UNITED WE PROGRESS

MATATIELE

LOCAL MUNICIPALITY

Matatiele Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

FINAL AU
2024

General Information

Country of incorporation and domicile	South Africa
Executive committee	
Mayor	S Mngenela
Speaker	N Ngwanya
Chief Whip	N A Nkukhu
Portfolio Head: Budget and Treasury	P M Stuurman
Portfolio Head: Infrastructure	F Shale
Portfolio Head: Economic Development	M Facu
Portfolio Head: Community Services	S D Booth
Portfolio Head: Special Programmes	M Nyembezi
Portfolio Head: Corporate Services	N C Ludidi-Ndabane
Portfolio Head: Human Settlements	T Dyantyi
EXCO Member	S Sikhafungana
EXCO Member	W B Potwana
Chairperson: MPAC	M S Mokhesi
Chairperson: Public Participation	M Mapena
Chairperson: Women's Caucus	T Mtoto
Members of the council	
Member	N Baba
Member	F Zigxash
Member	N R Duma
Member	N P Jona
Member	M Kondile
Member	W K Leballo
Member	L J Leeu
Member	P T Letsie
Member	J G Luthuli
Member	T B Mantshule
Member	S C Maphasa
Member	K A Mazwi
Member	S W Mbulawa
Member	S N Mgolombane
Member	T F Mohatla
Member	M P Mokhele
Member	M Molefe
Member	N Mpokolo
Member	N Mshuqwana
Member	T V Ngaleka
Member	L E Nkamba
Member	T Nkentlane (01 July 2023 - 03 April 2024)
Member	V T Sisilana (Appointed on 14 May 2024)
Member	N I Nomlala
Member	N D Nondabula
Member	A N Nqodi
Member	S G S Ntabeni
Member	P V Ntlokwana
Member	M A Ntsane
Member	F L Nyamakazi
Member	N A Pambukele

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General Information

Member	T Rakharebe
Member	K E Seputle
Member	M Seshea
Member	N Shaik (01 July 2023 - 24 May 2024)
Member	T S Sheane
Member	W P Sipika
Member	N N Sontangane
Member	M Tsoanyane
Member	S Vikwa
Audit committee	A Gonzalves S Nombembe N Ntshanga Z Zulu T Nevondwe
Grading of local authority	3
Municipal Manager	L Matiwane
Chief Finance Officer	Z C Matolo
Registered office	102 Main Street Matatiele 4730
Business address	102 Main Street Matatiele 4730
Postal address	P.O. Box 35 Matatiele 4730
Bankers	Nedbank
Auditors	Auditor General of South Africa (AGSA)
Registered business telephone number	039 737 8100
Level of assurance	These financial statements will be audited and are in compliance with the applicable requirements of GRAP.

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

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 33 to these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for auditing and expressing an opinion on the municipality's annual financial statements.

The annual financial statements set out on pages 5 - 89, which have been prepared on the going concern basis, were approved.

L Matiwane
Municipal Manager

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Statement of Financial Position as at 30 June 2024

	Notes	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	4 413 254	1 604 844
Statutory receivables	4	94 046 381	91 958 330
Trade receivables from non-exchange transactions	5	1 182 365	445 733
Input VAT Accrual	6	6 009 491	5 908 865
Trade receivables from exchange transactions	7	16 996 742	24 154 053
Security held in Eskom	8	5 047 848	4 721 193
Cash and cash equivalents	9	258 144 616	254 787 099
		385 840 697	**383 580 117**
Non-Current Assets			
Investment property	10	4 960 309	4 960 309
Property, plant and equipment	11	1 030 678 929	963 364 216
Property, plant and equipment - capitalised restoration cost	12	11 557 633	12 071 381
Intangible assets	13	572 603	910 923
Heritage assets	14	1 542 530	1 542 530
		1 049 312 004	**982 849 359**
Total Assets		**1 435 152 701**	**1 366 429 476**
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	61 390 616	59 874 891
Input VAT Payable to SARS	6	37 563 301	34 146 677
Output VAT Accrual	6	10 249 738	9 360 726
Consumer deposits	16	485 979	413 324
Unspent conditional grants and receipts	17	21 038 981	4 904 470
Employee benefit obligation	18	25 245 527	21 807 680
		155 974 142	**130 507 768**
Non-Current Liabilities			
Employee benefit obligation	18	18 080 003	16 021 003
Provisions	19	23 768 184	21 827 408
		41 848 187	**37 848 411**
Total Liabilities		**197 822 329**	**168 356 179**
Net Assets		**1 237 330 372**	**1 198 073 297**
Reserves			
Revaluation reserve	20	174 252 561	143 745 941
Accumulated surplus		1 063 077 811	1 054 327 356
Total Net Assets		**1 237 330 372**	**1 198 073 297**

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* See Note 59 & 22

Statement of Financial Performance

	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	79 146 335	70 827 549
Construction contracts	22	35 652 174	40 250 440
Rental of facilities and equipment	23	1 190 148	1 048 717
Agency services	24	1 667 672	1 779 757
Licences and permits	25	2 329 437	1 880 723
Other income	26	2 529 161	1 322 541
Interest revenue	27	26 844 382	20 665 506
Total revenue from exchange transactions		**149 359 309**	**137 775 233**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	50 848 798	48 715 628
Interest from non-exchange receivables	29	16 570 959	14 956 229
Transfer revenue			
Government grants & subsidies	30	384 889 488	355 827 400
Public contributions and donations	31	6 575 785	-
Fine receipts	32	2 287 519	2 753 530
Total revenue from non-exchange transactions		**461 172 549**	**422 252 787**
Total revenue		**610 531 858**	**560 028 020**
Expenditure			
Employee related costs	33	(168 879 209)	(149 108 144)
Remuneration of councillors	34	(22 360 017)	(22 872 392)
Remuneration of traditional leaders	35	(85 850)	(84 580)
Remuneration to ward committees		(4 717 000)	(4 694 500)
Depreciation and amortisation	36	(62 269 238)	(56 483 270)
Finance costs	37	(1 528 587)	(133 698)
Material and stores	38	(5 531 163)	(5 747 744)
Bulk purchases	39	(74 156 941)	(58 339 868)
Contracted services	40	(141 446 578)	(135 846 213)
General Expenses	41	(57 333 267)	(51 215 250)
Total expenditure		**(538 307 850)**	**(484 525 659)**
Operating surplus		**72 224 008**	**75 502 361**
Loss on disposal of assets	42	(7 966 605)	(10 169 485)
Debt impairment	43	(24 017 024)	(13 361 147)
Impairment loss		(30 858 789)	(8 692 376)
Landfill site provision (contributions)/reversal	45	(631 132)	611 767
		(63 473 550)	**(31 611 241)**
Surplus for the year		**8 750 458**	**43 891 120**

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* See Note 59 & 22

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	173 369 571	1 192 670 309	1 366 039 880
Adjustments			
Prior year adjustments 59	-	(190 442 098)	(190 442 098)
Balance at 01 July 2022 as restated*	**173 369 571**	**1 002 228 211**	**1 175 597 782**
Changes in net assets			
Impairment losses on revalued capital assets	(21 415 605)	-	(21 415 605)
Transfer from Revaluation Reserve to Accumulated Surplus	(8 208 025)	8 208 025	-
Net income (losses) recognised directly in net assets	(29 623 630)	8 208 025	(21 415 605)
Surplus for the year	-	43 891 120	43 891 120
Total recognised income and expenses for the year	(29 623 630)	52 099 145	22 475 515
Total changes	(29 623 630)	52 099 145	22 475 515
Restated* Balance at 01 July 2023	**143 745 941**	**1 054 327 353**	**1 198 073 294**
Changes in net assets			
Impairment losses on revalued capital assets	34 200 445	-	34 200 445
Assets written Off	(3 693 825)	-	(3 693 825)
Net income (losses) recognised directly in net assets	30 506 620	-	30 506 620
Surplus for the year	-	8 750 458	8 750 458
Total recognised income and expenses for the year	30 506 620	8 750 458	39 257 078
Total changes	30 506 620	8 750 458	39 257 078
Balance at 30 June 2024	**174 252 561**	**1 063 077 811**	**1 237 330 372**
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* See Note 59 & 22

Cash Flow Statement

	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		112 330 126	85 900 436
Grants		401 023 999	394 701 028
Interest income		43 415 341	35 621 735
Other receipts		43 368 592	8 653 777
		600 138 058	524 876 976
Payments			
Employee costs and suppliers		(466 087 006)	(407 952 861)
Finance costs		(218 664)	(133 698)
		(466 305 670)	(408 086 559)
Net cash flows from operating activities	47	**133 832 388**	**116 790 417**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(130 191 279)	(97 387 433)
Proceeds from sale of property, plant and equipment	11	-	1 000 000
Proceeds from sale of investment property	10	(283 592)	(21 028)
Purchase of other intangible assets	13	-	(843 458)
Purchase of heritage assets	14	-	(672 530)
Net cash flows from investing activities		**(130 474 871)**	**(97 924 449)**
Net increase/(decrease) in cash and cash equivalents		**3 357 517**	**18 865 968**
Cash and cash equivalents at the beginning of the year		254 787 099	235 921 131
Cash and cash equivalents at the end of the year	9	**258 144 616**	**254 787 099**

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* See Note 59 & 22

Matatiele Local Municipality
Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	86 941 680	-	**86 941 680**	79 146 335	**(7 795 345)**	Note 58
Rendering of services	3 929 556	(2 252 588)	**1 676 968**	1 790 699	**113 731**	Note 58
Construction contracts	-	-	**-**	35 652 174	**35 652 174**	Note 58
Rental of facilities and equipment	2 027 556	-	**2 027 556**	1 190 148	**(837 408)**	Note 58
Agency services	-	-	**-**	1 667 672	**1 667 672**	Note 58
Licences and permits	4 118 844	-	**4 118 844**	2 329 437	**(1 789 407)**	Note 58
Other income - (rollup)	965 016	-	**965 016**	738 462	**(226 554)**	Note 58
Interest received	23 699 988	11 613 010	**35 312 998**	26 844 382	**(8 468 616)**	Note 58
Total revenue from exchange transactions	**121 682 640**	**9 360 422**	**131 043 062**	**149 359 309**	**18 316 247**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	54 360 276	-	**54 360 276**	50 848 798	**(3 511 478)**	Note 58
Interest from non-exchange receivables	18 430 800	-	**18 430 800**	16 570 959	**(1 859 841)**	Note 58
Transfer revenue						
Government grants & subsidies	413 991 000	40 544 349	**454 535 349**	384 889 488	**(69 645 861)**	Note 58
Public contributions and donations	-	6 887 154	**6 887 154**	6 575 785	**(311 369)**	Note 58
Fine receipts	1 769 004	-	**1 769 004**	2 287 519	**518 515**	Note 58
Total revenue from non-exchange transactions	**488 551 080**	**47 431 503**	**535 982 583**	**461 172 549**	**(74 810 034)**	
Total revenue	**610 233 720**	**56 791 925**	**667 025 645**	**610 531 858**	**(56 493 787)**	
Expenditure						
Employee related costs	(161 716 536)	(6 122 602)	**(167 839 138)**	(168 879 209)	**(1 040 071)**	Note 58
Remuneration of councillors	(25 320 192)	-	**(25 320 192)**	(22 360 017)	**2 960 175**	Note 58
Remuneration of traditional leaders	(85 872)	-	**(85 872)**	(85 850)	**22**	Note 58
Transfer payments - Other	-	-	**-**	(4 717 000)	**(4 717 000)**	
Depreciation and amortisation	(53 300 148)	(6 700 906)	**(60 001 054)**	(62 269 238)	**(2 268 184)**	Note 58
Finance costs	-	-	**-**	(1 528 587)	**(1 528 587)**	Note 58
Material and stores	(7 629 420)	788 004	**(6 841 416)**	(5 531 163)	**1 310 253**	Note 58
Bulk purchases	(71 075 364)	(4 400 000)	**(75 475 364)**	(74 156 941)	**1 318 423**	Note 58
Contracted Services	(113 384 580)	(40 352 690)	**(153 737 270)**	(141 446 578)	**12 290 692**	Note 58
General Expenses	(76 238 640)	5 531 572	**(70 707 068)**	(57 333 267)	**13 373 801**	Note 58
Total expenditure	**(508 750 752)**	**(51 256 622)**	**(560 007 374)**	**(538 307 850)**	**21 699 524**	
Operating surplus	**101 482 968**	**5 535 303**	**107 018 271**	**72 224 008**	**(34 794 263)**	
Loss on disposal of assets and liabilities	-	-	**-**	(7 966 605)	**(7 966 605)**	Note 58
Debt impairment	(6 000 000)	(1 000 000)	**(7 000 000)**	(24 017 024)	**(17 017 024)**	Note 58

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Impairment loss	-	-	-	(30 858 789)	(30 858 789)	Note 58
Landfill site provision (contributions)/reversal	-	-	-	(631 132)	(631 132)	Note 58
	(6 000 000)	**(1 000 000)**	**(7 000 000)**	**(63 473 550)**	**(56 473 550)**	
Surplus before taxation	**95 482 968**	**4 535 303**	**100 018 271**	**8 750 458**	**(91 267 813)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**95 482 968**	**4 535 303**	**100 018 271**	**8 750 458**	**(91 267 813)**	

Reconciliation

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2 024 979	905 021	**2 930 000**	4 413 254	**1 483 254**	Note 58
Statutory receivables	-	-	**-**	94 046 381	**94 046 381**	Note 58
Trade receivables from non-exchange transactions	52 209 114	(19 319 114)	**32 890 000**	1 182 365	**(31 707 635)**	Note 58
VAT receivable	17 321 844	(15 121 844)	**2 200 000**	11 608 834	**9 408 834**	Note 58
Trade receivables from exchange transactions	125 377 979	(21 790 994)	**103 586 985**	16 996 742	**(86 590 243)**	Note 58
Security held in Eskom	-	-	**-**	5 047 848	**5 047 848**	Note 58
Cash and cash equivalents	326 923 976	(36 274 620)	**290 649 356**	258 144 616	**(32 504 740)**	Note 58
	523 857 892	**(91 601 551)**	**432 256 341**	**391 440 040**	**(40 816 301)**	
Non-Current Assets						
Investment property	4 960 309	1 581 691	**6 542 000**	4 960 309	**(1 581 691)**	Note 58
Property, plant and equipment	1 297 761 264	(108 843 022)	**1 188 918 242**	1 030 678 929	**(158 239 313)**	Note 58
Property, plant and equipment - capitalised restoration cost	-	-	**-**	11 557 633	**11 557 633**	Note 58
Intangible assets	1 975 017	(1 475 017)	**500 000**	572 603	**72 603**	Note 58
Heritage assets	-	1 542 530	**1 542 530**	1 542 530	**-**	Note 58
	1 304 696 590	**(107 193 818)**	**1 197 502 772**	**1 049 312 004**	**(148 190 768)**	
Total Assets	**1 828 554 482**	**(198 795 369)**	**1 629 759 113**	**1 440 752 044**	**(189 007 069)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	56 070 888	5 479 110	**61 549 998**	61 390 621	**(159 377)**	Note 58
VAT payable	13 041 252	(252)	**13 041 000**	9 782 152	**(3 258 848)**	Note 58
Consumer deposits	413 324	51 676	**465 000**	485 979	**20 979**	Note 58
Employee benefit obligation	-	-	**-**	25 245 527	**25 245 527**	Note 58
Unspent conditional grants and receipts	-	-	**-**	21 038 981	**21 038 981**	Note 58
Provisions	90 868 040	(60 875 360)	**29 992 680**	-	**(29 992 680)**	Note 58
	160 393 504	**(55 344 826)**	**105 048 678**	**117 943 260**	**12 894 582**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	18 080 003	**18 080 003**	Note 58
Provisions	38 827 178	(38 827 178)	**-**	23 768 184	**23 768 184**	Note 58
	38 827 178	**(38 827 178)**	**-**	**41 848 187**	**41 848 187**	
Total Liabilities	**199 220 682**	**(94 172 004)**	**105 048 678**	**159 791 447**	**54 742 769**	
Net Assets	**1 629 333 800**	**(104 623 365)**	**1 524 710 435**	**1 280 960 597**	**(243 749 838)**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	86 235 799	-	**86 235 799**	174 252 561	**88 016 762**	Note 58
Accumulated surplus	1 543 098 001	(104 623 365)	**1 438 474 636**	1 063 077 809	**(375 396 827)**	Note 58
Total Net Assets	**1 629 333 800**	**(104 623 365)**	**1 524 710 435**	**1 237 330 370**	**(287 380 065)**	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Propery rates	43 488 230	-	**43 488 230**	39 515 637	**(3 972 593)**	Note 58
Service Charges	76 729 944	-	**76 729 944**	72 814 489	**(3 915 455)**	Note 58
Grants	413 991 000	31 883 992	**445 874 992**	401 023 999	**(44 850 993)**	Note 58
Interest income	17 199 996	11 613 010	**28 813 006**	43 415 341	**14 602 335**	Note 58
Other receipts	51 959 016	(2 252 582)	**49 706 434**	43 368 592	**(6 337 842)**	Note 58
	603 368 186	**41 244 420**	**644 612 606**	**600 138 058**	**(44 474 548)**	
Payments						
Suppliers	(455 450 604)	(44 555 732)	**(500 006 336)**	(466 087 006)	**33 919 330**	Note 58
Net cash flows from operating activities	**147 917 582**	**(3 311 312)**	**144 606 270**	**134 051 052**	**(10 555 218)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(181 716 552)	8 660 362	**(173 056 190)**	(130 191 279)	**42 864 911**	Note 58
Proceeds from sale of property, plant and equipment	-	-	-	(283 592)	**(283 592)**	
Net cash flows from investing activities	**(181 716 552)**	**8 660 362**	**(173 056 190)**	**(130 474 871)**	**42 581 319**	
Net increase/(decrease) in cash and cash equivalents	(33 798 970)	5 349 050	**(28 449 920)**	3 576 181	**32 026 101**	Note 58
Cash and cash equivalents at the beginning of the year	360 722 946	(41 623 670)	**319 099 276**	254 787 099	**(64 312 177)**	Note 58
Cash and cash equivalents at the end of the year	**326 923 976**	**(36 274 620)**	**290 649 356**	**258 363 280**	**(32 286 076)**	

Reconciliation

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Accounting Policies

	2024	2023

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