597
Payables from Exchange Transactions	13	6 398 202	6 853 362
Unspent Conditional Grants and Receipts	14	-	-
Current Portion of Long-term Liabilities	15	280 056	651 106
<b>Non-Current Liabilities</b>		<b>33 732 000</b>	<b>31 236 895</b>
Long-term Liabilities	15	-	276 895
Employee Benefit Liabilities	16	33 732 000	30 960 000
<b>Total Liabilities</b>		<b>43 832 328</b>	<b>41 862 959</b>
<b>Total Assets and Liabilities</b>		<b>(19 566 095)</b>	<b>(16 462 865)</b>
<b>NET ASSETS</b>		<b>(19 566 095)</b>	<b>(16 462 865)</b>
Accumulated Surplus / (Deficit)	17	(19 566 095)	(16 462 865)
<b>Total Net Assets</b>		<b>(19 566 095)</b>	<b>(16 462 865)</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024**

		Actual	
	Note	2024	2023
		R	Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Transfers and Subsidies	18	88 401 654	86 401 864
Impairment Gains	25	200 532	3 453 148
<b>Revenue from Exchange Transactions</b>			
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 081	1 234 722
Operational Revenue	21	1 470 956	1 104 594
Gains on Disposal of Capital Assets	31	-	-
<b>Total Revenue</b>		<b><u>91 829 004</u></b>	<b><u>92 203 643</u></b>
<b>EXPENDITURE</b>			
Employee Related Costs	22	62 595 030	59 711 427
Remuneration of Councillors	23	5 261 639	5 270 695
Depreciation and Amortisation	24	1 544 322	1 263 327
Impairment Losses	25	765 298	298 774
Finance Costs	26	3 958 480	4 247 067
Contracted Services	27	6 366 498	4 724 056
Inventory Consumed	28	516 838	399 716
Transfers and Subsidies Paid	29	491 452	910 863
Operational Costs	30	13 402 134	12 283 339
Loss on Disposal of Capital Assets	31	30 543	116 783
<b>Total Expenditure</b>		<b><u>94 932 234</u></b>	<b><u>89 226 046</u></b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b><u>(3 103 230)</u></b>	<b><u>2 977 597</u></b>
<b>Refer to Budget Statement for explanation of budget variances (page 24 - 38)</b>			

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024**

Description	Share Premium	Total Reserves and Funds	Accumulated Surplus	Total Net Assets
	R	R	R	R
<b>2023</b>				
Balance at 30 June 2022	-	-	(19 428 561)	(19 428 561)
Correction of Error (Note 32)		-	(11 900)	(11 900)
<b>Restated Balance at 30 June 2022</b>	-	-	<b>(19 440 461)</b>	<b>(19 440 461)</b>
Published Surplus for the year			<b>2 977 597</b>	<b>2 977 597</b>
Surplus for the year (previously published)		-	3 064 416	3 064 416
Correction of Error (Note 32)	-	-	(86 819)	(86 819)
<b>Restated Balance at 30 June 2023</b>	-	-	<b>(16 462 865)</b>	<b>(16 462 865)</b>
<b>2024</b>				
Surplus / (Deficit) for the year		-	(3 103 230)	(3 103 230)
<b>Balance at 30 June 2024</b>	-	-	<b>(19 566 095)</b>	<b>(19 566 095)</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024**

		Actual	
	Note	2024	2023
		R	Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfers and Subsidies		88 401 654	86 401 864
Rental from Fixed Assets	19	9 780	9 314
Finance Income	20	1 746 081	1 234 722
Other Receipts		1 429 661	1 076 055
<b>Payments</b>			
Employee Related Costs		(64 033 795)	(61 179 052)
Remuneration of Councillors	23	(5 261 639)	(5 270 695)
Finance Costs Paid	26	(155 480)	(450 068)
Suppliers Paid		(7 338 497)	(6 561 320)
Other Payments		(13 750 113)	(13 215 981)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b><u>1 047 653</u></b>	<b><u>2 044 840</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	8	(1 287 176)	(1 369 534)
Purchase of Intangible Assets	9	(53 230)	(49 162)
Proceeds on Disposal of Property, Plant and Equipment		323 000	0
Decrease / (Increase) in Non-current Investments		(648 624)	(558 338)
Decrease / (Increase) in Long-term Receivables		12 409	14 652
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>(1 653 621)</u></b>	<b><u>(1 962 380)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		(647 945)	(503 124)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b><u>(647 945)</u></b>	<b><u>(503 124)</u></b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>(1 253 913)</u></b>	<b><u>(420 664)</u></b>
Cash and Cash Equivalents at Beginning of Period		1 705 742	2 126 406
Cash and Cash Equivalents at End of Period	6	451 829	1 705 742

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorized Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>FINANCIAL POSITION</b>												
<b>Current Assets</b>												
Inventories	(10 000)	(419 900)	(429 900)	429 900	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	847 928	530 000	1 377 928	(1 103 337)	274 591	-	274 591	271 488	-	(3 103)	98.87	32.02
Statutory Receivables from Exchange Transac	-	(20 000)	(20 000)	20 000	-	-	-	7 963	-	7 963	0.00	0.00
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	-	-	-	0.00	0.00
VAT Receivable	1 155 373	(1 891 540)	(736 167)	755 222	19 055	-	19 055	565 341	-	546 286	2 966.89	48.93
Cash and Cash Equivalents	825 942	2 412 297	3 238 239	(1 446 454)	1 791 785	-	1 791 785	451 829	-	(1 339 956)	25.22	54.70
Current Portion of Long-term Receivables	17 718	-	17 718	(1 277)	16 441	-	16 441	15 583	-	(858)	94.78	87.95
<b>Non-Current Assets</b>												
Property, Plant and Equipment	24 427 886	(309 000)	24 118 886	(1 129 058)	22 989 828	-	22 989 828	21 083 113	-	(1 906 715)	91.71	86.31
Intangible Assets	112 354	-	112 354	48 589	160 943	-	160 943	70 383	-	(90 560)	43.73	62.64
Non-current Investments	1 012 047	220 000	1 232 047	1 338 339	2 570 386	-	2 570 386	1 719 010	-	(851 376)	66.88	169.85
Long-term Receivables	108 586	-	108 586	(14 653)	93 933	-	93 933	81 524	-	(12 410)	86.79	75.08
<b>Total Assets</b>	<b>28 497 834</b>	<b>521 857</b>	<b>29 019 691</b>	<b>(1 102 729)</b>	<b>27 916 962</b>	<b>-</b>	<b>27 916 962</b>	<b>24 266 233</b>	<b>-</b>	<b>(3 650 729)</b>	<b>86.92</b>	<b>85.15</b>
<b>Current Liabilities</b>												
Provisions	2 637 376	250 000	2 887 376	239 220	3 126 596	-	3 126 596	3 422 070	-	295 474	109.45	129.75
Payables from Exchange Transactions	12 656 820	(3 402 344)	9 254 476	1 181 471	10 435 947	-	10 435 947	6 398 202	-	(4 037 745)	61.31	50.55
Payables from Non-exchange Transactions	(2 900 000)	3 800 000	900 000	(900 000)	-	-	-	-	-	-	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	-	-	-	0.00	0.00
VAT Payable	601 740	(562 180)	39 560	(39 560)	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	496 885	-	496 885	(349 744)	147 141	-	147 141	280 056	-	132 915	190.33	56.36
<b>Non-Current Liabilities</b>												
Long-term Liabilities	803 350	-	803 350	(797 926)	5 424	-	5 424	-	-	(5 424)	0.00	0.00
Employee Benefit Liabilities	32 541 000	11 651	32 552 651	(2 643 651)	29 909 000	-	29 909 000	33 732 000	-	3 823 000	112.78	103.66
<b>Total Liabilities</b>	<b>46 837 171</b>	<b>97 127</b>	<b>46 934 298</b>	<b>(3 310 190)</b>	<b>43 624 108</b>	<b>-</b>	<b>43 624 108</b>	<b>43 832 328</b>	<b>-</b>	<b>208 220</b>	<b>100.48</b>	<b>93.58</b>
<b>Total Assets and Liabilities</b>	<b>(18 339 337)</b>	<b>424 730</b>	<b>(17 914 607)</b>	<b>2 207 461</b>	<b>(15 707 146)</b>	<b>-</b>	<b>(15 707 146)</b>	<b>(19 566 095)</b>	<b>-</b>	<b>(3 858 949)</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Assets (Equity)</b>												
Accumulated Surplus / (Deficit)	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 566 095)	-	(3 858 949)	0.00	0.00
<b>Total Net Assets</b>	<b>(18 339 337)</b>	<b>424 730</b>	<b>(17 914 607)</b>	<b>2 207 461</b>	<b>(15 707 146)</b>	<b>-</b>	<b>(15 707 146)</b>	<b>(19 566 095)</b>	<b>-</b>	<b>(3 858 949)</b>	<b>0.00</b>	<b>0.00</b>

**ZF MGCWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

Did not budget for 'LGSETA debtor for funds not received by the Municipality before 20 June 2024..

Statutory Receivables Exchange Transactions

Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:

Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:

VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:

The budget amount was over budgeted for.

Intangible Assets:

Did not take derecognition of Intangible Assets into account with the budgeted figure.

Non-current Investments:

Over budgeted for the Investments.

Long-term Receivables:

Recovered more fund than anticipated for.

Payables from Exchange Transactions:

The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Current Portion of Long-term Liabilities:

Did not budget according to the amortisation tables.

Long-term Liabilities:

Did not budget according to the amortisation tables.

Employee Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to PEMA actuarial losses recognised.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>FINANCIAL PERFORMANCE</b>												
<b>Revenue from Non-exchange Transactions</b>												
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	98.77	97.18
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6.08	0.00
<b>Revenue from Exchange Transactions</b>												
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	9 780	-	8 780	977.99	97.80
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97.00	183.80
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 470 956	-	1 140 956	445.74	180.49
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	-	681 000	-	-	(681 000)	0.00	0.00
<b>Total Revenue</b>	<b>93 124 000</b>	<b>(835 000)</b>	<b>92 289 000</b>	<b>3 324 654</b>	<b>95 613 654</b>	<b>-</b>	<b>95 613 654</b>	<b>91 829 004</b>	<b>-</b>	<b>(3 784 650)</b>	<b>96.04</b>	<b>98.61</b>
<b>Expenditure</b>												
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	775 160	62 595 328	62 595 030	-	(298)	100.00	97.03
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	(29 500)	5 261 682	5 261 639	-	(43)	100.00	99.19
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	364 967	1 544 381	1 544 322	-	(59)	100.00	267.54
Impairment Losses	20 000	-	20 000	-	20 000	745 298	765 298	765 298	-	-	100.00	3 826.49
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100.00	989.62
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	99.93	103.74
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	99.93	66.52
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	99.96	105.69
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	88 089	13 406 678	13 402 134	-	(4 544)	99.97	115.17
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	-	45 000	30 543	-	(14 457)	67.87	67.87
<b>Total Expenditure</b>	<b>89 871 989</b>	<b>1 016 395</b>	<b>90 888 384</b>	<b>4 068 270</b>	<b>94 956 654</b>	<b>-</b>	<b>94 956 654</b>	<b>94 932 234</b>	<b>-</b>	<b>(24 420)</b>	<b>99.97</b>	<b>105.63</b>
<b>Surplus/(Deficit) for the Year</b>	<b>3 252 011</b>	<b>(1 851 395)</b>	<b>1 400 616</b>	<b>(743 616)</b>	<b>657 000</b>	<b>-</b>	<b>657 000</b>	<b>(3 103 230)</b>	<b>-</b>	<b>(3 760 230)</b>	<b>-</b>	<b>-</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Financial Performance: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

**Impairment Gains**

Budgeted according to prior year history but Impairment Gains did not realised during 2023/24 financial year.

**Rental from Fixed Assets:**

Budgeted figures were not updated with the latest amortisation tables.

**Operational Revenue:**

Under budget for funds received from LGSETA.

**Loss on Disposal of Capital Assets:**

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

**ZF MGCAWU DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>CAPITAL EXPENDITURE PER FUNCTION</b>												
Executive and Council	-	-	-	-	-	803 574	803 574	803 574	-	-	100.00	0.00
Finance and Administration	2 040 000	(109 000)	1 931 000	52 231	1 983 231	(899 371)	1 083 860	441 035	-	(642 825)	40.69	21.62
Public Safety	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Health	-	-	-	-	-	8 999	8 999	8 999	-	-	100.00	0.00
Planning and Development	700 000	-	700 000	(700 000)	-	86 798	86 798	86 798	-	-	100.00	12.40
Corporate Services	-	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Capital Expenditure</b>	<b>2 740 000</b>	<b>(109 000)</b>	<b>2 631 000</b>	<b>(647 769)</b>	<b>1 983 231</b>	<b>0</b>	<b>1 983 231</b>	<b>1 340 406</b>	<b>-</b>	<b>(642 825)</b>	<b>67.59</b>	<b>48.92</b>

**Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2024

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>CASH FLOW</b>												
<b>Cash Flows from/(used in) Operating Activities</b>												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654		(166 346)	99.81	100.38
Rental from Fixed Assets	-	-	-	-	-	-	-	9 780		9 780	0.00	0.00
Finance Income	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081		1 446 081	582.03	1 164.05
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 429 661		(2 394 872)	37.38	816.95
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 033 795)		24 903 678	72.00	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 261 639)		(5 261 639)	0.00	0.00
Finance Costs	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)		(155 480)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(7 338 497)		(7 338 497)	0.00	0.00
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)		(13 289 813)	2 987.21	0.00
<b>Cash Flows from/(used in) Investing Activities</b>												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)		993 540	56.44	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)		(53 230)	0.00	0.00
Decrease / (Increase) in Non-current Investme	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)		851 376	43.24	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-	-	-	-	-	12 409		12 409	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>												
Proceeds from Borrowings	-	-	-	-	-	-	-	-		-	0.00	0.00
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)		280 056	0.00	0.00
<b>Cash and Cash Equivalents at End of the Ye</b>	<b>(2 173 964)</b>	<b>2 565 797</b>	<b>391 833</b>	<b>(1 805 790)</b>	<b>(1 413 957)</b>	<b>-</b>	<b>(1 413 957)</b>	<b>(1 253 913)</b>	<b>-</b>	<b>160 044</b>	<b>0.00</b>	<b>0.00</b>

**ZF MGCWU DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

**Rental from Fixed Assets:**

Not budgeted separately for under cash flow statement, included under the Other Receipts.

**Finance Income:**

Invested funds for a longer period than anticipated for.

**Other Receipts**

Under budget for funds received from LGSETA.

**Employee Related Costs**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Remuneration of Councillors**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Finance Cost**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Suppliers Paid**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Other Payments**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Purchase of Property, Plant and Equipment:**

Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

**Purchase of Intangible Assets:**

NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

**Decrease / (Increase) in Non-current Investments:**

Over budgeted for the Investments.

**Decrease / (Increase) in Long-term Receivables:**

Did not be budget for on the new mSCOA budget format.

**Proceeds from Borrowings:**

Did not budget for leases because it was included under Contracted Services.

**Repayment of Borrowings:**

Did not budget for leases because it was included under Contracted Services.

**Cash and Cash Equivalents at End of the Year:**

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>FINANCIAL POSITION</b>												
<b>Current Assets</b>												
Receivables from Exchange Transactions	2 193 587	-	2 193 587	(1 801 000)	392 587	-	392 587	224 591	-	(167 996)	57.21	10.24
Statutory Receivables Exchange Transactions	-	-	-	-	-	-	-	3 605	-	3 605	0.00	0.00
VAT Receivable	-	-	-	-	-	-	-	448 235	-	448 235	0.00	0.00
Cash and Cash Equivalents	3 881 368	5 589 287	9 470 655	(2 289 728)	7 180 927	-	7 180 927	1 705 742	-	(5 475 185)	23.75	43.95
Current Portion of Long-term Receivables	15 563	-	15 563	-	15 563	-	15 563	16 441	-	878	105.64	105.64
<b>Non-Current Assets</b>												
Property, Plant and Equipment	22 350 740	228 000	22 578 740	(683 354)	21 895 386	-	21 895 386	21 602 242	-	(293 144)	98.66	96.65
Intangible Assets	397 161	35 000	432 161	-	432 161	-	432 161	108 712	-	(323 449)	25.16	27.37
Non-current Investments	250 000	-	250 000	250 000	500 000	-	500 000	1 070 386	-	570 386	214.08	428.15
Long-term Receivables	21 680	-	21 680	-	21 680	-	21 680	93 933	-	72 253	433.27	433.27
<b>Total Assets</b>	<b>29 109 599</b>	<b>5 882 287</b>	<b>34 991 886</b>	<b>(4 555 179)</b>	<b>30 436 707</b>	<b>-</b>	<b>30 436 707</b>	<b>25 400 094</b>	<b>-</b>	<b>(5 036 613)</b>	<b>83.45</b>	<b>87.26</b>
<b>Current Liabilities</b>												
Provisions	1 220 115	-	1 220 115	-	1 220 115	-	1 220 115	3 121 597	-	1 901 482	255.84	255.84
Payables from Exchange Transactions	15 243 400	(6 556 980)	8 686 420	6 208 096	14 894 516	-	14 894 516	6 853 362	-	(8 041 154)	46.01	44.96
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	293 310	-	293 310	-	293 310	-	293 310	651 106	-	357 796	221.99	221.99
<b>Non-Current Liabilities</b>												
Long-term Liabilities	128 263	-	128 263	-	128 263	-	128 263	276 895	-	148 632	215.88	215.88
Employee Benefit Liabilities	32 569 298	(750 000)	31 819 298	1 037 505	32 856 803	-	32 856 803	30 960 000	-	(1 896 803)	94.23	95.06
<b>Total Liabilities</b>	<b>49 454 386</b>	<b>(7 306 980)</b>	<b>42 147 406</b>	<b>7 245 601</b>	<b>49 393 007</b>	<b>-</b>	<b>49 393 007</b>	<b>41 862 959</b>	<b>-</b>	<b>(7 530 048)</b>	<b>84.75</b>	<b>84.65</b>
<b>Total Assets and Liabilities</b>	<b>(20 344 787)</b>	<b>13 189 267</b>	<b>(7 155 520)</b>	<b>(11 800 780)</b>	<b>(18 956 300)</b>	<b>-</b>	<b>(18 956 300)</b>	<b>(16 462 865)</b>	<b>-</b>	<b>2 493 435</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Assets (Equity)</b>												
Accumulated Surplus / (Deficit)	(20 344 787)	13 189 267	(7 155 520)	(11 800 780)	(18 956 300)	-	(18 956 300)	(16 462 865)	-	2 493 435	0.00	0.00
<b>Total Net Assets</b>	<b>(20 344 787)</b>	<b>13 189 267</b>	<b>(7 155 520)</b>	<b>(11 800 780)</b>	<b>(18 956 300)</b>	<b>-</b>	<b>(18 956 300)</b>	<b>(16 462 865)</b>	<b>-</b>	<b>2 493 435</b>	<b>0.00</b>	<b>0.00</b>

**ZF MGCWU DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

**Receivables from Exchange Transactions:**

VAT Receivables budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

**Statutory Receivables Exchange Transactions**

Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

**VAT Receivable:**

VAT Receivables budget is included in Receivables from Exchange Transactions.

**Cash and Cash Equivalents:**

The budget amount was under budgeted for due to cost containment measures during COVID-19.

**Current Portion of Long-term Receivables:**

Budgeted figures were not updated with the latest amortisation tables.

**Intangible Assets:**

ZFM included additions as budgeted for but did not realise due to procurement challenges.

**Long-term Receivables:**

Budgeted figures were not updated with the latest amortisation tables.

**Provisions:**

Only budgeted for Leave Accrual. Budgeted amount of short-term portion of PEMA and LSA included under Non-Current Employee Benefit Liabilities.

**Payables from Exchange Transactions:**

The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

**Unspent Conditional Grants and Receipts:**

ZFM did not budget for Unspent Conditional Grants and Receipts as it was anticipated that all grants will be spent.

**Current Portion of Long-term Liabilities:**

Budgeted figures were not updated with the latest amortisation tables.

**Long-term Liabilities:**

Budgeted figures were not updated with the latest amortisation tables.

**Accumulated Surplus / (Deficit):**

Combination of reasons stated above

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorized Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>FINANCIAL PERFORMANCE</b>												
<b>Revenue from Non-exchange Transactions</b>												
Transfers and Subsidies	85 508 000	420 000	85 928 000	1 150 000	87 078 000	-	87 078 000	86 401 864	-	(676 136)	99.22	101.05
Impairment Gains	-	-	-	-	-	-	-	3 453 148	-	3 453 148	0.00	0.00
<b>Revenue from Exchange Transactions</b>												
Rental from Fixed Assets	10 000	-	10 000	-	10 000	-	10 000	9 314	-	(686)	93.14	93.14
Finance Income	950 000	-	950 000	-	950 000	-	950 000	1 234 722	-	284 722	129.97	129.97
Operational Revenue	1 665 000	-	1 665 000	(1 300 000)	365 000	-	365 000	1 104 594	-	739 594	302.63	66.34
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-	0.00	0.00
<b>Total Revenue</b>	<b>88 133 000</b>	<b>420 000</b>	<b>88 553 000</b>	<b>(150 000)</b>	<b>88 403 000</b>	<b>-</b>	<b>88 403 000</b>	<b>92 203 643</b>	<b>-</b>	<b>3 800 643</b>	<b>104.30</b>	<b>104.62</b>
<b>Expenditure</b>												
Employee Related Costs	62 070 555	(2 943 874)	59 126 681	(93 200)	59 033 481	1 542 862	60 576 343	59 711 427	-	(864 917)	98.57	96.20
Remuneration of Councillors	4 827 921	(56 000)	4 771 921	193 000	4 964 921	331 633	5 296 554	5 270 695	-	(25 859)	99.51	109.17
Depreciation and Amortisation	577 240	-	577 240	669 454	1 246 694	18 000	1 264 694	1 263 327	-	(1 367)	99.89	218.86
Impairment Losses	20 000	-	20 000	-	20 000	(20 000)	-	298 774	298 774	298 774	0.00	1 493.87
Finance Costs	140 000	364 000	504 000	3 700	507 700	(57 633)	450 067	4 247 067	3 797 000	3 797 000	943.65	3 033.62
Contracted Services	6 701 537	(1 162 390)	5 539 147	585 447	6 124 594	(713 516)	5 411 078	4 724 056	-	(687 022)	87.30	70.49
Inventory Consumed	476 000	(31 250)	444 750	50 249	494 999	(13 026)	481 973	399 716	-	(82 257)	82.93	83.97
Transfers and Subsidies Paid	315 000	580 000	895 000	162 543	1 057 543	8	1 057 551	910 863	-	(146 688)	86.13	289.16
Operational Costs	11 172 105	3 495 207	14 667 312	(1 102 731)	13 564 581	(1 205 982)	12 358 599	12 283 339	-	(75 260)	99.39	109.95
Loss on Disposal of Capital Assets	-	-	-	-	-	117 654	117 654	116 783	-	(871)	99.26	0.00
<b>Total Expenditure</b>	<b>86 300 358</b>	<b>245 693</b>	<b>86 546 051</b>	<b>468 462</b>	<b>87 014 513</b>	<b>-</b>	<b>87 014 513</b>	<b>89 226 046</b>	<b>4 095 774</b>	<b>2 211 533</b>	<b>102.54</b>	<b>103.39</b>
<b>Surplus/(Deficit) for the Year</b>	<b>1 832 642</b>	<b>174 307</b>	<b>2 006 949</b>	<b>(618 462)</b>	<b>1 388 487</b>	<b>-</b>	<b>1 388 487</b>	<b>2 977 597</b>	<b>(4 095 774)</b>	<b>1 589 110</b>	<b>214.45</b>	<b>162.48</b>

**ZF MGCWU DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Financial Performance: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

**Impairment Gains**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

**Rental from Fixed Assets:**

Budgeted figures were not updated with the latest amortisation tables.

**Finance Income:**

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

**Operational Revenue:**

Over budget for funds received from LGSETA.

**Gains on Disposal of Capital Assets:**

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

**Impairment Losses:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

**Finance Costs:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Cost were retrospectively decreased by R642 626, Finance Cost were increased by R3 797 000, Impairment Gains was increased by R3 453 148 and Impairment Losses was increased by R298 774 on 30 June 2023. No unauthorised expenditure will be disclosed as it is only a prior year reclassification. The Municipality cannot approve virements between operational expenditure and revenue according to the virement policy.

**Contracted Services:**

Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

**Loss on Disposal of Capital Assets:**

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorized Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>CAPITAL EXPENDITURE PER FUNCTION</b>												
Executive and Council	150 000	(147 000)	3 000	130 900	133 900	-	133 900	28 043	-	(105 857)	20.94	18.70
Finance and Administration	900 000	(900 000)	-	-	-	710 000	710 000	706 089	-	(3 911)	99.45	78.45
Internal Audit	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Public Safety	-	-	-	-	-	10 000	10 000	9 565	-	(435)	95.65	0.00
Environmental Protection	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Planning and Development	400 000	300 000	700 000	4 000	704 000	70 000	774 000	772 266	-	(1 734)	99.78	193.07
Corporate Services	-	975 000	975 000	(113 800)	861 200	(825 000)	36 200	-	-	(36 200)	0.00	0.00
<b>Total Capital Expenditure</b>	<b>1 450 000</b>	<b>228 000</b>	<b>1 678 000</b>	<b>21 100</b>	<b>1 699 100</b>	<b>-</b>	<b>1 699 100</b>	<b>1 549 584</b>	<b>-</b>	<b>(149 516)</b>	<b>91.20</b>	<b>106.87</b>

**Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

30 June 2023

Description	Original Budget	Budget Adjustments	Special Adjustment Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	%	%
<b>CASH FLOW</b>												
<b>Cash Flows from/(used in) Operating Activities</b>												
Transfers and Subsidies	85 008 000	(230 000)	84 778 000	-	84 778 000	-	84 778 000	86 401 864	-	1 623 864	101.92	101.64
Rental from Fixed Assets	-	-	-	-	-	-	-	9 314	-	9 314	0.00	0.00
Finance Costs	150 000	-	150 000	-	150 000	-	150 000	1 234 722	-	1 084 722	823.15	823.15
Other Receipts	175 000	-	175 000	-	175 000	-	175 000	1 076 055	-	901 055	614.89	614.89
Employee Related Costs	(83 757 245)	6 106 287	(77 650 958)	(2 208 628)	(79 859 586)	-	(79 859 586)	(61 179 052)	-	18 680 534	76.61	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 270 695)	-	(5 270 695)	0.00	0.00
Finance Costs Paid	(140 000)	140 000	-	-	-	-	-	(450 068)	-	(450 068)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(6 561 320)	-	(6 561 320)	0.00	0.00
Other Payments	(100 000)	-	(100 000)	100 000	-	-	-	(13 215 981)	-	(13 215 981)	0.00	0.00
<b>Cash Flows from/(used in) Investing Activities</b>												
Purchase of Property, Plant and Equipment	(1 450 000)	(263 000)	(1 713 000)	48 900	(1 664 100)	-	(1 664 100)	(1 369 534)	-	294 566	82.30	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(49 162)	-	(49 162)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	0	-	0	0.00	0.00
Decrease / (Increase) in Non-current Investments	(250 000)	-	(250 000)	(250 000)	(500 000)	-	(500 000)	(558 338)	-	(58 338)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	14 652	-	14 652	0.00	0.00
<b>Cash Flows from/(used in) Financing Activities</b>												
Repayment of Borrowings	-	-	-	-	-	-	-	(503 124)	-	(503 124)	0.00	0.00
<b>Cash and Cash Equivalents at End of the Year</b>	<b>(364 245)</b>	<b>5 753 287</b>	<b>5 389 042</b>	<b>(2 309 728)</b>	<b>3 079 314</b>	<b>-</b>	<b>3 079 314</b>	<b>(420 664)</b>	<b>-</b>	<b>(3 499 978)</b>	<b>0.00</b>	<b>0.00</b>

**ZF MGCWU DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

**Rental from Fixed Assets:**

Not budgeted separately for under cash flow statement, included under the Other Receipts.

**Finance Costs**

Over budgeted for. Funds were utilised to settle prior year Current Liabilities and could not be invested.

**Employee Related Costs**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Remuneration of Councillors**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Finance Cost**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Suppliers Paid**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Other Payments**

A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

**Purchase of Property, Plant and Equipment:**

Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

**Purchase of Intangible Assets:**

NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

**Proceeds on Disposal of Property, Plant and Equipment:**

Did not be budget for on the new mSCOA budget format.

**Decrease / (Increase) in Long-term Receivables:**

Did not be budget for on the new mSCOA budget format.

**Proceeds from Borrowings:**

Did not budget for leases because it was included under Contracted Services.

**Repayment of Borrowings:**

Did not budget for leases because it was included under Contracted Services.

**Cash and Cash Equivalents at End of the Year:**

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

**ZF MGCWU DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024**

**RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:**

Description	2023/24	2022/23
	R	R
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>(3 103 230)</b>	<b>2 977 597</b>
<b>Revenue from Non-exchange Transactions</b>		
Transfers and Subsidies	1 100 000	676 136
Impairment Gains	3 099 468	(3 453 148)
<b>Revenue from Exchange Transactions</b>		
Rental from Fixed Assets	(8 780)	686
Finance Income	53 919	(284 722)
Operational Revenue	(1 140 956)	(739 594)
Gains on Disposal of Capital Assets	681 000	-
<b>Expenditure</b>		
Employee Related Costs	(298)	(864 917)
Remuneration of Councillors	(43)	(25 859)
Depreciation and Amortisation	(59)	(1 367)
Impairment Losses	-	298 774
Finance Costs	(85)	3 797 000
Contracted Services	(4 375)	(687 022)
Inventory Consumed	(372)	(82 257)
Grants and Subsidies Paid	(187)	(146 688)
Operational Costs	(4 544)	(75 260)
Loss on Disposal of Capital Assets	(14 457)	(871)
<b>Net surplus/deficit per approved budget</b>	<b>657 000</b>	<b>1 388 487</b>

The following budgets were approved by Council during 2023/24 financial year:

- 28 February 2024: Annual Adjustment Budget
- 30 June 2024: Special Adjustment Budget for the downwards adjustment of Auit Fees Revenue received from National Treasury.

**ZF MGCAWU DISTRICT MUNICIPALITY  
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE**

30 June 2024

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
<b>REVENUE</b>								
<b>Revenue from Non-exchange Transactions</b>								
Transfers and Subsidies	250 000	83 323 654	-	-	-	4 328 000	500 000	88 401 654
Impairment Gains		200 532						200 532
<b>Revenue from Exchange Transactions</b>								
Rental from Fixed Assets	-	9 780	-	-	-	-	-	9 780
Finance Income	-	1 746 081	-	-	-	-	-	1 746 081
Operational Revenue	-	1 470 956	-	-	-	-	-	1 470 956
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>250 000</b>	<b>86 751 004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 328 000</b>	<b>500 000</b>	<b>91 829 004</b>
<b>EXPENDITURE</b>								
Employee Related Costs	10 928 599	29 158 142	3 324 184	3 098 121	6 769 175	8 365 350	951 459	62 595 030
Remuneration of Councillors	5 261 639	-	-	-	-	-	-	5 261 639
Depreciation and Amortisation	-	1 544 322	-	-	-	-	-	1 544 322
Impairment Losses	-	765 298	-	-	-	-	-	765 298
Finance Costs	-	3 958 480	-	-	-	-	-	3 958 480
Contracted Services	320 302	2 210 832	249 467	6 500	-	3 279 397	300 000	6 366 498
Inventory Consumed	62 487	199 893	1 610	-	525	252 324	-	516 838
Transfers and Subsidies Paid	409 668	52 784	-	29 000	-	-	-	491 452
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	2 492 779	9 095 615	310 087	91 986	429 274	742 344	240 050	13 402 134
Loss on Disposal of Capital Assets	-	30 543	-	-	-	-	-	30 543
<b>Total Expenditure</b>	<b>19 475 473</b>	<b>47 015 908</b>	<b>3 885 348</b>	<b>3 225 607</b>	<b>7 198 973</b>	<b>12 639 415</b>	<b>1 491 509</b>	<b>94 932 234</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(19 225 473)</b>	<b>39 735 095</b>	<b>(3 885 348)</b>	<b>(3 225 607)</b>	<b>(7 198 973)</b>	<b>(8 311 415)</b>	<b>(991 509)</b>	<b>(3 103 230)</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)**

30 June 2023

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
<b>REVENUE</b>								
<b>Revenue from Non-exchange Transactions</b>								
Transfers and Subsidies	500 000	81 511 864	-	-	-	4 390 000	-	86 401 864
Impairment Gains	-	3 453 148	-	-	-	-	-	3 453 148
<b>Revenue from Exchange Transactions</b>								
Rental from Fixed Assets	-	9 314	-	-	-	-	-	9 314
Finance Income	-	1 234 722	-	-	-	-	-	1 234 722
Operational Revenue	-	1 104 594	-	-	-	-	-	1 104 594
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>500 000</b>	<b>87 313 643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 390 000</b>	<b>-</b>	<b>92 203 643</b>
<b>EXPENDITURE</b>								
Employee Related Costs	9 100 736	27 756 580	3 170 002	2 988 037	6 521 575	9 163 203	1 011 294	59 711 427
Remuneration of Councillors	5 270 695	-	-	-	-	-	-	5 270 695
Depreciation and Amortisation	-	1 263 327	-	-	-	-	-	1 263 327
Impairment Losses	-	298 774	-	-	-	-	-	298 774
Finance Costs	-	4 247 067	-	-	-	-	-	4 247 067
Contracted Services	410 727	2 014 451	303 621	-	21 739	1 973 518	-	4 724 056
Inventory Consumed	52 348	276 620	-	9 063	741	60 770	174	399 716
Transfers and Subsidies Paid	910 863	-	-	-	-	-	-	910 863
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	3 215 234	7 404 423	187 343	53 742	371 170	836 479	214 949	12 283 339
Loss on Disposal of Capital Assets	-	116 783	-	-	-	-	-	116 783
<b>Total Expenditure</b>	<b>18 960 601</b>	<b>43 378 024</b>	<b>3 660 966</b>	<b>3 050 842</b>	<b>6 915 224</b>	<b>12 033 971</b>	<b>1 226 417</b>	<b>89 226 046</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(18 460 601)</b>	<b>43 935 619</b>	<b>(3 660 966)</b>	<b>(3 050 842)</b>	<b>(6 915 224)</b>	<b>(7 643 971)</b>	<b>(1 226 417)</b>	<b>2 977 597</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**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 convention, except where indicated otherwise.

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

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

**1.1 Presentation Currency**

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

**1.2 Changes in Accounting Policy and Comparability**

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2023 and 30 June 2024 the District Municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the District Municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

**1.3 Critical Judgements, Estimations and Assumptions**

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

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

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

**1.3.1 Revenue Recognition**

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the Management of the District Municipality.

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

### **1.3.2 Impairment of Financial Assets**

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the Management of the District Municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The Management of the District Municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**

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

### **1.3.3 Useful lives of Property, Plant and Equipment and Intangible Assets**

As described in Accounting Policies 3.3, and 4.2, the District Municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

### **1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories**

Accounting Policy N/A on Impairment of Assets, Accounting Policy 4.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the Management of the District Municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

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

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 8 and 9 to the Annual Financial Statements, if applicable.

### **1.3.5 Defined Benefit Plan Liabilities**

As described in Accounting Policy 9.2 , Employee Benefits – Post-employment Benefits, the District Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the District Municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

### **1.3.6 Provisions and Contingent Liabilities**

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

### **1.3.7 Budget Information**

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021.

## **1.4 Going Concern Assumption**

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective**

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

<b>Standard</b>	<b>Description</b>	<b>Effective date</b>	<b>Planned Date for Application by Municipality</b>
GRAP 1	Presentation of Financial Statements (Revised)	01/04/2023	30/06/2024
GRAP 25	Employee Benefits (Revised)	01/04/2023	30/06/2024
GRAP 104	Financial Instruments (Revised)	01/04/2025	30/06/2025
IGRAP 7	The limit on a defined benefit asset, minimum funding requirements and their interaction	01/04/2023	30/06/2024
IGRAP 21	The Effect of Past Decisions on Materiality	01/04/2023	30/06/2024

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the District Municipality.

**2. ACCUMULATED SURPLUS**

The accumulated surplus of the District Municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies.

**3. PROPERTY, PLANT AND EQUIPMENT**

**3.1 Initial Recognition**

Property, Plant and Equipment are initially recognised at cost.

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

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

**3.2 Subsequent Measurement**

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

**3.3 Depreciation**

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

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

	Asset Class	Years		Asset Class	Years
	<b>Buildings</b>			<b>Other</b>	
	Improvements	25 - 100		Bins and Containers	5
	<b>Community</b>			Furniture and Fittings	5 - 10
	Recreational Facilities	15 - 60		Office Equipment	3 - 7
	Security	5		Other items of Plant and Equipment	2 - 5
				Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

### **3.4 Land**

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

### **3.5 Incomplete Construction Work**

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

### **3.6 Finance Leases**

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

### **3.7 Derecognition**

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

## **4. INTANGIBLE ASSETS**

### **4.1 Initial Recognition**

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

Intangible Assets are initially recognised at cost.

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

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

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

### **4.2 Subsequent Measurement, Amortisation and Impairment**

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

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

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

	<b>Asset Class</b>	<b>Years</b>
	Computer Software Purchased	3 - 5

#### **4.3 Derecognition**

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

### **5. IMPAIRMENT OF ASSETS**

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

#### **5.1 Impairment of Cash Generating Assets**

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

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

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

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

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

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

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

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

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

#### **5.2 Impairment of Non-cash Generating Assets**

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

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

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

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

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

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

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

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

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

**6. FINANCIAL INSTRUMENTS**

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

**Initial Recognition**

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

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

**Fair Value Methods and Assumptions**

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.  
If the market for a Financial Asset is not active (and for unlisted securities), the Municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same,
- discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**6.1 Financial Assets – Classification**

The District Municipality has the following types of Financial Assets:

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

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

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**6.2 Financial Liabilities – Classification**

The District Municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

*Bank Overdrafts* are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**6.3 Initial and Subsequent Measurement**

**6.3.1 Financial Assets:**

**Financial Assets measured at Amortised Cost**

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

**Financial Assets measured at Fair Value**

*Financial Assets at Fair Value* are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

**6.3.2 Financial Liabilities:**

**Financial Liabilities measured at Fair Value**

*Financial Liabilities at Fair Value* are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

**Financial Liabilities held at Amortised Cost**

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

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

**6.4 Impairment of Financial Assets**

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

**6.4.1 Financial Assets at Amortised Cost**

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

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Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is Management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

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

#### **6.5 Derecognition of Financial Assets**

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

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

#### **6.6 Derecognition of Financial Liabilities**

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

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

## **7. REVENUE RECOGNITION**

### **7.1 General**

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

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

### **7.2 Revenue from Exchange Transactions**

#### **7.2.1 Rentals Received**

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

#### **7.2.2 Interest Earned**

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

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

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**7.2.3 Sale of Goods (including Houses)**

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

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

**7.3 Revenue from Non-exchange Transactions**

**7.3.1 Public Contributions**

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

**7.3.2 Other Donations and Contributions**

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

**7.3.2 Government Grants and Receipts**

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

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

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

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

**7.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

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

**8. PROVISIONS**

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

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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

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

## **9. EMPLOYEE BENEFIT LIABILITIES**

### **9.1 Short-term Employee Benefits**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

The District Municipality recognises the expected cost of performance bonuses only when the District Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

The entity recognise the expected cost of bonus payments (13th cheques) when the District Municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

#### **9.1.1 Provision for Staff Leave**

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

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

Accumulated leave is vesting but cannot exceed 48 days.

#### **9.1.2 Staff Bonuses Accrued**

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

#### **9.1.3 Provision for Performance Bonuses**

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

### **9.2 Post-employment Benefits**

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

#### **9.2.1 Defined Contribution Plans**

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

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**9.2.2 Defined Benefit Plans**

**Post-retirement Health Care Benefits**

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

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

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

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

**Long-service Allowance**

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

**Defined Benefit Pension Plans**

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

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

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

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

**10. LEASES**

**10.1 The Municipality as Lessee**

**10.1.1 Operating Leases**

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

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**10.2 The Municipality as Lessor**

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

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

**11. VALUE ADDED TAX**

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

**12. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**13. IRREGULAR EXPENDITURE**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**14. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

**15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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

**16. COMMITMENTS**

Commitments are future expenditure to which the District Municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and operational commitments.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**17. RELATED PARTIES**

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

**18. EVENTS AFTER THE REPORTING DATE**

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

**19. SEGMENT REPORTING**

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal Management reporting is based on each service objective. The following components have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting):

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Tourism*

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

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

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

The Segmental Reporting is disclosed in Note 48 to the Annual Financial Statements.

**20. BUDGET INFORMATION**

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

The approved budget covers the period from 1 July 2023 to 30 June 2024.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are effected by Management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 33 to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Refer to Note 32 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

**22. TREATMENT OF SUPPORT FUNDS RECEIVED**

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, shared service fee, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

**23. STATUTORY RECEIVABLES**

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

The municipality has the following Statutory Receivables from Exchange Transactions:

- VAT Receivable

**23.1 Recognition and Initial Measurement**

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

The municipality recognises Statutory Receivables when they arise.

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

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

- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.

**23.2 Subsequent Measurement**

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

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2024**

**23.3 Impairment**

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

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

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

- VAT Receivable

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

The municipality applies a discount rate to its statutory receivables as follows for each category of receivable:

- VAT Receivable
- LG Seta Subsidies

**23.4 Derecognition**

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

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**1. GENERAL INFORMATION**

ZF Mgcawu District Municipality (The District Municipality, formerly known as Siyanda District Municipality) is a local government institution in Upington, Northern Cape, and has 5 Local Municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2024. The principal activities of the District Municipality are disclosed in the Annual Report.

**2. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2024</b>			
Service Debtors:	271 488	-	271 488
Merchandising, Jobbing and Contracts	271 488	-	271 488
<b>Total Receivables from Exchange Transactions</b>	<b>271 488</b>	<b>-</b>	<b>271 488</b>
	<b>Gross Balances R</b>	<b>Provision for Impairment R</b>	<b>Net Balances R</b>
<b>As at 30 June 2023</b>			
Service Debtors:	224 591	-	224 591
Merchandising, Jobbing and Contracts	224 591	-	224 591
<b>Total Receivables from Exchange Transactions</b>	<b>224 591</b>	<b>-</b>	<b>224 591</b>

The District Municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the District Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and Receivables as well as the current payment ratios of the District Municipality's Receivables.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

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

	<b>2024 R</b>	<b>2023 R</b>
<b>2.1 Ageing of Receivables from Exchange Transactions</b>		
<b>Other Debtors: Ageing</b>		
<u>Current:</u>		
0 - 30 days	84 480	150 542
<u>Past Due:</u>		
31 - 60 Days	-	15 546
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	187 008	58 503
<b>Total</b>	<b>271 488</b>	<b>224 591</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**2.2 Summary of Receivables from Exchange Transactions by Customer Classification**

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
<b>As at 30 June 2024</b>				
<u>Current:</u>				
0 - 30 days	-	-	84 480	84 480
<u>Past Due:</u>				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	88 954	98 054	187 008
Sub-total	-	88 954	182 534	271 488
Less: Provision for Impairment	-	-	-	-
<b>Total Trade Receivables by Customer Classification</b>	<b>-</b>	<b>88 954</b>	<b>182 534</b>	<b>271 488</b>

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
<b>As at 30 June 2023</b>				
<u>Current:</u>				
0 - 30 days	-	30 450	120 092	150 542
<u>Past Due:</u>				
31 - 60 Days	-	-	15 546	15 546
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	58 503	-	58 503
Sub-total	-	88 954	135 638	224 591
Less: Provision for Impairment	-	-	-	-
<b>Total Trade Receivables by Customer Classification</b>	<b>-</b>	<b>88 954</b>	<b>135 638</b>	<b>224 591</b>

	2024 R	2023 R
<b>2.3 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	-	-
<i>All Consumer Debtors</i>	-	-
Impairment Losses recognised	-	-
<i>All Consumer Debtors</i>	-	-
Impairment Losses reversed	-	-
<i>All Consumer Debtors</i>	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

**2.4 Ageing of impaired Receivables from Exchange Transactions**

No impairment loss was recognised on 30 June 2024.

**2.5 Derecognition of Financial Assets**

No Financial Assets have been transferred to other parties during the year.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>3. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
VAT Accruals Receivable / (Payable) - Accruals	<u>7 963</u>	<u>3 605</u>
VAT Accruals (Payable) - Accruals		
<b>As at 30 June:</b>		
Gross Balances	7 963	3 605
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	<u><b>7 963</b></u>	<u><b>3 605</b></u>

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

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

**3.1 Ageing of Statutory Receivables from Exchange Transactions - VAT**

Current:

0 - 30 days	7 963	3 605
-------------	-------	-------

Past Due:

31 - 60 Days	-	-
--------------	---	---

61 - 90 Days	-	-
--------------	---	---

91 - 120 Days	-	-
---------------	---	---

+ 120 Days	-	-
------------	---	---

<b>Total</b>	<u><b>7 963</b></u>	<u><b>3 605</b></u>
--------------	---------------------	---------------------

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>As at 30 June 2024</b>			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	-	-	-
<b>Total Receivables from Non-exchange Transactions</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>As at 30 June 2023</b>			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	126 207	-	126 207
<b>Total Receivables from Non-exchange Transactions</b>	<u><b>126 207</b></u>	<u>-</u>	<u><b>126 207</b></u>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

During the preparation of the 2023/24 Annual Financial Statements it was noted that a payment of R20 000 was incorrectly made to an employee in 2022/23 financial year with an irregular appointment letter. The Municipality investigated the appointment process and the money was paid back to the Municipality.

During the 2023/24 financial year it was noted that a former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture. The total contract value of ZFM was R106 207 and was paid back by the contract worker.

Refer to Note 35 on 'Fruitless and Wasteful Expenditure' for more details.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

**4.1 Ageing of Receivables from Non-exchange Transactions**

**As at 30 June 2024**

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Unauthorised, Irregular, Fruitless and Wasteful Expenditure:</b>					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	-	-	-	-	-

**As at 30 June 2023**

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Unauthorised, Irregular, Fruitless and Wasteful Expenditure:</b>					
Gross Balances	126 207	-	-	-	126 207
Less: Provision for Impairment	-	-	-	-	-
<b>Net Balances</b>	<b>126 207</b>	-	-	-	<b>126 207</b>

	2024 R	2023 R
<b>5. VAT RECEIVABLE</b>		
VAT	<u>565 341</u>	<u>448 235</u>
<b>As at 30 June:</b>		
Gross Balances	565 341	448 235
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	<u>565 341</u>	<u>448 235</u>

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has strong controls in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Current Investments	6	54 770
Bank Accounts	451 554	1 650 965
Cash and Cash Equivalents	268	7
<b>Total Bank, Cash and Cash Equivalents</b>	<b><u>451 829</u></b>	<b><u>1 705 742</u></b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

**6.1 Current Investment Deposits**

Call Deposits	6	54 770
<b>Total Current Investment Deposits</b>	<b><u>6</u></b>	<b><u>54 770</u></b>

**Call Deposits** are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.9% per annum.

Deposits attributable to Deposit taking Institutions	6	54 770
KOF: ABSA Account 1045170264	<u>6</u>	<u>54 770</u>
<b>Total Deposits attributable to Commitments of the District Municipality</b>	<b><u>6</u></b>	<b><u>54 770</u></b>

**ABSA Account 9358880080**

Cash book balance at beginning of year	54 770	24 278
Cash book balance at end of year	<u>6</u>	<u>54 770</u>

Bank statement balance at beginning of year	54 770	24 278
Bank statement balance at end of year	<u>6</u>	<u>54 770</u>

**6.2 Bank Accounts**

Cash in Bank	451 554	1 650 965
<b>Total Bank Accounts</b>	<b><u>451 554</u></b>	<b><u>1 650 965</u></b>

The District Municipality has the following bank accounts:

**Primary Bank Account**

*ABSA Bank Account 2240000035*

Cash book balance at beginning of year	1 650 965	2 100 512
Cash book balance at end of year	<u>451 554</u>	<u>1 650 965</u>

Bank statement balance at beginning of year	1 650 965	2 100 512
Bank statement balance at end of year	<u>451 554</u>	<u>1 650 965</u>

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>6.3 Cash and Cash Equivalents</b>		
Cash Floats and Advances	268	7
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<u><b>268</b></u>	<u><b>7</b></u>

**Petty Cash Bank Account**

*ABSA Bank Account 9266723639*

Cash book balance at beginning of year	7	1 616
Cash book balance at end of year	<u>268</u>	<u>7</u>
Bank statement & Cash Float balance at beginning of year	7	1 616
Bank statement & Cash Float balance at end of year	<u>7</u>	<u>7</u>

The District Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the District Municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the District Municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and financial institutions.

**7. CURRENT PORTION OF LONG-TERM RECEIVABLES**

Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	11 983	12 841
CPMD Debtors	7 200	7 200
SCM Debtors	2 383	4 518
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 400	-
<b>Total Current Portion of Long-term Receivables</b>	<u><b>15 583</b></u>	<u><b>16 441</b></u>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**8 PROPERTY, PLANT AND EQUIPMENT**

**30 June 2024**

**Reconciliation of Carrying Value**

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
<b>Carrying values at 01 July 2023</b>	<b>17 976 000</b>	<b>452 174</b>	<b>18 428 174</b>	<b>690 233</b>	<b>251 296</b>	<b>1 072 225</b>	<b>1 160 314</b>	<b>21 602 242</b>
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)
Acquisitions	-	-	-	273 425	296 988	44 212	672 550	1 287 175.90
Cost	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Leased	-	-	-	-	-	-	-	-
Depreciation:	-	(82 214)	(82 214)	(252 252)	(72 779)	(742 809)	(326 263)	(1 476 316)
Cost	-	(82 214)	(82 214)	(252 252)	(72 779)	(57 430)	(326 263)	(790 937)
Leased	-	-	-	-	-	(685 379)	-	(685 379)
Carrying value of Disposals:	-	-	-	(16 021)	(5 829)	(8 332)	(299 807)	(329 989)
- Cost	-	-	-	(190 209)	(61 429)	(79 350)	(713 492)	(1 044 480)
- Accumulated Depreciation	-	-	-	174 188	55 600	71 018	413 685	714 491
<b>Carrying values at 30 June 2024</b>	<b>17 976 000</b>	<b>369 961</b>	<b>18 345 961</b>	<b>695 385</b>	<b>469 677</b>	<b>365 296</b>	<b>1 206 794</b>	<b>21 083 113</b>
Cost	17 976 000	2 056 000	20 032 000	2 464 650	2 064 303	2 209 530	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 769 265)	(1 594 626)	(1 844 234)	(365 669)	(7 259 833)

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**8 PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2023

**Reconciliation of Carrying Value**

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
<b>Carrying values at 01 July 2022</b>	<b>17 976 000</b>	<b>534 388</b>	<b>18 510 388</b>	<b>664 759</b>	<b>253 604</b>	<b>1 324 047</b>	<b>676 328</b>	<b>21 429 126</b>
Cost	17 976 000	2 056 000	20 032 000	2 396 590	2 022 640	1 809 800	1 109 072	27 370 103
Accumulated Depreciation:	-	(1 521 612)	(1 521 612)	(1 731 831)	(1 769 036)	(485 753)	(432 744)	(5 940 977)
Acquisitions	-	-	-	318 134	47 257	435 099	699 933	1 500 423
Cost	-	-	-	318 134	47 257	304 210	699 933	1 369 534
Leased	-	-	-	-	-	130 889	-	130 889
Depreciation:	-	(82 213)	(82 213)	(251 626)	(28 437)	(686 895)	(161 352)	(1 210 523)
Cost	-	(82 213)	(82 213)	(251 626)	(28 437)	(31 593)	(161 352)	(555 222)
Leased	-	-	-	-	-	(655 302)	-	(655 302)
Carrying value of Disposals:	-	-	-	(41 035)	(21 128)	(26)	(54 595)	(116 783)
- Cost	-	-	-	(333 291)	(241 154)	(231)	(195 600)	(770 276)
- Accumulated Depreciation	-	-	-	292 256	220 026	205	141 005	653 492
<b>Carrying values at 30 June 2023</b>	<b>17 976 000</b>	<b>452 174</b>	<b>18 428 174</b>	<b>690 233</b>	<b>251 296</b>	<b>1 072 225</b>	<b>1 160 314</b>	<b>21 602 242</b>
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)

Refer to Note 51, Appendix B and E (4) for more detail on Property, Plant and Equipment, including those in the course of construction.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>8 PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>8.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use</b>		
At Carrying Amount:		
Computer Equipment	33 749	6 135
Furniture and Office Equipment	95 290	39 352
Intangible Assets	-	31 121
Machinery and Equipment	1 079	420
<b>Gross Carrying Amount of PPE fully depreciated and still in use</b>	<u><u>130 117</u></u>	<u><u>77 029</u></u>
<b>8.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation</b>		
Refer to Note 31 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.		
<b>8.3 Assets pledged as security</b>		
The District Municipality did not pledge any of its assets as security, except for Leased Assets.		
<b>8.4 Impairment of Property, Plant and Equipment</b>		
No Property, Plant and Equipment were impaired from active use during the financial year.		
<b>8.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed</b>		
A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2023/24:		
Administration	(13 214)	(1 082)
Budget and treasury office	(2 033)	-
Communication & Liaison	-	(2 561)
Council Administration	-	(381)
Council Services	(17 252)	(17 563)
Disaster Management	(2 033)	-
Engineering Services	(1 450)	(3 196)
Environmental Health	-	(363)
Expenditure Unit	(4 067)	-
Financial Services	(29 187)	(7 841)
Human Resources	(4 067)	-
Information Technology	(63 878)	(18 706)
Internal Audit	(11 110)	(192)
Municipal Manager	(6 100)	(80)
PIMMS	-	(266)
Property Services	-	(2 980)
Supply Chain Management	(2 033)	-
<b>Total Change in Estimate for Useful Life of Property, Plant and Equipment</b>	<u><u>(156 424)</u></u>	<u><u>(55 211)</u></u>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**2024**  
R

**2023**  
R

**8.6 Land and Buildings carried at Fair Value**

The Municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

**8.7 Repairs and Maintenance**

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note 27.

**8.8 Compensation received for Losses**

No compensation, included in Operating Surplus, was received from the Municipality's insurers for Property, Plant and Equipment lost during the year.

**9 INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

**70 383**

**108 712**

The movement in Intangible Assets is reconciled as follows:

**30 June 2024**

**Carrying values at 01 July 2023**

	<b>Computer Software</b>	<b>Total</b>
	<b>108 712</b>	<b>108 712</b>
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)
Acquisitions:	53 230	53 230
Purchased	53 230	53 230
Amortisation:	(68 006)	(68 006)
Purchased	(68 006)	(68 006)
Carrying value of Disposals:	(23 553)	(23 553)
- Cost	(41 609)	(41 609)
- Accumulated Amortisation	18 055	18 055
<b>Carrying values at 30 June 2024</b>	<b>70 383</b>	<b>70 383</b>
Cost	714 699	714 699
Accumulated Amortisation	(644 316)	(644 316)

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

<b>30 June 2023</b>	<b>Computer Software</b>	<b>Total</b>
<b>Carrying values at 01 July 2022</b>	<b>112 354</b>	<b>112 354</b>
Cost	910 198	910 198
Accumulated Amortisation	(797 844)	(797 844)
Acquisitions:	49 162	49 162
Purchased	49 162	49 162
Amortisation:	(52 803)	(52 803)
Purchased	(52 803)	(52 803)
Carrying value of Disposals:	-	-
- Cost	(256 283)	(256 283)
- Accumulated Depreciation	256 283	256 283
<b>Carrying values at 30 June 2023</b>	<b>108 712</b>	<b>108 712</b>
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 24).

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

No restrictions apply to any of the Intangible Assets of the District Municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

#### **9.1 Significant Intangible Assets**

The District Municipality's intangible assets only comprise of computer related software.

#### **9.2 Intangible Assets with Indefinite Useful Lives**

The District Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.

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

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

#### **9.3 Impairment of Intangible Assets**

No impairment losses have been recognised on Intangible Assets of the District Municipality at the reporting date.

#### **9.4 Change in Estimate - Useful Life of Intangible Assets reviewed**

The estimated useful lives of Intangible Assets were reviewed but no changes were made by the District Municipality

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>10 NON-CURRENT INVESTMENTS</b>		
<b>Financial Instruments</b>		
Fixed Deposits	<u>1 719 010</u>	<u>1 070 386</u>
<b>Total Investments</b>		
All Investments	1 719 010	1 070 386
Less: Short-term Portion transferred to Current Investments	-	-
<b>Total Non-current Investments</b>	<u><b>1 719 010</b></u>	<u><b>1 070 386</b></u>

The Fixed Deposit of R500 000 in 2021/22 financial year is an investment with a maturity period of 3 years (ending 17 March 2025) and earns interest of 8.22% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 10 November 2025) and earns interest of 9.94% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 15 June 2026) and earns interest of 11.33% per annum.

The Fixed Deposit of R500 000 in 2023/24 financial year is an investment with a maturity period of 3 years (ending 13 July 2026) and earns interest of 8.00% per annum.

The Fixed Deposit of R1,719,010 (2023: R1,070,386) are invested to improve the District Municipality's unfunded budget and going concern position.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the Municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the Municipality and financial institutions.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>11 LONG-TERM RECEIVABLES</b>		
<b>Gross Balances:</b>		
Finance Lease Receivable	8 289	10 616
Staff Related Long Term Receivables	88 818	99 759
CPMD Debtors	83 600	90 600
SCM Debtors	2 383	8 035
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 835	-
	<u><b>97 106</b></u>	<u><b>110 374</b></u>
<b>Less: Provision for Impairment:</b>		
Finance Lease Receivable	-	-
Staff Related Long Term Receivables	-	-
	<u>-</u>	<u>-</u>
<b>Net Balances:</b>		
Finance Lease Receivable	8 289	10 616
Staff Related Long Term Receivables	88 818	99 759
CPMD Debtors	83 600	90 600
SCM Debtors	2 383	8 035
Maternity Leave Debtors	-	1 123
Payroll Debtors	2 835	-
<b>Total Long Term Receivables</b>	<u><b>97 106</b></u>	<u><b>110 374</b></u>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>Less: Current Portion transferred to Current Receivables:</b>		
Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(11 983)	(12 841)
CPMD Debtors	(7 200)	(7 200)
SCM Debtors	(2 383)	(4 518)
Maternity Leave Debtors	-	(1 123)
Payroll Debtors	(2 400)	-
	<b>(15 583)</b>	<b>(16 441)</b>
<b>Non-Current Portion of Long Term Receivables</b>		
Finance Lease Receivable	4 689	7 016
Staff Related Long Term Receivables	76 835	86 917
	<b>81 524</b>	<b>93 933</b>

**FINANCE LEASE RECEIVABLES**

Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the District Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the District Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

**STAFF RELATED LONG TERM RECEIVABLES**

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

**i) CPMD Course Debtors**

Three employees did not complete their CMPD course and Council will be reimbursed for all expenditures incurred. ZFM will recover the amount from employees over a 14 year period with no interest, ending 31 January 2036. ZFM is in the process to negotiate new terms.

**ii) SCM Debtors**

SCM officials accidentally paid a former employee and could not recover the money. ZFM will recover the amount from employees over a 3 year period with no interest, ending 31 March 2025.

**iii) Maternity Leave Debtors**

A salary was incorrectly paid out to an employee who was on maternity leave. ZFM recovered this amount from the employee over a 3 year period with no interest, ending 31 December 2023.

**iv) Payroll Debtor**

A nightshift allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 26 month period with no interest, ending 25 September 2025.

The District Municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the District Municipality's financial liabilities.

The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties.

**11.1 Leasing Arrangements**

The District Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**11.2 Amounts receivable under Finance Leases**

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2024 R	2023 R	2024 R	2023 R
Within one year	3 600	3 600	3 600	3 600
In the second to fifth years, inclusive	5 138	7 863	5 138	7 863
Over five years	-	-	-	-
	8 738	11 463	8 738	11 463
Less: Unearned Finance Income	450	848	450	848
Present Value of Minimum Lease Payments Receivable	8 289	10 616	8 289	10 616
Provision for Uncollectable Lease Receivables	-	-	-	-
<b>Total Finance Lease Receivables</b>	<b>8 289</b>	<b>10 616</b>	<b>8 289</b>	<b>10 616</b>

	2024 R	2023 R
<b>Included in the Annual Financial Statements as:</b>		
Non-current Finance Lease Receivables	4 689	7 016
Current Finance Lease Receivables	3 600	3 600
<b>Total Finance Lease Receivables</b>	<b>8 289</b>	<b>10 616</b>

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2023: 5%) per annum.

Management of the District Municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratios of the District Municipality's debtors.

**11.3 Ageing of Long-term Receivables**

Current:

0 - 30 days

Past Due:

31 - 60 Days

61 - 90 Days

91 - 120 Days

+ 120 Days

Finance Lease Receivable	97 106	110 374
Staff Related Long Term Receivables	8 289	10 616
	88 818	99 759
<b>Total</b>	<b>97 106</b>	<b>110 374</b>

As at 30 June Long-term Receivables of R97,106 (2023: R110,374) were past due of which R0 (2023: R0) were impaired. No terms for payment have been re-negotiated.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>11.4 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	-	-
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

In determining the recoverability of a Long-term Receivable, the District Municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

**12 PROVISIONS**

Performance Bonus	675 070	531 597
Current Portion of Employee Benefit Liabilities (See Note 16):	2 747 000	2 590 000
Post-retirement Medical Aid Benefits Liability	1 896 000	1 649 000
Long-term Service Liability	851 000	941 000
<b>Total Provisions</b>	<b>3 422 070</b>	<b>3 121 597</b>

The movement in provisions is reconciled as follows:

**Performance Bonus:**

Opening Balance	531 597	553 376
Increases	689 893	502 860
Reductions	(546 419)	(524 640)
<b>Balance at end of year</b>	<b>675 070</b>	<b>531 597</b>

**Performance Bonuses** accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

**Current Portion of Defined Benefit Liabilities:**

	<b>Medical Aid</b>	<b>Long-term Service</b>
	<b>R</b>	<b>R</b>
<b>30 June 2024</b>		
Opening Balance	1 649 000	941 000
Expenditure incurred	(1 664 298)	(815 468)
Contributions to provision	1 911 298	725 468
<b>Balance at end of year</b>	<b>1 896 000</b>	<b>851 000</b>
<b>30 June 2023</b>		
Opening Balance	1 552 000	782 000
Expenditure incurred	(1 553 852)	(1 038 774)
Contributions to provision	1 650 852	1 197 774
<b>Balance at end of year</b>	<b>1 649 000</b>	<b>941 000</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>13 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Annual Bonus	1 924 324	1 862 450
Leave Accrual	3 494 900	3 320 639
Other Payables: Salary Clearing and Control	136 201	495 615
Salary Control	28 212	398 939
Medical Aid Control	107 989	96 676
Retentions	-	79 964
Salary Related Payables	-	905 472
PAYE Deductions	-	905 472
Trade Creditors	842 777	189 222
Payables and Accruals	842 777	189 222
<b>Total Payables</b>	<b>6 398 202</b>	<b>6 853 362</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

Annual Bonuses accrue to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The District Municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the District Municipality.

The management of the District Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

**14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**14.1 Conditional Grants from Government**

National Government	-	-
Provincial Government	-	-
<b>Total Conditional Grants and Receipts</b>	<b>-</b>	<b>-</b>

The Unspent Conditional Grants and Receipts are invested in a interest bearing account until utilised.

Refer to Note 18 for the reconciliation of Grants from Government Receipts. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

**15 LONG-TERM LIABILITIES**

Finance Lease Liability	-	276 895
Non-Current Portion of Long Term Liabilities	-	276 895
Plus: Current Portion transferred to Current Liabilities:-	280 056	651 106
Finance Lease Liability	280 056	651 106
<b>Total Long-term Liabilities</b> (Neither past due, nor impaired)	<b>280 056</b>	<b>928 001</b>

**15.1 Finance Lease Liability**

**15.1.1 Summary of Arrangements**

Finance Lease Liabilities relate to Copier Machines and Telephone System with lease terms of 3 years. Capitalised Lease Liabilities are secured over the items of copier machines leased.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**15.1.2 Obligations under Finance Leases:**

**The District Municipality as Lessee:**

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R783 000 as at 1 October 2018. The effective interest rate on Finance Leases is 19.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under the finance lease are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2024 R	2023 R	2024 R	2023 R
<b>Amounts payable under borrowings:</b>				
Within one year	296 550	800 510	296 550	800 510
In the second to fifth years, inclusive	-	296 550	-	296 550
Over five years	-	-	-	-
	<u>296 550</u>	<u>1 097 060</u>	<u>296 550</u>	<u>1 097 060</u>
Less: Future Finance Obligations	16 494	169 059	16 494	169 059
<b>Present Value of Minimum Lease Obligations</b>	<b><u>280 056</u></b>	<b><u>928 001</u></b>	<b><u>280 056</u></b>	<b><u>928 001</u></b>
Less: Amounts due for settlement within 12 months (Current Portion)			(280 056)	(651 106)
<b>Borrowings due for settlement after 12 months (Non-current Portion)</b>			<b><u>-</u></b>	<b><u>276 895</u></b>

The District Municipality has finance lease agreements for the following significant classes of assets:

- Machinery and Equipment

	2024 R	2023 R
Included in these classes are the following significant leases:		
(i) Copier Machines - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 660 000	660 000
- Accumulated Depreciation	R 458 333	238 333
- Net Carrying Amount	R 201 667	R 421 667
- Depreciation for the year	R 220 000	R 220 000
- Finance charge for the year	R 40 788	R 66 301
- Average period outstanding	11 months	23 months
- Average effective interest rate	12.4%	12.4%
- Average monthly instalment	R 21 820	R 21 820
(ii) Telephone System - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 950 000	950 000
- Accumulated Depreciation	R 950 000	633 333
- Net Carrying Amount	R 0	R 316 667
- Depreciation for the year	R 316 667	R 316 667
- Finance charge for the year	R 96 716	R 360 720
- Average period outstanding	0 months	12 months
- Average effective interest rate	73.1%	73.1%
- Average monthly instalment	R 53 000	R 53 000

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	2024 R	2023 R
(iii) Copier Machines - 2022/23 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 130 889	R 130 889
- Accumulated Depreciation	R 79 327	R 39 663
- Net Carrying Amount	R 51 562	R 91 226
- Depreciation for the year	R 39 663	R 39 663
- Finance charge for the year	R 15 062	R 19 086
- Average period outstanding	11 months	23 months
- Average effective interest rate	20.6%	20.6%
- Average monthly instalment	R 5 139	R 5 139

**16 EMPLOYEE BENEFIT LIABILITIES**

Post-retirement Health Care Benefits Liability	27 580 000	25 102 000
Long Service Awards Liability	8 899 000	8 448 000
<b>Total Employee Benefit Liabilities</b>	<b>36 479 000</b>	<b>33 550 000</b>
Less: Current Portion of Employee Benefit Liabilities	(2 747 000)	(2 590 000)
Post-retirement Health Care Benefits Liability	(1 896 000)	(1 649 000)
Long Service Awards Liability	(851 000)	(941 000)
<b>Non-current portion of Employee Benefit Liabilities</b>	<b>33 732 000</b>	<b>30 960 000</b>

**16.1 Post-retirement Health Care Benefits Liability**

Opening balance	25 102 000	26 566 000
Interest cost	2 894 000	2 968 000
Current service cost	483 000	575 000
Actual employer benefit payments	(1 664 298)	(1 553 852)
Actuarial loss/ (gain) recognised in the year	765 298	(3 453 148)
Balance at end of Year	27 580 000	25 102 000
Transfer to Current Provisions	(1 896 000)	(1 649 000)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>25 684 000</b>	<b>23 453 000</b>

The District Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the District Municipality. According to the rules of the Medical Aid Funds, with which the District Municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. The District Municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

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

In-service Members (Employees)	55	54
In-service Non-members (Employees)	42	44
Continuation Members (Retirees, widowers and orphans)	26	24
<b>Total Members</b>	<b>123</b>	<b>122</b>

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

In-service Members	7 809 000	7 353 000
In-service Non-members	963 000	788 000
Continuation Members	18 808 000	16 961 000
<b>Total Liability</b>	<b>27 580 000</b>	<b>25 102 000</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R483,000, whereas the cost for the ensuing year is estimated to be R496 000 (30 June 2023: R575,000).

The Interest Cost for the year ending 30 June 2024 is estimated to be R2,894,000, whereas the cost for the ensuing year is estimated to be R3 175 000 (30 June 2023: R2,968,000).

	2024 R	2023 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	11.91%	11.91%
Health Care Cost Inflation Rate	7.43%	7.54%
Net Effective Discount Rate	4.17%	4.06%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Opening balance	25 102 000	26 566 000
Current service cost	483 000	575 000
Interest cost	2 894 000	2 968 000
Actual employer benefit payments	(1 664 298)	(1 553 852)
Actuarial loss/ (gain) recognised in the year	765 298	(3 453 148)
<b>Total Recognised Benefit Liability</b>	<b>27 580 000</b>	<b>25 102 000</b>

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

Present value of fund obligations	27 580 000	25 102 000
Fair value of plan assets	-	-
	27 580 000	25 102 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	27 580 000	25 102 000
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
<b>Total Benefit Liability</b>	<b>27 580 000</b>	<b>25 102 000</b>

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

Current service cost & Past service cost	483 000	575 000
Senior Management	10 700	36 800
Municipal Staff	472 300	538 200
Interest cost	2 894 000	2 968 000
Senior Management	96 100	107 600
Municipal Staff	2 797 900	2 860 400
Employer Benefit Payments	(1 664 298)	(1 553 852)
Actuarial losses / (gains)	765 298	(3 453 148)
Senior Management	(42 400)	-
Municipal Staff	807 698	(3 453 148)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 22)</b>	<b>2 478 000</b>	<b>(1 464 000)</b>

**Contribution to Actuarial losses / (gains):**

<b>Financial assumptions:</b>	<b>765 298</b>	<b>(3 453 148)</b>
(Increase)/Decrease in net discount rates	(329 000)	(2 994 000)
Change in assumed in-service non-member medical aid option	-	234 000
<b>Experience:</b>		
Subsidy increases higher / (lower) than assumed	350 000	(321 000)
Changes to membership profile different from assumed	729 000	(374 000)
Actual benefits vested, (lower) / greater than expected	15 298	1 852

The actuarial gain attributable to membership changes arises primarily because, on average, members bought down to cheaper medical aid options, and there were more exits than expected since the last valuation.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

The history of fair values are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Present Value of Defined Benefit Obligation	27 580 000	25 102 000	26 566 000	28 284 000	25 695 000
<b>Deficit</b>	<b><u>27 580 000</u></b>	<b><u>25 102 000</u></b>	<b><u>26 566 000</u></b>	<b><u>28 284 000</u></b>	<b><u>25 695 000</u></b>
Experienced adjustments on Plan Liabilities	1 094 000	(693 000)	(3 021 000)	65 000	(1 139 000)

	2024 R	2023 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	3 842 000	4 073 000
Effect on the defined benefit obligation	30 827 000	28 119 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	2 994 000	3 111 000
Effect on the defined benefit obligation	24 855 000	22 576 000

The District Municipality expects to make a contribution of R1,896,000 (2023: R1,649,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 40, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the District Municipality's other retirement funds that is Provincially and Nationally administered.

**16.2 Long Service Awards Liability**

Opening Balance	8 448 000	7 809 000
Payments Made	(815 468)	(1 038 774)
Actuarial losses / (gains)	(200 532)	298 774
Increases (Passage of Time/Discounted Rate)	909 000	829 000
Increases (Outflow of Economic Benefits)	558 000	550 000
Balance at end of Year	<u>8 899 000</u>	<u>8 448 000</u>
Transfer to Current Provisions	(851 000)	(941 000)
<b>Total Long Service Awards Liability</b>	<b><u>8 048 000</u></b>	<b><u>7 507 000</u></b>

The District Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 97 (2023: 98) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R558,000, whereas the cost for the ensuing year is estimated to be R564 000.

The Interest Cost for the year ending 30 June 2024 is estimated to be R909,000, whereas the cost for the ensuing year is estimated to be R945 000.

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

Discount Rate	11.13%	11.38%
Net Effective Discount Rate	4.57%	4.47%
Long-term general earnings inflation rate	6.28%	6.62%
Assumed General Earnings Increase	5.00%	5.40%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Opening Balance	8 448 000	7 809 000
Payments Made	(815 468)	(1 038 774)
Actuarial losses / (gains)	(200 532)	298 774
Increases (Passage of Time/Discounted Rate)	909 000	829 000
Increases (Outflow of Economic Benefits)	558 000	550 000
<b>Total Recognised Benefit Liability</b>	<b><u>8 899 000</u></b>	<b><u>8 448 000</u></b>

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

Present value of fund obligations	8 899 000	8 448 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	8 899 000	8 448 000
<b>Total Benefit Liability</b>	<b><u>8 899 000</u></b>	<b><u>8 448 000</u></b>

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

Current service cost	558 000	550 000
Senior Management	14 800	14 400
Municipal Staff	543 200	535 600
Interest cost	909 000	829 000
Senior Management	10 700	9 100
Municipal Staff	898 300	819 900
Payments Made	(815 468)	(1 038 774)
Senior Management	(109 626)	(82 218)
Municipal Staff	(705 842)	(956 556)
Actuarial losses / (gains)	(200 532)	298 774
Senior Management	57 326	84 818
Municipal Staff	(257 858)	213 956
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 22)</b>	<b><u>451 000</u></b>	<b><u>639 000</u></b>

**Contribution to Actuarial losses / (gains):**

Financial assumptions:		
Decreases/(Increase) in net discount rates	(52 000)	(515 000)
Experience:		
Earnings increases higher/(lower) than assumed	(71 000)	14 000
Changes to employee profile different from assumed	48 000	(101 000)
Change in benefits valued for former Khara Hais employees (Note 1)	-	644 000
Actual benefits vesting, greater/(lower) than expected	(125 532)	256 774

**The history of experienced adjustments is as follows:**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Present Value of Defined Benefit Obligation	8 899 000	8 448 000	7 809 000	7 450 000	7 160 000
<b>Deficit</b>	<b><u>8 899 000</u></b>	<b><u>8 448 000</u></b>	<b><u>7 809 000</u></b>	<b><u>7 450 000</u></b>	<b><u>7 160 000</u></b>
Experienced adjustments on Plan Liabilities	(148 532)	169 774	108 088	(65 254)	496 048

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	1 580 000	1 491 000
Effect on the defined benefit obligation	9 499 000	9 040 000
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	1 366 000	1 279 000
Effect on the defined benefit obligation	8 352 000	7 912 000

The District Municipality expects to make a contribution of R851,000 (2023: R941,000) to the defined benefit plans during the next financial year.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>17 ACCUMULATED SURPLUS</b>		
Accumulated Surplus / (Deficit) due to the results of Operations	(19 566 095)	(16 462 865)
<b>Total Accumulated Surplus</b>	<b><u>(19 566 095)</u></b>	<b><u>(16 462 865)</u></b>
<b>Reconciliation of Accumulated Surplus:</b>		
Opening Balance	(16 462 865)	(19 428 561)
Correction of Prior Period Error - Opening Balance	-	(11 900)
Published Surplus for the year	(3 103 230)	2 977 597
Surplus for the year (previously published)	-	3 064 416
Correction of Error (Note 32)	-	(86 819)
<b>Total Accumulated Surplus</b>	<b><u>(19 566 095)</u></b>	<b><u>(16 462 865)</u></b>
<b>18 TRANSFERS AND SUBSIDIES RECEIVED</b>		
<b>Capital Grants and subsidies</b>	-	-
Allocations Gazetted	-	-
<b>Operational Grants and subsidies</b>	88 401 654	86 401 864
Allocations Not Gazetted	1 683 654	2 193 864
Allocations Gazetted	86 718 000	84 208 000
<b>Total Government Grants and Subsidies</b>	<b><u>88 401 654</u></b>	<b><u>86 401 864</u></b>
<b>18.1 Operational Grants</b>		
<b>National Revenue Fund:</b>	<b>81 190 000</b>	<b>78 618 000</b>
Equitable Share Grant	81 190 000	78 618 000
<b>National Governments:</b>		
<b>Allocations Gazetted:</b>	<b>5 278 000</b>	<b>5 340 000</b>
Expanded Public Works Programme Integrated Grant	999 000	1 073 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 079 000	3 067 000
<b>Allocations Not Gazetted:</b>	<b>933 654</b>	<b>1 693 864</b>
National Treasury Subsidy for External Audit Fees	933 654	1 693 864
<b>Provincial Government:</b>		
<b>Allocations Gazetted:</b>	<b>250 000</b>	<b>250 000</b>
Housing Grant	250 000	250 000
<b>Allocations Not Gazetted:</b>	<b>750 000</b>	<b>500 000</b>
HIV and AIDS Grant (Provincial Health Department)	250 000	500 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	500 000	-
	<b><u>88 401 654</u></b>	<b><u>86 401 864</u></b>
<b>18.2 Capital Grants and subsidies</b>		
<b>Provincial Government:</b>		
<b>Allocations Gazetted:</b>	-	-
Other	-	-
<b>Total Operational Grants Received</b>	<b><u>88 401 654</u></b>	<b><u>86 401 864</u></b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	R	R
<b>18.3 Reconciliation per Grant Source</b>		
<b>18.3.1 National Governments: Financial Management Grant</b>		
<b>Allocations Gazetted:</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

**18.3.2 National Governments: Rural Road Asset Management Systems Grant**

<b>Allocations Gazetted:</b>		
Balance unspent at beginning of year	-	-
Current year receipts	3 079 000	3 067 000
Conditions met - transferred to Revenue: Operating Expenses	(2 701 632)	(1 877 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	-	-

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

**18.3.3 National Governments: EPWP Incentive Grant**

<b>Allocations Gazetted:</b>		
Balance unspent at beginning of year	-	-
Current year receipts	999 000	1 073 000
Conditions met - transferred to Revenue: Operating Expenses	(999 000)	(1 073 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

**18.3.4 Provincial Government: Housing Accreditation DPLG National Grant**

<b>Allocations Gazetted:</b>		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	-	-
	-	-

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>18.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)</b>		
<b>Allocations Not Gazetted:</b>		
Balance unspent at beginning of year	-	-
Current year receipts	250 000	500 000
Conditions met - transferred to Revenue: Operating Expenses	(250 000)	(500 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

**18.3.6 Summary of Conditional Grants:**

Balance unspent at beginning of year	-	-
Current year receipts	5 778 000	6 090 000
Conditions met - transferred to Revenue: Operating Expenses	(5 400 632)	(4 900 070)
Conditions met - transferred to Revenue: Capital Expenses	(377 368)	(1 189 930)
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>
<b>Grants classified under Receivables from Non-exchange Transactions</b>	<u>-</u>	<u>-</u>
<b>Unspent Conditional Grants - Current Liabilities (see Note 14)</b>	<u>-</u>	<u>-</u>

**19 RENTAL FROM FIXED ASSETS**

**Straight-lined Operating Lease Revenue**

Other Fixed Assets	9 780	9 314
Property Plant and Equipment	<u>9 780</u>	<u>9 314</u>
Ad-hoc Rental Income from Other Fixed Assets	-	-
<b>Total Rental of Facilities and Equipment</b>	<u><b>9 780</b></u>	<u><b>9 314</b></u>

Rental income generated is at market related premiums. All rental income recognised is therefore market related.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

**20 FINANCE INCOME**

**External Investments:**

Bank Account	146 950	204 794
Call Accounts	1 450 034	971 008
Non-current Investments	148 624	58 338
	<u><b>1 745 608</b></u>	<u><b>1 234 139</b></u>

**Outstanding Exchange Receivables:**

Long-term Debtors		
Housing & Housing Selling Schemes	473	583
	<u><b>473</b></u>	<u><b>583</b></u>

**Total Exchange Interest Earned**

<u><b>1 746 081</b></u>	<u><b>1 234 722</b></u>
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**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	2024 R	2023 R
<b>21 OPERATIONAL REVENUE</b>		
LGSETA Skills Programmes and Learnerships	188 663	583 843
Commission	84 458	63 428
SARS Refund	832 825	-
Merchandising, Jobbing and Contracts	242 910	344 971
Skills Development Levy Refund	122 100	112 354
<b>Total Operational Revenue</b>	<b>1 470 956</b>	<b>1 104 594</b>
<p><b>LGSETA Skills Programmes and Learnerships</b> were received for Student Education Programmes which were fully spent during 2023/24 financial year.</p> <p><b>SARS refund</b> was disputed and resolved during 2023/24 financial year and the SARS payable was written off by SARS.</p> <p><b>Economic Growth and Investment Summits</b> funding was received to provide a platform for stakeholders to engage in dialogue, analyze economic trends, and identify opportunities for sustained growth.</p> <p>Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.</p>		
<b>22 EMPLOYEE RELATED COSTS</b>		
Salaries and Wages		
Basic	40 939 222	39 971 599
Senior Management	2 164 389	2 266 277
Municipal Staff	38 774 834	37 705 322
Bonuses	717 162	524 640
Senior Management - Performance Bonus	717 162	524 640
Shift Work Allowance	976 366	806 615
Municipal Staff	976 366	806 615
Allowances		
Acting and Post Related Allowances	728 653	522 398
Senior Management	218 384	93 505
Municipal Staff	510 268	428 893
Annual Bonus Allowance	3 553 975	3 296 733
Senior Management	257 096	139 192
Municipal Staff	3 296 879	3 157 541
Cellular and Telephone	440 419	385 850
Senior Management	90 000	52 600
Municipal Staff	350 419	333 250
Housing Benefits	256 383	295 086
Senior Management	-	-
Municipal Staff	256 383	295 086
Standby Allowance	10 200	10 200
Municipal Staff	10 200	10 200
Travel or Motor Vehicle	3 824 865	3 784 463
Senior Management	808 964	791 404
Municipal Staff	3 015 901	2 993 059
Uniform/Special/Protective Clothing	1 122	1 207
Municipal Staff	1 122	1 207
Social Contributions		
Bargaining Council	7 896	8 493
Senior Management	224	233
Municipal Staff	7 673	8 260
Medical	2 334 614	2 166 649
Senior Management	159 217	152 365
Municipal Staff	2 175 397	2 014 284
Pension	7 115 206	6 776 549
Senior Management	369 980	369 980
Municipal Staff	6 745 226	6 406 568
Unemployment Insurance	218 197	215 314
Senior Management	6 376	6 553
Municipal Staff	211 821	208 761
<b>Total Employee Cost</b>	<b>61 124 281</b>	<b>58 765 796</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	2024 R	2023 R
Post-retirement Benefit		
Current Service Cost	483 000	575 000
Senior Management	10 700	36 800
Municipal Staff	472 300	538 200
Leave Gratuity	429 749	(179 369)
Senior Management	101 402	(150 692)
Municipal Staff	328 347	(28 677)
Long Term Service Awards	558 000	550 000
Senior Management	14 800	14 400
Municipal Staff	543 200	535 600
<b>Total Post-retirement Benefit</b>	<b>1 470 749</b>	<b>945 631</b>
<b>Total Employee Related Costs</b>	<b>62 595 030</b>	<b>59 711 427</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**Remuneration of Section 57 Employees:**

***Remuneration of the Municipal Manager***

Annual Remuneration	-	75 584
Acting Allowance	98 874	75 464
Performance Bonus	169 997	154 329
Car, Cell phone and Housing Allowance	-	31 589
<b>Total</b>	<b>268 871</b>	<b>336 965</b>

The post was vacant for the period 01 August 2022 to 30 June 2024. Acting Allowances were paid for the period.

***Remuneration of Director: Financial Services***

Annual Remuneration	739 217	752 772
Annual Bonus	100 000	57 096
Performance Bonus	141 318	105 593
Car, Cell phone and Housing Allowance	157 229	141 134
Company Contributions to Medical and Pension Funds	177 395	172 548
<b>Total</b>	<b>1 315 159</b>	<b>1 229 143</b>

***Remuneration of the Director: Corporate Services***

Annual Remuneration	685 149	685 149
Acting Allowance	119 511	18 041
Annual Bonus	100 000	25 000
Performance Bonus	121 055	159 786
Car, Cell phone and Housing Allowance	533 660	510 233
Company Contributions to Medical and Pension Funds	186 920	183 411
<b>Total</b>	<b>1 746 295</b>	<b>1 581 620</b>

***Remuneration of the Director: Planning & Development***

Annual Remuneration	740 023	752 772
Annual Bonus	57 096	57 096
Performance Bonus	141 318	126 712
Car, Cell phone and Housing Allowance	208 075	161 048
Company Contributions to Medical and Pension Funds	168 392	166 386
<b>Total</b>	<b>1 314 903</b>	<b>1 264 014</b>

**Summary of Remuneration of Section 57 Employees:**

Annual Remuneration	2 164 389	2 266 277
Annual Bonus	257 096	139 192
Acting Allowance	218 384	93 505
Performance Bonus	573 689	546 419
Car, Cell phone and Housing Allowance	898 964	844 004
Company Contributions to Medical and Pension Funds	532 707	522 345
<b>Total Remuneration of Section 57 Employees</b>	<b>4 645 228</b>	<b>4 411 742</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
The following compensation was payable to key management personnel in terms of GRAP 25 as at 30 June:		
<b>Staff Leave Benefits:-</b>		
Municipal Manager	-	-
Director: Financial Services	46 590	21 925
Director: Planning & Development	19 184	13 703
Director: Corporate Services	35 628	5 481
<b>Total</b>	<b>101 402</b>	<b>41 109</b>

**23 REMUNERATION OF COUNCILLORS**

Executive Mayor	955 651	957 122
Speaker	462 090	462 801
Chief Whip	443 046	400 462
Executive Committee	2 584 609	2 999 237
Section 79 committee chairperson	416 916	325 275
Total for All Other Councillors	399 326	125 797
<b>Total Councillors' Remuneration</b>	<b>5 261 639</b>	<b>5 270 695</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**Remuneration of Councillors:**

***In-kind Benefits***

The Councillors occupying the positions of Executive Mayor and Speaker serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the District Municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

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

Refer to Appendix G for more detail.

**24 DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	1 476 316	1 210 523
Amortisation: Intangible Assets	68 006	52 803
<b>Total Depreciation and Amortisation</b>	<b>1 544 322</b>	<b>1 263 327</b>

**24.1 Depreciation: Property, Plant and Equipment**

Other Assets	82 214	82 213
Computer Equipment	252 252	251 626
Furniture and Office Equipment	72 779	28 437
Machinery and Equipment	742 809	686 895
Own	57 430	31 593
Leased	685 379	655 302
Transport Assets	326 263	161 352
	<b>1 476 316</b>	<b>1 210 523</b>

**25 IMPAIRMENT LOSSES / (GAINS)**

Impairment (Gains) on Financial Assets	(200 532)	(3 453 148)
Impairment Losses on Financial Assets	765 298	298 774
<b>Total Impairment Losses / (Gains)</b>	<b>564 766</b>	<b>(3 154 374)</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	2024 R	2023 R
<b>25.1 Impairment Losses on Financial Assets</b>		
<b>Impairment Losses / (Gains)</b>	564 766	(3 154 374)
Post-retirement Benefit - Actuarial Gains	-	(3 453 148)
Post-retirement Benefit - Actuarial Losses	765 298	-
Long Term Service Awards - Actuarial Gains	(200 532)	-
Long Term Service Awards - Actuarial Losses	-	298 774
<b>Reversal of Impairment Losses</b>	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
<b>Impairment Losses Recognised (written off during the current year):</b>	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
	<b>564 766</b>	<b>(3 154 374)</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**26 FINANCE COSTS**

Finance Leases	152 565	446 108
Overdue Accounts	2 915	3 960
Interest on Employee Benefit Liabilities	3 803 000	3 797 000
Post-retirement Health Care Benefits	2 894 000	2 968 000
Long Service Awards	909 000	829 000
Total Interest Expense	3 958 480	4 247 067
Less: Amounts included in the Cost of qualifying Assets	-	-
<b>Total Finance Cost</b>	<b>3 958 480</b>	<b>4 247 067</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**27 CONTRACTED SERVICES**

Included in Contracted Services are the following:

Business and Advisory	1 097 166	1 375 202
Catering Services	534 393	293 880
Cleaning Services	271 988	182 543
Clearing and Grass Cutting Services	-	337 524
Employee Wellness	97 826	
Graphic Designers	18 910	20 780
Infrastructure and Planning	2 369 577	299 739
Legal Cost	-	11 232
Maintenance of Buildings and Facilities: Operational Buildings	1 123 771	1 356 100
Maintenance of Equipment	290 105	224 923
Furniture and Office Equipment	74 880	81 342
Transport Assets	215 225	143 581
Maintenance of Unspecified Assets: Intangible Assets	390 762	531 217
Plants, Flowers and Other Decorations	22 000	21 416
Stage and Sound Crew	150 000	-
Transportation	-	69 500
	<b>6 366 498</b>	<b>4 724 056</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	2024 R	2023 R
<b>28 INVENTORY CONSUMED</b>		
Consumables	130 153	213 987
Materials and Supplies	386 685	185 729
	<b>516 838</b>	<b>399 716</b>

**29 TRANSFERS AND SUBSIDIES PAID**

<b>Operational Grants</b>	491 452	910 863
Allocations In-kind	-	-
Monetary Allocations	491 452	910 863
<b>Total Transfers and Subsidies Paid</b>	<b>491 452</b>	<b>910 863</b>

**29.1 Operational Grants**

	Allocations In-kind		Monetary Allocations	
	2024	2023	2024	2023
Households	-	-	491 452	910 863
<b>Total Operational Grants Paid</b>	<b>-</b>	<b>-</b>	<b>491 452</b>	<b>910 863</b>

**2024  
R**                      **2023  
R**

**30 OPERATIONAL COSTS**

Included in Operational Costs are the following:

Achievements and Awards	181 720	274 321
Advertising, Publicity and Marketing	92 084	102 328
External Audit Fees	2 330 191	2 163 617
Bank Charges, Facility and Card Fees	104 448	104 629
Bargaining Council	727 845	634 764
Bursaries (Employees)	244 265	209 924
Courier and Delivery Services	-	968
Communication	406 697	450 557
Entertainment	3 015	23 115
External Computer Service	1 716 505	1 366 886
Insurance Underwriting	775 906	316 158
Learnerships and Internships	234 315	947 457
Licences	8 717	11 184
Municipal Services	861 456	706 741
Registration Fees	39 714	58 995
Professional Bodies, Membership and Subscription	74 464	96 563
Skills Development Fund Levy	622 999	578 595
Search Fees	-	5 595
Toll Gate Fees	63	-
Transport Provided as Part of Departmental Activities	241 050	-
Travel and Subsistence	3 485 329	3 320 626
Uniform and Protective Clothing	180 000	40 804
Vehicle Tracking	11 926	4 141
Wet Fuel	511 955	368 195
Workmen's Compensation Fund	336 472	288 331
Samples and Specimens	152 068	123 716
Fines and Penalties	10 202	26 969
Entrance Fees	48 730	58 157
<b>Total Operational Costs</b>	<b>13 402 134</b>	<b>12 283 339</b>

Prior year amounts have been restated. Refer to Note 32 on 'Correction of Error' for details of the restatement.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>30.1 Travel and Subsistence</b>		
Accommodation & Daily Allowance	1 500 925	1 451 287
Accommodation	1 360 446	1 335 433
Daily Allowance	140 479	115 854
Transport without Operator	1 856 175	1 742 860
Transport with Operator	13 367	5 360
<b>Domestic</b>	<b>3 370 467</b>	<b>3 199 507</b>
<b>Non-employees</b>	<b>114 862</b>	<b>121 118</b>
<b>Total of Travel and Subsistence</b>	<b>3 485 329</b>	<b>3 320 626</b>

No other extra-ordinary expenses were incurred.

**31 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS**

Gains/(Losses) on write-offs of Property, Plant and Equipment	(6 989)	(116 783)
Gains/(Losses) on write-offs of Intangible Assets	(23 553)	-
<b>Total Gains / (Losses) on Disposal of Capital Assets</b>	<b>(30 543)</b>	<b>(116 783)</b>
<b>Total Gains on Disposal of Capital Assets</b>	<b>-</b>	<b>-</b>
<b>Total Losses on Disposal of Capital Assets</b>	<b>30 543</b>	<b>116 783</b>

**32 CORRECTION OF ERROR**

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of mSCOA as stated above resulted in certain descriptions and figures being restated.

Other corrections were also made during the previous financial years. Details of the corrections are described below:

**32.1 Reclassification of Accumulated Surplus**

The prior year figures of Accumulated Surplus have been restated to correctly disclose the monies held by the District Municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		<b>Accumulated Surplus R</b>
<b>Balances published as at 30 June 2022</b>		<b>(19 428 561)</b>
Correction of Error:		(11 900)
Correction of VAT Receivable	-	
Correction of Trade and Other Payable Exchange Transactions	(11 900)	
<b>Restated Balances as at 30 June 2022</b>		<b>(19 440 461)</b>
Transactions incurred for the Year 2022/23		3 064 416
Correction of Error:-		(86 819)
Correction of Trade and other Receivables from Exchange Transactions	-	
Correction of Receivables from Non-exchange Transactions	106 207	
Correction of VAT Receivable	-	
Correction of Property, Plant and Equipment: Machinery and Equipment	-	
Correction of Property, Plant and Equipment: Leased Assets	-	
Correction of Trade and Other Payable Exchange Transactions	(193 026)	
<b>Restated Balances as at 30 June 2023</b>		<b>(16 462 865)</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**32.2 Reclassification of Revenue**

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Transfers and Subsidies	86 401 864	-	86 401 864
Impairment Gains	-	3 453 148	3 453 148
Rental from Fixed Assets	776	8 538	9 314
Interest & Rent on Land	1 234 722	-	1 234 722
Operational Revenue	1 113 132	(8 538)	1 104 594
	<b>88 750 495</b>	<b>3 453 148</b>	<b>92 203 643</b>

**Impairment Gains:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

**Rental from Fixed Assets:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R8 538 and Operational Revenue was decreased by R8 538 on 30 June 2023.

**Operational Revenue:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R8 538 and Operational Revenue was decreased by R8 538 on 30 June 2023.

**32.3 Reclassification of Expenditure**

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

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
Employee Related Costs	60 477 724	(766 297)	59 711 427
Remuneration of Councillors	5 060 204	210 491	5 270 695
Depreciation and Amortisation	1 263 327	-	1 263 327
Impairment Losses	-	298 774	298 774
Finance Costs	450 068	3 797 000	4 247 067
Contracted Services	5 482 523	(758 467)	4 724 056
Inventory Consumed	399 716	-	399 716
Transfers and Subsidies Paid	910 863	-	910 863
Operational Costs	11 524 872	758 467	12 283 339
Loss on Disposal of PPE	116 783	-	116 783
	<b>85 686 079</b>	<b>3 539 967</b>	<b>89 226 046</b>

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

**Employee Related Costs:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2023. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 300 and Employee Related Costs were increased by R11 300 on 30 June 2023.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**Remuneration of Councillors:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2022/23 salary increases for Councillors which paid to Councillors during the 2023/24 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R210 491 and Remuneration of Councillors were increased by R210 491 on 30 June 2023.

**Finance Cost:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

**Contracted Services:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose license fees under Operational Costs. Therefore Operational Costs were retrospectively increased by R758 467 and Contracted Services were decreased by R758 467 on 30 June 2023.

**Impairment Losses:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality must reclassify Employee Benefit according to GRAP 25. Therefore Employee Related Costs were retrospectively decreased by R642 626, Finance Costs were increased by R3 797 000, Impairment Gains were increased by R3 453 148 and Impairment Losses were increased by R298 774 on 30 June 2023.

**Operational Costs:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose license fees under Operational Costs. Therefore Operational Costs were retrospectively increased by R758 467 and Contracted Services were decreased by R758 467 on 30 June 2023.

**32.4 Reclassification of Statement of Financial Position**

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

**The effect of the Correction of Error is as follows:**

	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
<b>Current Assets</b>			
Receivables from Exchange Transactions	224 591	-	224 591
Receivables from Non-exchange Transactions	20 000	106 207	126 207
Statutory Receivables from Exchange Transactions	3 605	-	3 605
VAT Receivable	448 235	-	448 235
Cash and Cash Equivalents	1 705 742	-	1 705 742
Current Portion of Long-term Receivables	16 441	-	16 441
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21 602 242	-	21 602 242
Intangible Assets	108 712	-	108 712
Long-term Receivables	93 933	-	93 933
	Prior Year 2022/23 Audited	Correction of Error	Restated Amount 2022/23
<b>Current Liabilities</b>			
Provisions	3 121 597	-	3 121 597
Payables from Exchange Transactions	6 648 436	204 926	6 853 362
Unspent Conditional Grants and Receipts	-	-	-
Current Portion of Long-term Liabilities	651 106	-	651 106
<b>Non-Current Liabilities</b>			
Long-Term Liabilities	276 895	-	276 895
Retirement Benefit Liabilities	30 960 000	-	30 960 000
<b>Net Assets</b>			
Accumulated Surplus / (Deficit)	(16 364 146)	(98 719)	(16 462 865)
	-	-	-

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

Prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

**Receivables from Non-exchange Transactions:**

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

**Payables from Exchange Transactions:**

Opening Balance adjustment

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2022. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 900 and Accumulated Surplus was increased by R11 900 on 30 June 2022.

Closing Balance adjustment

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an employee's salary as a receivable due to the Municipality. Therefore Receivables from Non-exchange Transactions were retrospectively increased by R106 203, Payable from Exchange Transactions were decreased by R28 765 and Employee Related Costs were decreased by R134 972 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2022/23 salary increases for Councillors which paid to Councillors during the 2023/24 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R210 491 and Remuneration of Councillors were increased by R210 491 on 30 June 2023.

During the preparation of the 2023/24 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an official's back-pay received from December 2021 as Trade and Other Payable Exchange Transactions on 30 June 2023. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R11 300 and Employee Related Costs were increased by R11 300 on 30 June 2023.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>33 CHANGE IN ACCOUNTING ESTIMATES</b>		
<b>33.1 Depreciation Expenditure:</b>		
The estimated useful lives and depreciation method were reviewed at 30 June 2024 and no changes were made for the 2023/24 financial year. Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2023/24 financial year. The adjustments are as follows:		
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	-	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	(156 424)	(55 211)
<b>Increase / (Decrease) in Depreciation of PPE</b>	<b><u>(156 424)</u></b>	<b><u>(55 211)</u></b>
Depreciation as previously stated	1 700 747	1 318 537
Adjustment due to Change in Accounting Estimate	(156 424)	(55 211)
<b>Depreciation as per Note 24</b>	<b><u>1 544 322</u></b>	<b><u>1 263 327</u></b>
<b>34 CASH GENERATED BY OPERATIONS</b>		
Surplus / (Deficit) for the Year	(3 103 230)	2 977 597
Adjustment for:		
Depreciation and Amortisation	1 544 322	1 263 327
Losses / (Gains) on Disposal of Property, Plant and Equipment	6 989	116 783
Losses / (Gains) on Disposal of Intangible Assets	23 553	-
Contribution to Post-retirement Employee Benefits Liabilities	4 142 298	89 852
Expenditure incurred from Post-retirement Employee Benefits Liabilities	(1 664 298)	(1 553 852)
Contribution to Long Service Awards Liability	1 266 468	1 677 774
Expenditure incurred from Long Service Awards Liability	(815 468)	(1 038 774)
Contribution to Provisions - Current: Performance Bonus	(546 419)	(524 640)
Expenditure incurred from Provisions - Current: Performance Bonus	689 893	502 860
Bad Debts Written-off: Receivables from Exchange Transactions	-	-
<b>Operating surplus before working capital changes</b>	<b><u>1 544 108</u></b>	<b><u>3 510 927</u></b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
Decrease/(Increase) in Receivables from Exchange Transactions	(46 897)	(5 402)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(4 358)	9 166
Decrease/(Increase) in Receivables from Non-exchange Transactions	126 207	(126 207)
Decrease/(Increase) in VAT Receivable	(117 106)	92 627
Decrease/(Increase) in Current Portion of Long-term Receivables	859	1 277
Increase/(Decrease) in Payables from Exchange Transactions	(455 160)	(1 437 548)
Increase/(Decrease) in Conditional Grants and Receipts	-	-
<b>Cash generated by / (utilised in) Operations</b>	<b><u>1 047 653</u></b>	<b><u>2 044 840</u></b>

**35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**35.1 Unauthorised Expenditure**

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
Unauthorised Expenditure identified in current year	-	-
Approved by Council	-	-
Transfer to receivables for recovery (refer Note 2)	-	-
Unauthorised Expenditure awaiting authorisation	<u>-</u>	<u>-</u>

No Unauthorised Expenditures incurred for 2023/24 financial year.

No Unauthorised Expenditures incurred for 2022/23 financial year.

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all unauthorised expenditures. Each instance and reason for the items that lead to unauthorised expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these unauthorised expenditures and must be written off during the financial year.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>35.2 Fruitless and Wasteful Expenditure</b>		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	23 608	9 439
Fruitless and Wasteful Expenditure identified in current year	119 324	23 608
Expenditure investigated and approved by Council	(16 725)	(9 439)
To be recovered – Receivables from Non-Exchange Transactions (refer Note 4.)	(126 207)	-
To be recovered – Long-term Receivables (refer Note 11)	-	-
Recouped from Salaries Payable	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>-</u>	<u>23 608</u>

Fruitless and Wasteful expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
A former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture.	Investigated & Recovered	106 207
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2023/24 SARS assessments.	Written of by Council in 2023/24	13 117
<b>Total:</b>		<b><u>119 324</u></b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

Fruitless and Wasteful expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2022/23 assessments.	Written of by Council in 2023/24	3 608
Debit order deducted from bank account without ZFM's approval. This was reported as fraud and the investigation by SAPS & ZFM is still in progress.	Investigated & Recovered	20 000.00
<b>Total:</b>		<b>23 608</b>

Fruitless and Wasteful expenditure summary for 2021/22 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount R
Compensation Commissioner: Penalties & Interest on the late payment of 2021/22 assessments.	Written of by Council in 2022/23	8 062
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2021/22 SARS assessments.	Written of by Council in 2022/23	1 377
<b>Total:</b>		<b>9 439</b>

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all fruitless and wasteful expenditures. Each instance and reason for the items that lead to fruitless and wasteful expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these fruitless and wasteful expenditures and must be written off during the financial year.

	2024 R	2023 R
<b>35.3 Irregular Expenditure</b>		
Reconciliation of Irregular Expenditure:		
Opening balance	25 422	-
Irregular Expenditure identified in current year	98 874	25 422
Written off by Council	(124 296)	-
Irregular Expenditure awaiting condonement	-	<b>25 422</b>

Irregular Expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from July 2023 to 30 June 2024.	Written of by Council in 2023/24	98 874
<b>Total:</b>		<b>98 874</b>

Irregular Expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from November 2022 to January 2023 and June 2023 (R16 292). - DJ van Zyl: Irregular acting period as Municipal Manager during May 2023 (R9 130).	Written of by Council in 2023/24	25 422
<b>Total:</b>		<b>25 422</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

Condonement of non-compliance of a regulation:

In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:

ZF Mgcawu District Municipality has investigated all irregular expenditures. Each instance and reason for the items that lead to irregular expenditure were presented to MPAC for further investigation. It was recommended to MPAC that the expenditures are irrecoverable and therefore a debtor could not be created. MPAC has also investigated the expenditures and recommended to Council that the expenditures were irrecoverable and must be written off by Council. Council concluded that no person or entity should be held liable for these irregular expenditure and must be written off during the 2022/23 financial year.

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<b>36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>36.1 Contributions to organised local government - SALGA (incl. VAT)</b>		
Opening Balance	-	-
Council Subscriptions	715 140	634 764
Subscriptions Amount Paid - current year	(720 140)	(639 764)
Subscriptions Amount Paid - previous years	(7 705)	-
Council Members Assembly and Levies	12 705	5 000
<b>Balance Unpaid (included in Payables from Exchange Transactions)</b>	<b>-</b>	<b>-</b>
<b>36.2 Audit Fees (incl. VAT)</b>		
Opening Balance	-	-
Current year Audit Fee	2 679 720	2 488 159
Amount Paid by National Treasury	(1 073 702)	(1 947 943)
Amount Paid - current year	(1 606 018)	(540 216)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Payables from Exchange Transactions)</b>	<b>-</b>	<b>-</b>
<b>36.3 VAT</b>		
The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.		
<b>36.4 PAYE, Skills Development Levy and UIF</b>		
Opening Balance	905 472	946 645
Current year Payroll Deductions	11 581 020	11 037 996
Amount Paid - current year	(11 581 020)	(10 851 981)
Amount Paid - previous years	(905 472)	(227 188)
<b>Balance Unpaid (included in Payables from Exchange Transactions)</b>	<b>-</b>	<b>905 472</b>
Balance Unpaid - Prior year	-	719 457
Balance Unpaid - June	-	186 015
<b>Balance Unpaid (included in Payables from Exchange Transactions)</b>	<b>-</b>	<b>905 472</b>
<b>36.5 Pension and Medical Aid Deductions</b>		
Opening Balance	96 676	133 689
Current year Payroll Deductions and Council Contributions	14 860 811	14 154 298
Amount Paid - current year	(14 752 822)	(14 057 622)
Amount Paid - previous years	(96 676)	(133 689)
<b>Balance Unpaid (included in Payables from Exchange Transactions)</b>	<b>107 989</b>	<b>96 676</b>

The unpaid balance refer to June month's outstanding balance and is payable before 7 July 2024.

**36.6 Councillor's arrear Consumer Accounts**

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

**36.7 Non-Compliance with the Municipal Finance Management Act**

No known matters existed at reporting date.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Acting Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were ratified by the Acting Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
<b>EXECUTIVE AND COUNCIL</b>	Various	2	Single provider only	38 739
	Various	24	Impractical for procurement processes	186 386
26 Occasions during the year amounts to R225,125				
<b>FINANCE AND ADMINISTRATION</b>	Various	40	Single provider only	2 939 851
	Various	87	Impractical for procurement processes	1 890 104
	Various	2	Emergency	155 530
129 Occasions during the year amounts to R4 985 485				
<b>Total:</b>				<b>5 210 610</b>

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

The Electricity and Water functions were transferred to the Local Municipalities. Thus no material Electricity and Water Losses occurred.

**37 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT**

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

**38 COMMITMENTS FOR EXPENDITURE**

**38.1 Capital Commitments**

The District Municipality had no capital commitments at year-end.

**38.2 Operational Commitments**

**- Approved and Contracted for:-**

*General Voice Equipment*  
*LGSETA Learnerships Programmes - TAG443*  
*Copier Machine Rentals*  
*PMS System*  
*Rural Road Management - Phatsimo Management*

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
	<b>3 847 470</b>	<b>6 438 138</b>
	-	619 335
	-	467 325
	404 463	776 569
	1 468 916	-
	1 974 090	4 574 909

**- Approved but Not Yet Contracted for:-**

*General Voice Equipment*

	-	-
	-	-

**Total Operational Commitments**

	<b>3 847 470</b>	<b>6 438 138</b>
--	------------------	------------------

This expenditure will be financed from:

Government Grants	1 974 090	4 574 909
LGSETA	-	467 325
Own Resources	1 873 380	1 395 904
	<b>3 847 470</b>	<b>6 438 138</b>

**General Voice Equipment:**

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 July 2021 to 30 June 2024. There are only annual escalations on the maintenance contract and the total tender value of R2 423 385 (incl. VAT) was awarded in April 2021.

On 30 June 2024 the outstanding commitment to ITEC was R0 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**LGSETA Skills Programmes and Learnerships - TAG443:**

The District Municipality had a contracted value of R938 000 (incl. VAT) with LGSETA which will be payable to ZF Mgcawu District Municipality. The District Municipality has awarded a tender to TAG443 to implement a skills programme and learnerships in the ZF Mgcawu District. There are no annual escalations and the tender was awarded in April 2018. LGSETA terminated all programs and the new approved tender value is R0 (incl. VAT).

On 30 June 2024 the outstanding commitment to TAG443 was R0 (incl. VAT). TAG 443 was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

**Copier Machines:**

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 June 2022 to 31 May 2025. There are only annual escalations on the maintenance contract and the total tender value of R1 193 206 (incl. VAT) was awarded in June 2022.

On 30 June 2024 the outstanding commitment to ITEC was R404,463 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

**PMS System:**

The District Municipality has a rental and maintenance agreement with CCG Systems for a PMS System from 1 January 2024 to 31 December 2026. There are no annual escalations and the total tender value of R1 859 916 (incl. VAT) was awarded in January 2024.

On 30 June 2024 the outstanding commitment to CCG Systems was R1,468,916 (incl. VAT). CCG Systems was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

**Outstanding Orders:**

The District Municipality had no outstanding orders at year-end for services and goods not yet delivered. Therefore the District Municipality had no commitments with suppliers to render services or goods after year-end.

		2024 R	2023 R
<b>39 FINANCIAL INSTRUMENTS</b>			
<b>39.1 Classification</b>			
<b>FINANCIAL ASSETS:</b>			
In accordance with GRAP 104.13 the Financial Assets of the District Municipality are classified as follows:			
<u>Financial Assets</u>	<u>Classification</u>		
<b>Non-current Investments</b>			
Fixed Deposits	Amortised cost	1 719 010	1 070 386
<b>Long-term Receivables</b>			
Finance Lease Receivable	Amortised cost	4 689	7 016
Staff Related Long Term Receivables	Amortised cost	76 835	86 917
CPMD Debtors	Amortised cost	76 400	83 400
SCM Debtors	Amortised cost	-	3 517
Payroll Debtors	Amortised cost	435	-
<b>Receivables from Exchange Transactions</b>			
Merchandising, Jobbing and Contracts	Amortised cost	271 488	224 591
<b>Receivables from Non-exchange Transactions</b>			
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Amortised cost	-	126 207
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	6	54 770
Bank Balances	Amortised cost	451 554	1 650 965
Cash Floats and Advances	Fair value	268	7
<b>Current Portion of Long-term Receivables</b>			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	11 983	12 841
CPMD Debtors	Amortised cost	7 200	7 200
SCM Debtors	Amortised cost	2 383	4 518
Maternity Leave Debtors	Amortised cost	-	1 123
Payroll Debtors	Amortised cost	2 400	-
<b>SUMMARY OF FINANCIAL ASSETS</b>			

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

		2024 R	2023 R
<b>Financial Assets at Amortised Cost:</b>			
Non-current Investments	Fixed Deposits	1 719 010	1 070 386
Long-term Receivables	Finance Lease Receivable	4 689	7 016
Long-term Receivables	Staff Related Long Term Receivables	76 835	86 917
Receivables from Exchange Transactions	Property Rental Debtors	271 488	224 591
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	-	126 207
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	11 983	12 841
Cash and Cash Equivalents	Call Deposits	6	54 770
Cash and Cash Equivalents	Bank Balances	451 554	1 650 965
		<u>2 539 165</u>	<u>3 237 293</u>
<b>Financial Assets at Fair Value:</b>			
Cash and Cash Equivalents	Cash Floats and Advances	268	7
		<u>268</u>	<u>7</u>
<b>Total Financial Assets</b>		<b>2 539 433</b>	<b>3 237 300</b>

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the District Municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	-	276 895
<b>Payables from Exchange Transactions</b>			
Other Payables: Salary Clearing and Control Retentions	Amortised cost	136 201	495 615
Salary Related Payables	Amortised cost	-	79 964
Trade Creditors	Amortised cost	-	905 472
		842 777	189 222
<b>Payables from Non-exchange Transactions</b>			
<b>Current Portion of Long-term Liabilities</b>			
Finance Lease Liabilities	Amortised cost	280 056	651 106
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial Liabilities at Amortised Cost:</b>			
Long-term Liabilities	Finance Lease Liabilities	-	276 895
Payables from Exchange Transactions	Other Payables	136 201	495 615
Payables from Exchange Transactions	Retentions	-	79 964
Payables from Exchange Transactions	Salary Related Payables	-	905 472
Payables from Exchange Transactions	Trade Creditors	842 777	189 222
Current Portion of Long-term Liabilities	Finance Lease Liabilities	280 056	651 106
		<u>1 259 034</u>	<u>2 598 273</u>
<b>Total Financial Liabilities</b>		<b>1 259 034</b>	<b>2 598 273</b>

**39.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

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**Cash**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Long-term Investments**

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

**Loan Receivables/Payables**

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

**Trade and Other Receivables/Payables**

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the District Municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratio's of the District Municipality's debtors.

**Other Financial Assets and Liabilities**

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Long-term Liabilities**

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2024, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2024		30 June 2023	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Measured at Amortised Cost:</b>	2 539 165	2 539 165	3 237 293	3 237 293
Fixed Deposits	1 719 010	1 719 010	1 070 386	1 070 386
Call Deposits	6	6	54 770	54 770
Bank Balances	451 554	451 554	1 650 965	1 650 965
Short-term Portion of Investments	-	-	-	-
Long-term Receivables	81 524	81 524	93 933	93 933
Trade Receivables from Exchange Transactions	271 488	271 488	224 591	224 591
Trade Receivables from Non-exchange Transactions	-	-	126 207	126 207
Current Portion of Long-term Receivables	15 583	15 583	16 441	16 441
	<hr/>	<hr/>	<hr/>	<hr/>
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>Measured at Fair Value</b>	268	268	7	7
Cash and Cash Equivalents	268	268	7	7
<b>Total Financial Assets</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	2 539 433	2 539 433	3 237 300	3 237 300

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**FINANCIAL LIABILITIES**

**Measured at Amortised Cost:**

	1 259 034	1 259 034	2 598 273	2 598 273
Finance Lease Liabilities	-	-	276 895	276 895
Trade and Other Payables:				
- Payables from Exchange Transactions	978 978	978 978	1 670 273	1 670 273
- Current Portion of Long-term Liabilities	280 056	280 056	651 106	651 106
<b>Total Financial Liabilities</b>	<b>1 259 034</b>	<b>1 259 034</b>	<b>2 598 273</b>	<b>2 598 273</b>
<b>Total Financial Instruments</b>	<b>1 280 399</b>	<b>1 280 399</b>	<b>639 027</b>	<b>639 027</b>
<b>Unrecognised Gain / (Loss)</b>		-		-

No Financial Instruments of the District Municipality have been reclassified during the year.

**Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities**

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**30 June 2024**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Cash and Cash Equivalents	-	268	-	268
<b>Total Financial Assets</b>	<b>-</b>	<b>268</b>	<b>-</b>	<b>268</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>268</b>	<b>-</b>	<b>268</b>

**30 June 2023**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Cash and Cash Equivalents	-	7	-	7
<b>Total Financial Assets</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>

**39.3 Capital Risk Management**

The District Municipality manages its capital to ensure that the District Municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The District Municipality's overall strategy remains unchanged from 2023.

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**Gearing Ratio**

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
The gearing ratio at the year-end was as follows:		
Debt	280 056	928 001
Cash and Cash Equivalents	(451 829)	(1 705 742)
Net Debt	(171 773)	(777 741)
Equity	(19 566 095)	(16 462 865)
<b>Net debt to equity ratio</b>	<b>0.88%</b>	<b>4.72%</b>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the District Municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**39.4 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the District Municipality's Risk Management Framework. The District Municipality's Risk Management policies are established to identify and analyse the risks faced by the District Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the District Municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The District Municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the District Municipality's Audit & Performance Committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**39.5 Significant Risks**

It is the policy of the District Municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the District Municipality is exposed on the reporting date.

The District Municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

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

**Credit Risk**

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

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**Liquidity Risk**

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

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 39.8 to the Annual Financial Statements.

**39.6 Market Risk**

The District Municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 39.7 below). No formal policy exists to hedge volatilities in the interest rate market.

**39.6.1 Foreign Currency Risk Management**

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

**39.6.2 Interest Rate Risk Management**

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

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

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 39.8 below:

**39.7 Credit Risk Management**

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

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

**Investments/Bank, Cash and Cash Equivalents**

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

**Trade and Other Receivables**

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the District Municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors were transferred to the Local Municipalities.

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

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

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

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

	<b>2024</b>	<b>2023</b>
	<b>R</b>	<b>R</b>
<p>Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the District Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:</p> <p>The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:</p>		
Fixed Deposit Investments	1 719 010	1 070 386
Long-term Receivables	97 106	110 374
Receivables from Exchange Transactions	271 488	224 591
Receivables from Non-exchange Transactions	-	126 207
Bank, Cash and Cash Equivalents	451 829	1 705 742
<b>Maximum Credit and Interest Risk Exposure</b>	<b>2 539 433</b>	<b>3 237 300</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**39 FINANCIAL INSTRUMENTS (Continued)**

**39.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the District Municipality's short, medium and long-term funding and liquidity management requirements. The District Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67 is a listing of additional undrawn facilities that the District Municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

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

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

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2024</b>								
Non-interest Bearing		0%	6 398 202	6 398 202	-	-	-	-
- Payables from Exchange transactions	13	0%	6 398 202	6 398 202	-	-	-	-
Fixed Interest Rate Instruments		35%	280 056	149 816	130 240	-	-	-
- Long-term Liabilities	15	35%	280 056	149 816	130 240	-	-	-
			<b>6 678 258</b>	<b>6 548 017</b>	<b>130 240</b>	-	-	-
<b>30 June 2023</b>								
Non-interest Bearing		0%	6 853 362	6 853 362	-	-	-	-
- Payables from Exchange transactions	13	0%	6 853 362	6 853 362	-	-	-	-
Fixed Interest Rate Instruments		43%	928 001	372 930	278 176	276 895	-	-
- Long-term Liabilities	15	43%	928 001	372 930	278 176	276 895	-	-
			<b>7 781 363</b>	<b>7 226 292</b>	<b>278 176</b>	<b>276 895</b>	-	-

**ZF MGCAWU DISTRICT MUNICIPALITY**  
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The following table details the District Municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the District Municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
<b>30 June 2024</b>								
Non-interest Bearing		0%	368 594	279 279	7 791	15 583	65 941	-
- Long-term Receivables			97 106	7 791	7 791	15 583	65 941	-
- Trade Receivables from Exchange Transactions			271 488	271 488	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		2.5%	451 561	451 561	-	-	-	-
- Call Deposits		9.0%	6	6	-	-	-	-
- Bank Account		2.5%	451 554	451 554	-	-	-	-
Fixed Interest Rate Instruments		9.4%	1 719 010	1 719 010	-	-	-	-
- Fixed Deposits		9.4%	1 719 010	1 719 010	-	-	-	-
			<b>2 539 165</b>	<b>2 449 850</b>	<b>7 791</b>	<b>15 583</b>	<b>65 941</b>	<b>-</b>
<b>30 June 2023</b>								
Non-interest Bearing		0%	461 172	359 019	8 221	16 441	77 491	-
- Long-term Receivables			110 374	8 221	8 221	16 441	77 491	-
- Trade Receivables from Exchange Transactions			224 591	224 591	-	-	-	-
- Trade Receivables from Non-exchange Transactions			126 207	126 207	-	-	-	-
Variable Interest Rate Instruments		2.7%	1 705 735	1 705 735	-	-	-	-
- Call Deposits		9.0%	54 770	54 770	-	-	-	-
- Bank Account		2.5%	1 650 965	1 650 965	-	-	-	-
Fixed Interest Rate Instruments		9.8%	1 070 386	1 070 386	-	-	-	-
- Fixed Deposits		9.8%	1 070 386	1 070 386	-	-	-	-
			<b>3 237 293</b>	<b>3 135 139</b>	<b>8 221</b>	<b>16 441</b>	<b>77 491</b>	<b>-</b>

**39.9 Other Price Risks**

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**40 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

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

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

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

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

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

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

The total expense recognised in the Statement of Financial Performance of R1 664 298 (2023: R1 553 852) represents contributions payable to these plans by the District Municipality at rates specified in the rules of the plans. These contributions have been expensed.

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

**DEFINED CONTRIBUTION SCHEMES**

**LA Retirement Fund/Cape Joint Pension Fund:**

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2021 indicated that the defined benefit scheme of the fund is in a sound financial position, with assets amounting to R1 486 (2020: R1 421) million, with a funding level of 104,9% (2020: 100,0%).

**Consolidated Retirement Fund::**

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

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

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

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**Municipal Councillors Pension Fund:**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;.

**National Fund for Municipal Workers - Provident Fund:**

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

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

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

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

None of the above mentioned plans are State Plans.

**41 RELATED PARTY TRANSACTIONS**

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

**41.1 Interest of Related Parties**

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

<b>Name of Related Person</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
W.R Peterson	Speaker	Director at China South Africa Mining International Development Director at Exclusive Access Trading 519 Director at Khoisan Heritage Director at Northern Cape Desert Dreams Corporation Member at Temla 107
S Sandlana	Councillor	Director at Xiri holdings Director at K2020861781 Director at UCEDO 4+1 Organization Primary Co-operative LTD Director at ZFM Meter district Taxi organization
T Van Der Steen	Councillor	Director at Loodgieter Van Der Steen Member at Van Der Steen Pomp en Pyp Member at Jesu Nkosi Monuments
P Mgcera	Councillor	Director at Phathilizwe Enterprise
A Kotzee	Councillor	Director at Tierberg Kahamel
H De Koker	Councillor	Member at Tumelo Youth Farm
M Louw	Councillor	Director at Mawele Konstruksie
K.A Nkoe	Councillor	Director at Nkoe and Associates chartered certified accountants

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

<b>Name of Related Person</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
A Johnson	Councillor	Director at A M J Professional Services Director at Aaron Renier Johnson Trading Director at Freshgrowth Primary Agrticultural co-operative limited Director at K2021416957 Director at Keimoes Gen Leisure Holdings Director at RV Gasp Primary Co-Operative limited Director at Youth first enterprise
K Keorometswe	Councillor	Director at Enkelo Enterprise Director at Katlo Ya Lona Projects Director at Month Baskets General trading
A Matshimo	Councillor	Member at Inyakmeko Trading 1154
J Esau	Councillor	Director at Green Bird Construction and General Director at Jacks enterprise services Director at On Spot Construction and General
D Pienaar	Councillor	Director at Wonderers Youth Academy Director at Halala enterprise Director at Denha Cash loans Director at DRP Property Investments Director at Futu Holdings Director at Futu Investments Director at Phutanang Recycling Primary Corporative Limited Director at Kgatelopele Business forum Director at Likade trading Director at Phatsimo 101
P Matthys	Councillor	Director at CFH Solutions
A Tieties	Acting Municipal Manager	Director at A and T Development Director at CC Mketsu Logistics Director at Khanya Solar Solution
J Visagie	Middle Manager	Director at Sakiwi5 Trading
GB Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
CM Mathe	Middle Manager	Director at O Mogolo Homes Director at Our Solid Foundation Director at O Mogolo Jehovah Director at Brownsugar Communications
M Manyehe	Middle Manager	Director at Brainwave Projects
J Willemse	Middle Manager	Director at Second Home Hostel
E Van Der Westhuizen	Middle Manager	Director at BMD Trading
B Van Kratenburg	Middle Manager	Member ar Ablaze Trading 258
JA Kitching	Middle Manager	Director at ANSEC 133 Director at Hazfree Waste Management
J Linden	Middle Manager	W J P Strauss Boerdery
FJ Strauss	Middle Manager	Director at Christian Restoration Hour Radio Station
H Mclauli	Middle Manager	Director at Investing in People Director at K2020805981
M Wolfe	Middle Manager	Director at GFTM Service and Advisory Director at Save a Child
G Booysen	SCM Official	Member at GSNF Construction
L De Klerk	Financial Intern	Director at SKYY Holdings
M Venter	Audit Committee	Director at Inkqbelo Director at CRC Cares Upington
U Thys	Audit Committee	Director at Mpamot Africa Director at PDNA Da Vinci Academy Director at Superlane 140
N Mchlauli	Managers Spouse	Director at Christian Restoration Hour Radio Station Director at Fearless Child Director at Investing in People Director at K2020805982 Director at K2022499848
K Kitching	Manager's Spouse	Director at ANSEC 133
J Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
EE Job	Manager's Spouse	Director at Zwanofe Contractors
E Job	Managers Spouse	Director at Zwanofe Contractors

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

<b>Name of Related Person</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
D Pienaar	Councillor	Director at Futu Renewal Energy park Director at JHD Enterprise Director at Kgosi Engineers Director at Vision Valley Technologies Director at Adonai Enterprize
MA Willemse	Councillor	Director at K2023735744 Director at Ubuntu Business investments
PJ George	Councillor	Director at Doods and George Trading Director at Philander and George Trading
J Willemse	Middle Manager	Director at Black Sparrow Trading
J Nengome	Middle Manager	Member at Sedzaphanda Building Construction Company Secretary at Macdonalds Transport Company Secretary at Mora Plase Company Secretary at Rich Rewards trading Company Secretary at Sivukile Transport Company Secretary at Summersow Investments Company Secretary at Victory Parade Trading 101
U Thys	Audit Committee	Member atAotipho Investments Director at Aspen Hills home owners association Director at Merz and Mclellan Director at Mott Macdonald Contracting Director at Mott Macdonald development SA Director at Mott Macdonald Holdings Director at PDNA Academy Director at PDNA Holdings Director at Phambili Merz
K Kitching	Managers Spouse	Director at Hemiprox
A Van Zyl	Directors Spouse	Director at Ansec Director at Hemiprox

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

<b>Name of Related Person</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
MC Basson	Executive Mayor	No relationship with businesses
CFP Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S Abel	Councillor	No relationship with businesses
FL Witbooi	Councillor	No relationship with businesses
A Ruiters	Councillor	No relationship with businesses
J Balies	Councillor	No relationship with businesses
F Basson	Councillor	No relationship with businesses
MHB Van Zyl	Councillor	No relationship with businesses
J Silo	Councillor	No relationship with businesses
E Mompe	Councillor	No relationship with businesses
I De Waal	Director	No relationship with businesses
DJ Van Zyl	Director	No relationship with businesses
E Britz/Isaacs	Director	No relationship with businesses
A Phete	Middle Manager	No relationship with businesses
R Snyders	Middle Manager	No relationship with businesses
T Galloway	Middle Manager	No relationship with businesses
B Feris	Middle Manager	No relationship with businesses
B Knouwds	Middle Manager	No relationship with businesses
F Ruppig	Middle Manager	No relationship with businesses
J Shorty	Middle Manager	No relationship with businesses
G Present	Middle Manager	No relationship with businesses
T Job	Middle Manager	No relationship with businesses
H Theron	Middle Manager	No relationship with businesses
S Berend	Middle Manager	No relationship with businesses
G Kuun	Middle Manager	No relationship with businesses
T Louw	Middle Manager	No relationship with businesses
S Botha	Middle Manager	No relationship with businesses
C Swarts	SCM Official	No relationship with businesses

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

<b>Name of Related Person</b>	<b>Designation</b>	<b>Description of Related Party Relationship</b>
LCC Drawer	Financial Intern	No relationship with businesses
M Theron	Managers Spouse	No relationship with businesses
R Galloway	Manager's Spouse	No relationship with businesses
JM Snyders	Manager's Spouse	No relationship with businesses
LG Cloete	Manager's Spouse	No relationship with businesses
JP Berend	Manager's Spouse	No relationship with businesses
B Feris	Managers Spouse	No relationship with businesses
ND Isaacs	Manager's Spouse	No relationship with businesses
T Linden	Manager's Spouse	No relationship with businesses
AM Shorty	Manager's Spouse	No relationship with businesses

**41.2 Services rendered to Related Parties**

The District Municipality did not render any services during the year to anyone that can be considered as a related party.

**41.3 Loans granted to Related Parties**

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

**41.4 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

**41.5 Purchases from Related Parties**

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

**41.6 Related Parties of Spouses**

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

**42 CONTINGENT LIABILITIES**

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Liabilities.

**43 CONTINGENT ASSETS**

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

**44 IN-KIND DONATIONS AND ASSISTANCE**

The District Municipality did not receive any In-kind Donations and Assistance during the year under review.

**45 PRIVATE PUBLIC PARTNERSHIPS**

The District Municipality was not a party to any Private Public Partnerships during the year under review.

**46 EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2024.

**47 COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**48 SEGMENT REPORTING**

For management purposes the District Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has the following primary reportable segments:

- **The segment for Executive and Council**  
This segment consists of services such as executive services and support services.
- **The segment for Finance and Administration**  
This segment consists of all services for the financial management corporate and communication services of all the municipal services.
- **The segment for Internal Audit**  
This segment consists of all services to provide assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met.
- **The segment for Public Safety**  
This segment consists of all services for disaster management to effectively prepare for and responding to disasters.
- **The segment for Health**  
This segment consists of all services for environmental health and safety regulations.
- **The segment for Planning and Development**  
This segment consists of infrastructure services such as engineering services, SPLUM regulations and housing services.
- **The segment for Tourism**  
This segment consists of services such as tourism services.

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management does not monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The segmental information for Capital Assets of the Municipality is disclosed in Note 51.

**49 GOING CONCERN ASSESSMENT**

Management considered the following matters in relation to the Going Concern position of ZF Mgcawu:

- (i) On 27 May 2024 Council adopted the 2024/25 to 2026/27 annual final budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) fund the elementary operations of the District Municipality to perform its legal mandate and reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The second adjustments budget for the financial year 2023/24 was tabled to Council on 27 June 2024.
- (ii) The District Municipality's draft budget of 2024/25 was subjected to an independent assessment process by Provincial Treasury to assess its cash-backing status and other budgetary key performance indicators. The outcome of the cash back assessment was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27.
- (iii) Strict daily cash management processes are embedded in the District Municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. Cash flow reporting has been refined by building in cash back figures to portray the net cash flow positions on a bi-weekly basis.
- (iv) The District Municipality developed a cost containment and budget monitoring yardstick in order to measure operational and capital budget performance on a monthly basis. The cost containment policy had been adopted by Council on 27 May 2024. Cash flow challenges are experienced because cash flow projections are compiled for the payment sequences of the equitable share which is our largest portion of operational revenue source.
- (v) The District Municipality is in a material sense grant dependent and renders mainly mandatory support to local municipalities in the ZF Mgcawu district. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions are instituted.
- (vi) An operational efficiency plan has been develop by management to ensure that operations are effected in the most cost-effective manner possible whilst still ensuring that quality is not compromised.
- (vii) Business plans have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.
- (viii) Alternative sourcing of funding and the attainment of projects by ZF Mgcawu District Municipality is a high priority to address the shortage of funding that is a legacy challenge of the past.
- (ix) Innovative strategic management is deployed to better the financial health of ZF Mgcawu District Municipality in the long term.
- (x) All outstanding creditors up to 30 June 2024 were included in ZFM's 2024/25 cash management report.
- (xi) Council has also adopted an implementation plan on how to get from an unfunded budget to a funded budget.
- (xii) To address above mentioned challenges a budget implementation plan was adopted by Council and the recommendations are implemented.
- (xiii) Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of ZF Mgcawu District Municipality to sustain the financial health of the District Municipality.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on a going concern basis.

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**51 SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2024**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
<b>Executive and Council</b>											
<i>Council Administration</i>	115 457	-	-	(15 732)	99 725	(81 645)	(8 904)	-	14 174	(76 376)	23 349
<i>Council Services</i>	1 460 257	760 750	-	(731 693)	1 489 314	(929 713)	(211 014)	-	428 391	(712 337)	776 977
<i>Municipal Manager</i>	301 795	42 824	-	-	344 619	(248 804)	(19 445)	-	-	(268 249)	76 370
<b>Finance and Administration</b>											
<i>Administration</i>	189 160	194 387	-	(1 229)	382 318	(146 154)	(36 129)	-	1 113	(181 170)	201 148
<i>Asset Management Unit</i>	15 241	24 342	-	-	39 583	(14 022)	(2 079)	-	-	(16 101)	23 482
<i>Budget &amp; Treasury Office</i>	14 985	-	-	-	14 985	(10 788)	(973)	-	-	(11 761)	3 224
<i>Expenditure Unit</i>	19 479	-	-	-	19 479	(10 611)	(2 665)	-	-	(13 276)	6 203
<i>Financial Services</i>	768 576	46 766	-	(26 418)	788 924	(647 723)	(28 153)	-	24 270	(651 606)	137 318
<i>Human Resources</i>	151 596	8 999	-	(2 278)	158 317	(124 052)	(7 674)	-	2 095	(129 632)	28 686
<i>Information Technology</i>	3 952 991	166 540	-	(162 223)	3 957 309	(2 427 523)	(925 653)	-	129 893	(3 223 283)	734 026
<i>Property Services</i>	20 352 592	-	-	(79 350)	20 273 242	(1 889 993)	(83 763)	-	71 018	(1 902 739)	18 370 504
<i>Risk Management</i>	13 398	-	-	-	13 398	(4 724)	(3 785)	-	-	(8 508)	4 890
<i>Supply Chain Management</i>	10 595	-	-	(1 643)	8 952	(6 750)	(972)	-	1 511	(6 211)	2 741
<i>Vehicles</i>	-	-	-	-	-	-	-	-	-	0	0
<b>Health</b>											
<i>Environmental Health</i>	115 546	8 999	-	(32 776)	91 769	(77 836)	(16 165)	-	30 189	(63 813)	27 957
<b>Planning and Development</b>											
<i>Communication &amp; Liaison</i>	19 991	26 460	-	-	46 452	(8 285)	(6 756)	-	-	(15 042)	31 410
<i>Engineering Services</i>	849 435	51 339	-	(2 854)	897 921	(113 932)	(159 065)	-	2 568	(270 429)	627 492
<i>Housing Accreditation</i>	55 787	8 999	-	(9 967)	54 819	(42 236)	(6 163)	-	9 074	(39 325)	15 494
<i>LED</i>	1 444	-	-	-	1 444	(1 298)	(1)	-	-	(1 299)	145
<i>PIMMS</i>	9 957	-	-	-	9 957	(8 831)	(244)	-	-	(9 075)	882
<i>Performance Management</i>	106 690	-	-	(17 166)	89 524	(72 908)	(13 598)	-	15 759	(70 747)	18 777
<i>Technical Support Services</i>	55 567	-	-	-	55 567	(50 241)	(3)	-	-	(50 244)	5 323
<b>Internal Audit</b>											
<i>Internal Audit</i>	156 219	-	-	-	156 219	(124 391)	(6 356)	-	-	(130 747)	25 471
<b>Other</b>											
<i>Tourism</i>	40 183	-	-	(2 762)	37 421	(36 179)	(17)	-	2 493	(33 703)	3 717
<b>Public Safety</b>											
<i>Disaster Management</i>	26 388	-	-	-	26 388	(13 733)	(4 745)	-	-	(18 478)	7 910
<b>Total Asset Register</b>	<b>28 803 327</b>	<b>1 340 406</b>	<b>-</b>	<b>(1 086 089)</b>	<b>29 057 645</b>	<b>(7 092 373)</b>	<b>(1 544 322)</b>	<b>-</b>	<b>732 546</b>	<b>(7 904 149)</b>	<b>21 153 496</b>

**ZF MGCAWU DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

**52 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024**

2023 Actual Income	2023 Budgeted Income	2023 Actual Expenditure	2023 Budgeted Expenditure	2023 Surplus/ (Deficit)	Description	2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
500 000	500 000	18 960 601	19 074 926	(18 460 601)	<b>Municipal Governance and Administration</b>	250 000	500 000	19 475 473	19 476 741	(19 225 473)
83 860 495	83 743 000	42 962 467	41 092 510	40 898 028	Executive and Council	86 550 471	86 304 654	46 220 068	46 223 489	40 330 403
-	-	3 660 966	3 522 429	(3 660 966)	Finance and Administration	-	-	3 885 348	3 886 705	(3 885 348)
-	-	3 050 842	3 105 127	(3 050 842)	Internal Audit	-	-	3 225 607	3 225 768	(3 225 607)
-	-	6 915 224	7 022 900	(6 915 224)	<b>Community and Public Safety</b>	-	-	7 198 973	7 198 999	(7 198 973)
					Public Safety					
					<b>Health</b>					
					Health					
					<b>Economic and Environmental Services</b>					
4 390 000	4 160 000	12 033 971	11 797 593	(7 643 971)	Planning and Development	4 328 000	4 328 000	12 639 415	12 642 956	(8 311 415)
-	-	1 226 417	1 281 374	(1 226 417)	<b>Other</b>	500 000	500 000	1 491 509	1 491 698	(991 509)
<b>88 750 495</b>	<b>88 403 000</b>	<b>88 810 489</b>	<b>86 896 859</b>	<b>(59 994)</b>	Sub-Total	<b>91 628 471</b>	<b>91 632 654</b>	<b>94 136 393</b>	<b>94 146 356</b>	<b>(2 507 922)</b>
3 453 148	-	415 557	117 654	3 037 591	Gains and Losses	200 532	3 981 000	795 841	810 298	(595 308)
<b>92 203 643</b>	<b>88 403 000</b>	<b>89 226 046</b>	<b>87 014 513</b>	<b>2 977 597</b>	<b>Total</b>	<b>91 829 004</b>	<b>95 613 654</b>	<b>94 932 234</b>	<b>94 956 654</b>	<b>(3 103 230)</b>

**APPENDIX A**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024**

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2023	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2024	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
<b>CAPITAL LEASE LIABILITIES</b>										
COPIERS - 2021/22	660 000	12.4%	-	01/05/2025	449 133	-	(221 052)	228 081	201 667	-
TELEPHONE SYSTEM - 2021/22	950 000	73.1%	-	01/06/2024	380 284	-	(380 284)	0	(0)	-
COPIERS - 2022/23	130 889	20.6%	-	01/05/2025	98 583	-	(46 608)	51 975	51 562	-
<b>Total Capital Lease Liabilities</b>	<b>1 740 889</b>				<b>928 001</b>	<b>-</b>	<b>(647 945)</b>	<b>280 056</b>	<b>253 229</b>	<b>-</b>

**Copier Machine Leases:**

Finance Lease Liabilities relate to Copier Machines with a lease term of 36 months with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Telephone System with a lease term of 36 months with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

**APPENDIX B**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2024**

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
<b>Land:</b>											
<i>Land</i>	17 976 000	-	-	-	17 976 000	-	-	-	-	-	17 976 000
<b>Other Assets:</b>											
<i>Buildings</i>	2 056 000	-	-	-	2 056 000	(1 603 826)	(82 214)	-	-	(1 686 039)	369 961
<b>Land and Buildings</b>	<b>20 032 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 032 000</b>	<b>(1 603 826)</b>	<b>(82 214)</b>	<b>-</b>	<b>-</b>	<b>(1 686 039)</b>	<b>18 345 961</b>
<b>Computer Equipment</b>											
<i>Computer Hardware</i>	2 381 434	273 425	-	(190 209)	2 464 650	(1 691 201)	(252 252)	-	174 188	(1 769 265)	695 385
<b>Furniture and Office Equipment</b>											
<i>Cabinets And Cupboards</i>	257 580	-	-	(4 800)	252 780	(231 686)	(75)	-	4 320	(227 441)	25 340
<i>Chairs</i>	322 166	3 043	-	(10 080)	315 129	(281 525)	(7 364)	-	9 073	(279 817)	35 312
<i>Furniture</i>	12 164	-	-	-	12 164	(10 949)	-	-	-	(10 949)	1 215
<i>Office Machines &amp; Other</i>	278 250	-	-	(29 222)	249 028	(243 377)	(6 183)	-	26 833	(222 727)	26 301
<i>Other Furniture</i>	480 204	293 945	-	(6 597)	767 552	(383 399)	(55 747)	-	4 599	(434 547)	333 005
<i>Printer, Fax, Copier</i>	21 232	-	-	(2 770)	18 462	(15 524)	(2 954)	-	3 441	(15 038)	3 425
<i>Tables And Desks</i>	457 147	-	-	(7 961)	449 186	(410 987)	(455)	-	7 334	(404 108)	45 078
<b>Machinery and Equipment</b>											
<i>Fire Fighting Equipment</i>	1 200	-	-	-	1 200	(1 080)	-	-	-	(1 080)	120
<i>Medical Equipment</i>	6 300	-	-	-	6 300	(5 670)	(0)	-	-	(5 670)	630
<i>Other Equipment</i>	298 597	44 212	-	-	342 809	(1 886)	(45 315)	-	-	(47 201)	295 608
<i>Radio Equipment</i>	3 000	-	-	-	3 000	(2 700)	-	-	-	(2 700)	300
<i>Security Equipment</i>	194 682	-	-	(79 350)	115 332	(153 351)	(12 115)	-	71 018	(94 448)	20 885
<i>Leased Assets</i>	1 740 889	-	-	-	1 740 889	(1 007 756)	(685 379)	-	-	(1 693 135)	47 754
<b>Transport Assets</b>											
<i>Motor Cars</i>	1 613 405	672 550	-	(713 492)	1 572 463	(453 091)	(326 263)	-	413 685	(365 669)	1 206 794
	<b>8 068 250</b>	<b>1 287 176</b>	<b>-</b>	<b>(1 044 480)</b>	<b>8 310 946</b>	<b>(4 894 182)</b>	<b>(1 394 103)</b>	<b>-</b>	<b>714 491</b>	<b>(5 573 794)</b>	<b>2 737 152</b>
<b>Total PPE</b>	<b>28 100 250</b>	<b>1 287 176</b>	<b>-</b>	<b>(1 044 480)</b>	<b>28 342 946</b>	<b>(6 498 008)</b>	<b>(1 476 316)</b>	<b>-</b>	<b>714 491</b>	<b>(7 259 833)</b>	<b>21 083 113</b>
<b>Intangible Assets</b>											
<i>Computer Software</i>	703 077	53 230	-	(41 609)	714 699	(594 365)	(68 006)	-	18 055	(644 316)	70 383
<b>Total Intangible Assets</b>	<b>703 077</b>	<b>53 230</b>	<b>-</b>	<b>(41 609)</b>	<b>714 699</b>	<b>(594 365)</b>	<b>(68 006)</b>	<b>-</b>	<b>18 055</b>	<b>(644 316)</b>	<b>70 383</b>
<b>Total Asset Register</b>	<b>28 803 327</b>	<b>1 340 406</b>	<b>-</b>	<b>(1 086 089)</b>	<b>29 057 645</b>	<b>(7 092 373)</b>	<b>(1 544 322)</b>	<b>-</b>	<b>732 546</b>	<b>(7 904 149)</b>	<b>21 153 496</b>

**APPENDIX E(1)**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2024**

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>REVENUE - STANDARD</b>													
<b>Municipal Governance and Administration</b>													
Executive and Council	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Finance and Administration	87 665 000	(1 385 000)	86 280 000	24 654	86 304 654	-	86 304 654	86 550 471	-	245 817	100.28	98.73	83 860 495
<b>Community and Public Safety</b>													
Public Safety	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
<b>Economic and Environmental Services</b>													
Planning and Development	4 578 000	(250 000)	4 328 000	-	4 328 000	-	4 328 000	4 328 000	-	-	100.00	94.54	4 390 000
<b>Total Revenue - Standard</b>	<b>92 743 000</b>	<b>(1 135 000)</b>	<b>91 608 000</b>	<b>24 654</b>	<b>91 632 654</b>	<b>-</b>	<b>91 632 654</b>	<b>91 628 471</b>	<b>-</b>	<b>(4 183)</b>	<b>0.00</b>	<b>98.80</b>	<b>88 750 495</b>
<b>EXPENDITURE - STANDARD</b>													
<b>Municipal Governance and Administration</b>													
Executive and Council	19 634 931	268 458	19 903 389	(896 659)	19 006 730	470 011	19 476 741	19 475 473	-	(1 268)	99.99	99.19	18 960 601
Finance and Administration	42 080 130	553 925	42 634 055	4 469 860	47 103 915	(115 128)	46 988 787	46 220 068	-	(768 719)	98.36	109.84	42 962 467
Internal Audit	4 377 654	50 001	4 427 655	(210 436)	4 217 219	(330 514)	3 886 705	3 885 348	-	(1 357)	99.97	88.75	3 660 966
<b>Community and Public Safety</b>													
Public Safety	3 282 992	522 956	3 805 948	(503 535)	3 302 413	(76 645)	3 225 768	3 225 607	-	(161)	100.00	98.25	3 050 842
Health	7 806 258	(361 470)	7 444 788	(121 290)	7 323 498	(124 499)	7 198 999	7 198 973	-	(26)	100.00	92.22	6 915 224
<b>Economic and Environmental Services</b>													
Planning and Development	11 413 249	(230 477)	11 182 772	1 263 909	12 446 681	196 275	12 642 956	12 639 415	-	(3 541)	99.97	110.74	12 033 971
<b>Other</b>	<b>1 231 775</b>	<b>213 002</b>	<b>1 444 777</b>	<b>66 421</b>	<b>1 511 198</b>	<b>(19 500)</b>	<b>1 491 698</b>	<b>1 491 509</b>	<b>-</b>	<b>(189)</b>	<b>99.99</b>	<b>121.09</b>	<b>1 226 417</b>
<b>Total Expenditure - Standard</b>	<b>89 826 989</b>	<b>1 016 395</b>	<b>90 843 384</b>	<b>4 068 270</b>	<b>94 911 654</b>	<b>-</b>	<b>94 911 654</b>	<b>94 136 393</b>	<b>-</b>	<b>(775 261)</b>	<b>0.00</b>	<b>104.80</b>	<b>88 810 489</b>
<b>Gains and Losses</b>	<b>(336 000)</b>	<b>(300 000)</b>	<b>(636 000)</b>	<b>(3 300 000)</b>	<b>(3 936 000)</b>	<b>-</b>	<b>(3 936 000)</b>	<b>595 308</b>	<b>-</b>	<b>4 531 308</b>	<b>0.00</b>	<b>0.00</b>	<b>(3 037 591)</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 252 011</b>	<b>(2 151 395)</b>	<b>1 400 616</b>	<b>(4 043 616)</b>	<b>657 000</b>	<b>-</b>	<b>657 000</b>	<b>(3 103 230)</b>	<b>-</b>	<b>771 078</b>	<b>0.00</b>	<b>0.00</b>	<b>2 977 597</b>

**APPENDIX E(2)**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2024**

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
<b>REVENUE - STANDARD</b>													
Executive & Council	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Council Services	500 000	-	500 000	-	500 000	-	500 000	250 000	-	(250 000)	50.00	50.00	500 000
Internal Audit	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Budget and treasury office	85 865 000	(535 000)	85 330 000	(346)	85 329 654	-	85 329 654	86 239 709	-	910 055	101.07	100.44	83 164 299
Budget & Treasury Office	83 040 000	(600 000)	82 440 000	70 000	82 510 000	-	82 510 000	63 184 449	-	(19 325 551)	76.58	76.09	414 333
Financial Services	2 825 000	65 000	2 890 000	(70 346)	2 819 654	-	2 819 654	23 055 260	-	20 235 606	817.66	816.12	82 749 966
Corporate services	1 800 000	(850 000)	950 000	25 000	975 000	-	975 000	310 762	-	(664 238)	31.87	17.26	696 196
Human Resources	1 800 000	(850 000)	950 000	25 000	975 000	-	975 000	310 762	-	(664 238)	31.87	17.26	696 196
Planning & Development	4 578 000	250 000	4 828 000	-	4 828 000	-	4 828 000	4 828 000	-	-	100.00	105.46	4 390 000
Disaster Mangement	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Engineering Services	4 078 000	-	4 078 000	-	4 078 000	-	4 078 000	4 078 000	-	-	100.00	100.00	4 140 000
Housing Accreditation	500 000	(250 000)	250 000	-	250 000	-	250 000	250 000	-	-	100.00	50.00	250 000
<b>Total Revenue - Standard</b>	<b>92 743 000</b>	<b>(1 135 000)</b>	<b>91 608 000</b>	<b>24 654</b>	<b>91 632 654</b>	<b>-</b>	<b>91 632 654</b>	<b>91 628 471</b>	<b>-</b>	<b>(4 183)</b>	<b>0.00</b>	<b>98.80</b>	<b>88 750 495</b>

**APPENDIX E(2)**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2024**

Description	2023/24											2022/23	
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
<b>EXPENDITURE - STANDARD</b>													
Executive & Council	23 818 216	770 604	24 588 820	(2 239 684)	24 577 033	(537 281)	24 039 752	24 039 590	-	(162)	100.00	100.93	22 826 113
Council Administration	6 264 488	(6 264 488)	-	-	-	24 570	24 570	130 142	-	105 572	529.68	2.08	7 205 862
Council Services	9 298 085	630 750	9 928 835	(2 227 897)	7 700 938	1 832 424	9 533 362	9 543 712	-	10 350	100.11	102.64	7 917 734
Internal Audit	4 377 654	50 001	4 427 655	(210 436)	4 217 219	(330 514)	3 886 705	3 885 348	-	(1 357)	99.97	88.75	3 660 966
Municipal Manager	2 428 946	6 320 880	8 749 826	2 360 466	11 110 292	(2 063 761)	9 046 531	8 938 856	-	(107 675)	98.81	368.01	2 669 377
Risk Management	1 449 043	33 461	1 482 504	66 080	1 548 584	-	1 548 584	1 541 532	-	(7 052)	99.54	106.38	1 372 173
Budget and treasury office	16 913 958	(256 767)	16 657 191	4 538 430	21 195 621	1 010 855	22 206 476	21 687 535	-	(518 941)	97.66	128.22	20 380 782
Asset Management Unit	2 574 361	(79 240)	2 495 121	1 052 674	3 547 795	315 981	3 863 776	3 881 223	-	17 447	100.45	150.76	2 954 012
Budget & Treasury Office	1 926 995	2 196 994	4 123 989	(3 208 921)	915 068	726 588	1 641 656	1 569 264	-	(72 392)	95.59	81.44	1 706 644
Expenditure Unit	2 152 233	1 392 628	3 544 861	(205 869)	3 338 992	(1 865 670)	1 473 322	1 423 607	-	(49 715)	96.63	66.15	1 801 111
Financial Services	8 304 478	(2 188 402)	6 116 076	7 098 364	13 214 440	(7 694)	13 206 746	12 817 046	-	(389 700)	97.05	154.34	12 180 513
Supply Chain Management	1 955 891	(1 578 747)	377 144	(197 818)	179 326	1 841 650	2 020 976	1 996 395	-	(24 581)	98.78	102.07	1 738 503
Corporate services	21 877 840	814 208	22 692 048	61 287	22 753 335	(1 158 483)	21 594 852	21 440 659	-	(154 193)	99.29	98.00	20 248 823
Administration	7 454 972	(666 270)	6 788 702	(642 436)	6 146 266	60 203	6 206 469	6 077 265	-	(129 204)	97.92	81.52	6 566 698
Human Resources	3 820 283	506 095	4 326 378	1 636 427	5 962 805	170 906	6 133 711	6 041 539	-	(92 172)	98.50	158.14	5 628 417
Information Technology	6 161 969	(151 889)	6 010 080	(359 169)	5 650 911	(1 329 182)	4 321 729	4 434 291	-	112 562	102.60	71.96	4 305 099
Property Services	1 365 000	412 000	1 777 000	(285 000)	1 492 000	(60 410)	1 431 590	1 407 070	-	(24 520)	98.29	103.08	1 106 001
Security Services	3 075 616	714 272	3 789 888	(288 535)	3 501 353	-	3 501 353	3 480 495	-	(20 858)	99.40	113.16	2 642 608
Planning & Development	27 216 975	1 527 639	26 905 325	(519 660)	26 385 665	684 909	27 070 574	26 968 610	-	(101 964)	99.62	99.09	25 354 771
Communication & Liaison	1 839 289	1 802 312	1 802 312	(195 937)	1 606 375	-	1 606 375	1 550 342	-	(56 033)	96.51	84.29	960 688
Disaster Mangement	3 282 992	522 956	3 805 948	(503 535)	3 302 413	(76 645)	3 225 768	3 225 607	-	(161)	100.00	98.25	3 050 842
Engineering Services	7 174 682	(187 044)	6 987 638	1 346 646	8 334 284	196 275	8 530 559	8 569 785	-	39 226	100.46	119.44	6 533 034
Environmental Health	7 806 258	(361 470)	7 444 788	(121 290)	7 323 498	(124 499)	7 198 999	7 198 973	-	(26)	100.00	92.22	6 915 224
Housing Accreditation	2 948 969	-	2 948 969	(76 153)	2 872 816	-	2 872 816	2 827 657	-	(45 159)	98.43	95.89	2 706 317
Planning and Development	1 289 598	155 179	1 444 777	66 421	1 511 198	(1 002 698)	508 500	506 194	-	(2 306)	99.55	39.25	960 226
PIMMS	-	1 246 165	1 246 165	(6 584)	1 239 581	-	1 239 581	1 240 575	-	994	100.08	0.00	1 834 494
PMS	1 643 412	(418 684)	1 224 728	(1 029 228)	195 500	709 278	904 778	862 763	-	(42 015)	95.36	52.50	1 167 628
Tourism	1 231 775	(1 231 775)	-	-	-	983 198	983 198	986 713	-	3 515	100.36	80.10	1 226 317
<b>Total Expenditure - Standard</b>	<b>89 826 989</b>	<b>2 855 684</b>	<b>90 843 384</b>	<b>1 840 373</b>	<b>94 911 654</b>	<b>-</b>	<b>94 911 654</b>	<b>94 136 393</b>	<b>-</b>	<b>(775 261)</b>	<b>0.00</b>	<b>104.80</b>	<b>88 810 489</b>
<b>Gains and Losses</b>	<b>(336 000)</b>	<b>(300 000)</b>	<b>(636 000)</b>	<b>(3 300 000)</b>	<b>(3 936 000)</b>		<b>(3 936 000)</b>	<b>595 308</b>	<b>-</b>	<b>4 531 308</b>	<b>0.00</b>	<b>0.00</b>	<b>(3 037 591)</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 252 011</b>	<b>(3 690 684)</b>	<b>1 400 616</b>	<b>1 484 281</b>	<b>657 000</b>	<b>-</b>	<b>657 000</b>	<b>(3 103 230)</b>	<b>-</b>	<b>(3 760 230)</b>	<b>0.00</b>	<b>(6.00)</b>	<b>2 977 597</b>

**APPENDIX E (3)**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024**

Description	2023/24												2022/23
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
<b>Revenue from Non-exchange Transactions</b>													
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	99	97	86 401 864
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6	-	3 453 148
<b>Revenue from Exchange Transactions</b>													
Sales of Goods and Rendering of Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	9 780	-	8 780	978	98	9 314
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97	184	1 234 722
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 470 956	-	1 140 956	446	180	1 104 594
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	-	681 000	-	-	(681 000)	-	-	-
<b>Total Revenue (excluding Capital Transfers &amp; Grants)</b>	<b>93 124 000</b>	<b>(835 000)</b>	<b>92 289 000</b>	<b>3 324 654</b>	<b>95 613 654</b>	<b>-</b>	<b>95 613 654</b>	<b>91 829 004</b>	<b>-</b>	<b>(3 784 650)</b>	<b>-</b>	<b>99</b>	<b>92 203 643</b>
<b>EXPENDITURE</b>													
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	775 160	62 595 328	62 595 030	-	(298)	100	97	59 711 427
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	(29 500)	5 261 682	5 261 639	-	(43)	100	99	5 270 695
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	364 967	1 544 381	1 544 322	-	(59)	100	268	1 263 327
Impairment Losses	20 000	-	20 000	-	20 000	745 298	765 298	765 298	-	-	100	3 826	298 774
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100	990	4 247 067
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	100	104	4 724 056
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	100	67	399 716
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	100	106	910 863
Operating Leases	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	88 089	13 406 678	13 402 134	-	(4 544)	100	115	12 283 339
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	-	45 000	30 543	-	(14 457)	68	68	116 783
<b>Total Expenditure</b>	<b>89 871 989</b>	<b>1 016 395</b>	<b>90 888 384</b>	<b>4 068 270</b>	<b>94 956 654</b>	<b>-</b>	<b>94 956 654</b>	<b>94 932 234</b>	<b>-</b>	<b>(24 420)</b>	<b>100</b>	<b>106</b>	<b>89 226 046</b>
<b>Surplus/(Deficit) for the Year</b>	<b>3 252 011</b>	<b>-</b>	<b>1 400 616</b>	<b>-</b>	<b>657 000</b>	<b>-</b>	<b>657 000</b>	<b>(3 103 230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 977 597</b>

**APPENDIX E(4)**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024**

Description	2023/24										2022/23	
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R				R	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654	(166 346)	99.81	100.38	86 401 864
Rental from Fixed Assets	-	-	-	-	-	-	-	9 780	9 780	0.00	0.00	9 314
External Interest and Dividends Received	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081	1 446 081	582.03	1 164.05	1 234 722
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 429 661	(2 394 872)	37.38	816.95	1 076 055
<b>Payments</b>												
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 033 795)	24 903 678	0.00	0.00	(61 179 052)
Remuneration of Councillors	-	-	-	-	-	-	-	(5 261 639)	(5 261 639)	0.00	0.00	(5 270 695)
External Interest and Dividends Paid	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)	(155 480)	0.00	0.00	(450 068)
Suppliers Paid	-	-	-	-	-	-	-	(7 338 497)	(7 338 497)	0.00	0.00	(6 561 320)
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)	(13 289 813)	0.00	0.00	(13 215 981)
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	<b>1 036 036</b>	<b>2 702 347</b>	<b>3 738 383</b>	<b>(443 623)</b>	<b>3 294 760</b>	<b>-</b>	<b>3 294 760</b>	<b>1 047 653</b>	<b>(2 247 107)</b>	<b>0.00</b>	<b>318.02</b>	<b>2 044 840</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)	993 540	0.00	0.00	(1 369 534)
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)	(53 230)	0.00	0.00	(49 162)
Proceeds on Disposal of Property, Plant and Equipme	-	-	-	-	-	-	-	323 000	323 000	0.00	0.00	0
Decrease / (Increase) in Non-current Investments	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)	851 376	0.00	0.00	(558 338)
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	12 409	12 409	0.00	0.00	14 652
<b>NET CASH FROM / (USED) INVESTING ACTIVITIES</b>	<b>(3 210 000)</b>	<b>(136 550)</b>	<b>(3 346 550)</b>	<b>(434 166)</b>	<b>(3 780 716)</b>	<b>-</b>	<b>(3 780 716)</b>	<b>(1 653 621)</b>	<b>2 127 095</b>	<b>0.00</b>	<b>0.00</b>	<b>(1 962 380)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)	280 056	0.00	0.00	(503 124)
<b>NET CASH FROM / (USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(928 001)</b>	<b>(928 001)</b>	<b>-</b>	<b>(928 001)</b>	<b>(647 945)</b>	<b>280 056</b>	<b>0.00</b>	<b>0.00</b>	<b>(503 124)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>2 173 964</b>	<b>(2 565 797)</b>	<b>(391 833)</b>	<b>1 805 790</b>	<b>1 413 957</b>	<b>-</b>	<b>1 413 957</b>	<b>1 253 913</b>	<b>(160 044)</b>	<b>78.30</b>	<b>65.04</b>	<b>420 664</b>
Cash / Cash Equivalents at the Year begin:	2 126 406	-	2 126 406	(420 664)	1 705 742	-	1 705 742	1 705 742	(0)	100.00	80.22	2 126 406
Cash / Cash Equivalents at the Year end:	(47 558)	2 565 797	2 518 239	(2 226 454)	291 785	-	291 785	451 829	160 044	154.85	0.00	1 705 742

**APPENDIX F**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA**

**Grants and Subsidies Received**

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
		R	R	R	R	R	R	R	R	R	R	R	R			
<b>Monetary Allocations:</b>																
Financial Management Grant	National Treasury	1 200 000	-	-	-	67 223	115 712	83 487	933 578.69	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Management Systems Grant	National Treasury	-	2 155 000	924 000	-	421 367	1 292 056	538 955	826 622.58	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	250 000	-	-	61 429	49 063	187 641	(48 133.13)	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	National Treasury	250 000	449 000	300 000	-	395 625	670 391	(41 068)	(25 947.31)	-	-	-	-	N/A	Yes	N/A
<b>In-kind Allocations:</b>																
Aids Health	Department of Health Provincial	-	250 000	-	-	204 480	77 857	195 475	(227 812.30)	-	-	-	-	N/A	Yes	N/A
<b>Total Grants and Subsidies Received</b>		<b>1 450 000</b>	<b>3 104 000</b>	<b>1 224 000</b>	<b>-</b>	<b>1 150 123</b>	<b>2 205 079</b>	<b>964 490</b>	<b>1 458 309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

(\*) Did your District Municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Executive Mayor</b>											
MC BASSON	716 738	-	-	-	-	238 913	-	-	-	-	955 651
<b>Speaker</b>											
WRS PETERSON	346 567	-	-	-	-	115 523	-	-	-	-	462 090
<b>Executive Committee</b>											
A MATSHIMO	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
J SILO	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
PM MGCERA	299 884	-	-	-	-	99 962	43 200	-	-	-	443 046
MM LOUW	151 214	-	-	-	-	50 405	-	-	-	-	201 619
J ESAU	96 858	-	-	-	-	32 286	18 465	-	-	-	147 609
MA WILLEMSE	129 271	-	-	-	-	43 090	24 735	-	-	-	197 096
H DE KOKER	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
FL WITBOOI	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
PH MATTHYS	63 006	-	-	-	-	21 002	12 000	-	-	-	96 008
E MOMPE	12 601	-	-	-	-	4 300	2 400	-	-	-	19 302
MHB VAN ZYL	226 821	-	-	-	-	75 607	43 200	-	-	-	345 628
<b>Councillors Section 79</b>											
PH MATTHYS	194 058	-	-	-	-	64 686	28 800	-	-	-	287 544
MM LOUW	97 029	-	-	-	-	32 343	-	-	-	-	129 372
<b>Other Councillors</b>											
A JOHNSON	95 338	-	-	-	-	31 779	-	-	-	-	127 118
KG KEOROMETSWE	22 275	-	-	-	-	7 425	-	-	-	-	29 700
AJ RUITERS	22 275	-	-	-	-	7 425	-	-	-	-	29 700
DR PIENAAR	16 761	-	-	-	-	8 617	-	-	-	-	25 378
CFP MAASDORP/BEZUIDENHOUT	22 275	-	-	-	-	7 425	-	-	-	-	29 700
AC KOTZEE	22 275	-	-	-	-	7 425	-	-	-	-	29 700
J BALIES	22 275	-	-	-	-	7 425	-	-	-	-	29 700

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Other Councillors (Sitting)</b>											
DR PIENAAR	-	-	-	-	4 545	-	-	-	-	-	4 545
PT VAN DER STEEN	-	-	-	-	17 822	-	-	-	-	-	17 822
S SANDLANA	-	-	-	-	15 463	-	-	-	-	-	15 463
S ABEL	-	-	-	-	18 958	-	-	-	-	-	18 958
PJ GEORGE	-	-	-	-	17 865	-	-	-	-	-	17 865
F BASSON	-	-	-	-	23 676	-	-	-	-	-	23 676
<b>Total for Councillors</b>	<b>3 610 933</b>	-	-	-	<b>98 330</b>	<b>1 206 775</b>	<b>345 600</b>	-	-	-	<b>5 261 639</b>

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Municipal Manager</b>											
A. Tieties	-	-	-	108 180	-	-	-	-	-	98 874	<b>207 054</b>
D. Van Zyl	-	-	-	61 817	-	-	-	-	-	-	<b>61 817</b>
	-	-	-	169 997	-	-	-	-	-	98 874	<b>268 871</b>
<b>Director: Financial Services</b>											
E. Isaacs	739 217	-	100 000	141 318	-	127 229	30 000	-	177 395	-	<b>1 315 159</b>
<b>Director: Planning &amp; Development</b>											
I.G.A De Waal	740 023	-	57 096	141 318	-	178 075	30 000	-	168 392	-	<b>1 314 903</b>
<b>Director: Corporate Services</b>											
D. Van Zyl	685 149	-	100 000	121 055	-	503 660	30 000	-	186 920	-	<b>1 626 784</b>
H. Mchlauli	-	-	-	-	-	-	-	-	-	119 511	<b>119 511</b>
	685 149	-	100 000	121 055	-	503 660	30 000	-	186 920	119 511	<b>1 746 295</b>
<b>Total for Senior Managers</b>	<b>2 164 389</b>	-	<b>257 096</b>	<b>573 689</b>	-	<b>808 964</b>	<b>90 000</b>	-	<b>532 707</b>	<b>218 384</b>	<b>4 645 228</b>
									3 509		3 509
<b>Total for Management</b>	<b>5 775 322</b>	-	<b>257 096</b>	<b>573 689</b>	<b>98 330</b>	<b>2 015 739</b>	<b>435 600</b>	-	<b>532 707</b>	<b>218 384</b>	<b>9 906 866</b>

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Executive Mayor</b> MC BASSON	717 842	-	-	-	-	239 281	-	-	-	-	957 122
<b>Speaker</b> WRS PETERSON	347 101	-	-	-	-	115 700	-	-	-	-	462 801
<b>Executive Committee</b>											
A MATSHIMO	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
J SILO	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
PM MGCERA	300 346	-	-	-	-	100 115	43 265	-	-	-	443 727
MM Louw	227 170	-	-	-	-	75 723	-	-	-	-	302 894
J ESAU	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
H DE KOKER	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
FL WITBOOI	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
PH MATTHYS	50 679	-	-	-	-	12 718	43 265	-	-	-	106 662
MHB VAN ZYL	227 170	-	-	-	-	75 723	43 265	-	-	-	346 159
A JOHNSON	95 485	-	-	-	-	31 828	-	-	-	-	127 314
<b>Councillors Section 79</b>											
PH MATTHYS	242 573	-	-	-	-	80 858	-	-	-	-	323 430
<b>Other Councillors</b>											
KG KEOROMETSWE	22 309	-	-	-	-	7 436	-	-	-	-	29 746
AJ RUITERS	22 309	-	-	-	-	7 436	-	-	-	-	29 746
CFP MAASDORP/BEZUIDENHOUT	22 309	-	-	-	-	7 436	-	-	-	-	29 746
AC KOTZEE	22 309	-	-	-	-	7 436	-	-	-	-	29 746
J BALIES	22 309	-	-	-	-	7 436	-	-	-	-	29 746

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Other Councillors (Sitting)</b>											
DR PIENAAR	-	-	-	-	16 979	-	-	-	-	-	16 979
PT VAN DER STEEN	-	-	-	-	21 198	-	-	-	-	-	21 198
S SANDLANA	-	-	-	-	18 939	-	-	-	-	-	18 939
S ABEL	-	-	-	-	23 259	-	-	-	-	-	23 259
PJ GEORGE	-	-	-	-	21 409	-	-	-	-	-	21 409
F BASSON	-	-	-	-	24 143	-	-	-	-	-	24 143
<b>Total for Councillors</b>	<b>3 602 116</b>	-	-	-	<b>125 927</b>	<b>1 196 530</b>	<b>346 122</b>	-	-	-	<b>5 270 695</b>

**APPENDIX G**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT**

30 June 2023

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
<b>Municipal Manager</b>											
J.G. Lategan	75 584	-	-	154 329	-	31 589	-	-	-	-	261 501
A. Tieties	-	-	-	-	-	-	-	-	-	36 480	36 480
D. Van Zyl	-	-	-	-	-	-	-	-	-	38 984	38 984
	75 584	-	-	154 329	-	31 589	-	-	-	75 464	336 965
<b>Director: Financial Services</b>											
E. Isaacs	752 772	-	57 096	105 593	-	125 534	15 600	-	172 548	-	1 229 143
<b>Director: Planning &amp; Development</b>											
I.G.A De Waal	752 772	-	57 096	126 712	-	131 048	30 000	-	166 386	-	1 264 014
<b>Director: Corporate Services</b>											
D. Van Zyl	685 149	-	25 000	159 786	-	503 233	7 000	-	183 411	-	1 563 578
H. Mchlauli	-	-	-	-	-	-	-	-	-	18 041	18 041
	685 149	-	25 000	159 786	-	503 233	7 000	-	183 411	18 041	1 581 620
<b>Total for Senior Managers</b>	<b>2 266 277</b>	<b>-</b>	<b>139 192</b>	<b>546 419</b>	<b>-</b>	<b>791 404</b>	<b>52 600</b>	<b>-</b>	<b>522 345</b>	<b>93 505</b>	<b>4 411 742</b>
<b>Total for Management</b>	<b>5 868 393</b>	<b>-</b>	<b>139 192</b>	<b>546 419</b>	<b>125 927</b>	<b>1 987 934</b>	<b>398 722</b>	<b>-</b>	<b>522 345</b>	<b>93 505</b>	<b>9 682 437</b>

**APPENDIX H**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024**

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
<b>1. FINANCIAL POSITION</b>									
<b>A. Asset Management / Utilisation</b>									
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		1.39%	1.71%	Refer to Page 2 of MFMA Circular No 71	ZFM doesn't have any infrastructure assets and therefore capital expenditure is below 10%.
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
					Total Capital Expenditure	1 340 406	1 549 584		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) x 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.00%	0.00%	Refer to Page 3 of MFMA Circular No 71	No Impairment of PPE during the 2023/24 financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 083 113	21 602 242		
					IP at Carrying Value	-	-		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		5.33%	6.28%	Refer to Page 4 of MFMA Circular No 71	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	1 123 771	1 356 100		
					PPE at Carrying Value	21 083 113	21 602 242		
					Investment Property at Carrying Value	-	-		
<b>B. Debtors Management</b>									
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		110.43%	101.52%	Refer to Page 5 of MFMA Circular No 71	ZFM has recovered outstanding debt during 2023/24 financial year.
					Gross Debtors Closing Balance	271 488	224 591		
					Gross Debtors Opening Balance	224 591	219 189		
					Bad Debts Written-off	-	-		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	0.00%	Refer to Page 5 of MFMA Circular No 71	No bad debts were identified and written off.
					Debtors Bad Debts Written-off	-	-		
					Debtors Current Bad Debt Provision	-	-		
						-	-		
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		220 Days	231 Days	Refer to Page 6 of MFMA Circular No 71	ZFM doesn't have any consumer debtors and steps have been taken to recover outstanding debtors.
					Gross Debtors	271 488	224 591		
					Bad Debts Provision	-	-		
					Billed Revenue	449 665	354 285		



**APPENDIX H**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2024 R	2023 R		
<b>C. Sustainability</b>								
1. Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		11.09%	16.86%	Refer to Page 9 of MFMA Circular No 71	The level of Cash Backed of Reserves has regressed but will be addressed by Management's Going Concern Assessment, refer to Note 49.
				Cash and Cash Equivalents	451 829	1 705 742		
				Bank Overdraft	-	-		
				Short Term Investment	-	-		
				Long Term Investment	1 719 010	1 070 386		
				Unspent Grants	-	-		
				Net Assets	-	-		
				Share Premium	-	-		
				Share Capital	-	-		
				Revaluation Reserve	-	-		
Fair Value Adjustment Reserve	-	-						
Accumulated Surplus	(19 566 095)	(16 462 865)						
<b>2. FINANCIAL PERFORMANCE</b>								
<b>A. Efficiency</b>								
1. Net Operating Surplus Margin	(((Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue) x 100	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		-3.38%	3.23%	Refer to Page 10 of MFMA Circular No 71	The Net Operating Surplus Margin is below 0% due to unrealised budgeted revenue for Actuarial Gains and LGSETA.
				Total Operating Revenue	91 829 004	92 203 643		
				Depreciation - Revalued Portion	-	-		
				Total Operating Expenditure	94 932 234	89 226 046		
Taxation Expense	-	-						
<b>B. Distribution Losses</b>								
ZFM has transferred the distribution of water and electricity to Local Municipalities								
<b>C. Revenue Management</b>								
ZFM has transferred the distribution of water and electricity to Local Municipalities								

**APPENDIX H**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024**

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2024 R	2023 R		
<b>D. Expenditure Management</b>									
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		14 Days	3 Days	Refer to Page 16 of MFMA Circular No 71	The Creditors Payment Period has increased due to cash flow constrains during the 2023/24 financial year and creditors could not be paid before year-end. Refer to Note 18.
					Trade Creditors	842 777	189 222		
					Contracted Services	6 366 498	4 724 056		
					Inventory Consumed	516 838	399 716		
					Operational Costs	13 402 134	12 283 339		
					Transfers and Subsidies Paid	491 452	910 863		
					Operating Leases	-	-		
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0.23%	0.05%	Refer to Page 16 of MFMA Circular No 71	Refer to Note 35 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	218 198	49 030		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		71.48%	72.83%	Refer to Page 17 of MFMA Circular No 71	Total Remuneration expenditure has increased due to salary increases. The high remuneration % will be addressed by Management's Going Concern Assessment. Refer to Note 49.
					Employee / Personnel Related Cost	62 595 030	59 711 427		
					Councillors Remuneration	5 261 639	5 270 695		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		6.71%	5.29%	Refer to Page 17 of MFMA Circular No 71	Contracted services are affected by grant spending, refer to Note 27 for more detail.
					Contracted Services	6 366 498	4 724 056		
					Total Operating Expenditure	94 932 234	89 226 046		
					Taxation Expense	-	-		
<b>E. Grant Dependency</b>									
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		71.85%	23.21%	Refer to Page 18 of MFMA Circular No 71	Capital Expenditures funded from Borrowings relates to Finance Lease Liabilities.
					Internally Generated Funds	963 038	228 766		
					Borrowings	-	130 889		
					Total Capital Expenditure	1 340 406	1 549 584		

**APPENDIX H**  
**ZF MGCAWU DISTRICT MUNICIPALITY**  
**RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2024**

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
					2024 R	2023 R		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	None	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	71.85%	14.76%	Refer to Page 18 of MFMA Circular No 71	The majority of Capital Expenditures were funded from Equitable Share funding.
				Internally Generated Funds	963 038	228 766		
				Total Capital Expenditure	1 340 406	1 549 584		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	None	Statement Financial Performance, Budget, IDP, In-year Reports and AR	3.73%	6.29%	Refer to Page 18 of MFMA Circular No 71	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
				Total Revenue	91 829 004	92 203 643		
				Government Grant and Subsidies	88 401 654	86 401 864		
				Public Contributions and Donations	-	-		
				Capital Grants	-	-		
<b>3. BUDGET IMPLEMENTATION</b>								
<b>A. Efficiency</b>								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	95% - 100%	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	67.59%	91.20%	Refer to Page 19 of MFMA Circular No 71	Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.
				Actual Capital Expenditure	1 340 406	1 549 584		
				Budgeted Capital Expenditure	1 983 231	1 699 100		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	95% - 100%	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	99.97%	102.54%	Refer to Page 20 of MFMA Circular No 71	Spending was in line with budgeted figures.
				Actual Operating Expenditure	94 932 234	89 226 046		
				Budgeted Operating Expenditure	94 956 654	87 014 513		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	95% - 100%	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	96.04%	104.30%	Refer to Page 20 of MFMA Circular No 71	ZFM budgeted for Actuarial Gains based on historical valuation reports but did not realised. Budgeted LGSETA revenue also did not realised during 2023/24 financial year.
				Actual Operating Revenue	91 829 004	92 203 643		
				Budgeted Operating Revenue	95 613 654	88 403 000		
<b>Interpretation of Results:</b>								
<div style="display: flex; align-items: flex-start;"> <div style="width: 15px; height: 15px; background-color: #90EE90; margin-right: 5px;"></div> <span>The green colour indicates that the result is within the norm and is acceptable.</span> </div> <div style="display: flex; align-items: flex-start; margin-top: 5px;"> <div style="width: 15px; height: 15px; background-color: #FF0000; margin-right: 5px;"></div> <span>The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.</span> </div>								