

HANTAM

MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024

HANTAM MUNICIPALITY

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HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

NATURE OF BUSINESS

Hantam Municipality is a local municipality performing the functions as set out in the Constitution of the republic of South Africa (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act, (Act no 117 of 1998) read with section 155(1) of the Constitution of the republic of South Africa (Act 108 of 1996).

JURISDICTION

The Hantam Municipality includes the following areas:

Calvinia
Brandvlei
Middelpos
Loeriesfontein
Nieuwoudtville

MAYOR

K. ALEXANDER

SPEAKER

C.H. SLAMEE

CHIEF WHIP

H. DE WEE

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor	<i>K. ALEXANDER</i>
Executive Councillor	<i>L.L. OLYN</i>
Executive Councillor	<i>A.J.E. CLAASSEN</i>

MUNICIPAL MANAGER

T. TLHOAELE (ACTING)

CHIEF FINANCIAL OFFICER

D MILLER (ACTING)

REGISTERED OFFICE

Private Bag X14
Calvinia
8190

AUDITORS

The Auditor-General
Private Bag X5013
Kimberley
8300

HANTAM MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Van der Walt Incorporated

RELEVANT LEGISLATION

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

MEMBERS OF THE HANTAM MUNICIPALITY

WARD

COUNCILLOR

1	SG KOOPMAN
2	H DE WEE
3	LL OLYN
4	G VYVER
5	F FARAO
6	K ALEXANDER
7	AJE CLAASSEN
Proportional	JH WILSCHUT
Proportional	F BANTOM
Proportional	K KLAZEN
Proportional	J PALM
Proportional	C SLAMBEE (Elected as from August 2022)
Proportional	G DE VRIES

HANTAM MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2024, which are set out on pages 5 to 93 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

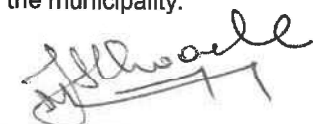
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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

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

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

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



T. TLHOAELE (ACTING)
Acting Municipal Manager

30 August 2024

Date

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Hantam Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Hantam Local 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Hantam 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 Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The financial statements of the municipality were materially misstated, as the municipality did not impair property, plant and equipment – infrastructure and community assets, as required by GRAP 17, *Property, plant and equipment*. The effect on the financial statements was that property, plant and equipment – infrastructure and community assets were overstated, and depreciation and amortisation were understated. I was not able to determine the full extent of the misstatement, as it was impractical to do so. Furthermore, the municipality did not correctly account for additions of property, plant and equipment – infrastructure, as required by GRAP 17, *Property, plant and equipment*. Consequently, property plant and equipment – infrastructure was overstated by R153 564 and assets written off was understated by R153 564. There was an impact on the surplus for the period and on the accumulated surplus in the financial statements.
4. In addition, I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment – infrastructure due to the status of accounting records on journals, and some property, plant and equipment – infrastructure and other movable assets could not be verified. I was unable to confirm property, plant and equipment – infrastructure and other movable assets by alternative means. Consequently, I could not confirm whether any adjustments were necessary to property, plant and equipment – infrastructure stated at R607 817 361 and property, plant and equipment – other movable assets stated at R8 914 350 in note 2.1 to the financial statements.

Trade and other payables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for trade payables and retentions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm trade payables and retentions by alternative means. Consequently, I could not confirm whether any adjustments were necessary to trade payables stated at R25 160 572 and retentions stated at R7 444 148 in note 18 to the financial statements.

Revenue from non - exchange transactions - Property rates

6. I was unable to obtain sufficient appropriate audit evidence for revenue from non - exchange transactions – property rates, due to the status of the accounting records and lack of proper record keeping for journal entries. Consequently, I could not confirm whether any adjustments were necessary to revenue from non - exchange transactions, property rates as disclosed at R19 520 222 in note 22 to the financial statements.

Revenue from non - exchange transactions - Government grants and subsidies

7. I was unable to obtain sufficient appropriate audit evidence for revenue from non - exchange transactions – government grants and subsidies due to the status of the accounting records and lack of proper record keeping for grant related expenditure and journal entries. I could not confirm revenue from non - exchange transactions – government grants and subsidies by alternative means. Consequently, I could not confirm whether any adjustments were necessary to revenue from non - exchange transactions - government grants and subsidies, for the Local Government Financial Management Grant, R1 920 000, Regional Bulk Infrastructure Grant, R110 000 000 and the Municipal Water Infrastructure Grant, R27 000 000 as disclosed in note 23 to the financial statements.

Operational costs

8. I was unable to obtain sufficient appropriate audit evidence for operational costs due to the status of accounting records. I could not confirm operational costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to operational costs stated at R24 028 875 in note 37 to the financial statements.

Bad debts written off

9. I was unable to obtain sufficient appropriate audit evidence for bad debts written off due to the status of the accounting records. I could not confirm bad debts written off by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bad debts written off as disclosed at R6 257 217 in the statement of financial performance. Furthermore, the municipality did not have adequate systems in place to account for bad debts written off in accordance with GRAP 104, *Financial instruments*, as the municipality did not write off all bad debt. Consequently, bad debts written off was understated by R2 099 645, receivable from exchange transactions and non-exchange transactions overstated by R1 343 773 and R755 872.

Receivables from exchange transactions

10. The municipality did not have adequate systems in place to account for receivables from exchange transactions in accordance with GRAP 104, *Financial instruments*, due to incorrect receivable recognition and errors in the calculation of the provision for debt impairment. Consequently, the provision for debt impairment on exchange receivables is understated by R2 180 530, the impairment loss on receivables, understated by R983 302, provision for debt impairment on non-exchange receivable was overstated by R1 197 228, and gross receivables from exchange transactions – service charges was understated and gross receivables from non – exchange transactions – availability charges overstated by R1 288 285. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Contractual commitments for acquisition of property, plant and equipment

11. The municipality did not recognise all contractual commitments in accordance with GRAP 17, *Property plant and equipment*. All contractual commitments entered into were not recorded as commitments. This resulted in contractual commitments for acquisition of property, plant and equipment being understated by R2 706 438. Furthermore, I was unable to obtain sufficient appropriate audit evidence for contractual commitments disclosed, due to the status of the accounting records. I was unable to confirm contractual commitments for acquisition of property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments as disclosed at R94 907 003 in note 2.9 to the financial statements.

Total revenue from non - exchange transactions

12. Total revenue from non-exchange transactions was materially misstated by R1 971 027 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Government grants and subsidies stated at R193 751 257 was overstated by R279 734.
- Availability charges stated at R819 479 was overstated by R614 609.
- Interest earned on non - exchange transactions stated at R2 183 393 was overstated by R89 584.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm total revenue from non-exchange transactions by alternative means:

- Operational revenue of R986 830 as included in the disclosed balance of R986 830.

Consequently, I was unable to determine whether any further adjustment was necessary to total revenue from non - exchange transactions.

Total expenditure

13. Total expenditure was materially misstated by R1 606 947 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
- Inventory consumed stated at R10 524 595 was overstated by R507 538.

- Employee related costs stated at R45 799 335 was understated by R300 752.
- Bulk purchases stated at R30 183 184 was understated by R49 511.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm total expenditure by alternative means:

- Employee costs of R 246 099 as included in the disclosed balance of R45 799 335.
- Transfers and subsidies of R76 468 as included in the disclosed balance of R150 079.
- Bulk purchases of R1 014 636 as included in the disclosed balance of R30 183 184.
- Remuneration of councillors of R75 238 as included in the disclosed balance of R5 710 417.

Consequently, I was unable to determine whether any further adjustment was necessary to total expenditure.

Total current assets

14. Total current assets were materially misstated by R2 148 706 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Receivables from exchange transactions – service charges stated at R65 081 966 was understated by R31 188.
- Receivables from exchange transactions – other receivables stated at R4 030 077 was understated by R56 193.
- VAT receivable stated at R14 304 279 was overstated by R202 634.
- Inventory stated at R93 285 was overstated by R31 372
- Receivables from non-exchange transactions – property rates stated at R36 699 445 was understated by R312 866
- Receivables from non-exchange transactions – other receivables stated at R702 136 was understated by R215 677
- Receivables from non-exchange transactions – provision for debt impairment stated at R35 533 195 was overstated by R618 397

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm total current assets by alternative means:

- Receivables from exchange transactions – other receivables of R1 134 855 as included in the disclosed balance of R4 030 077.
- Receivables from non-exchange transactions – other receivables of R702 156 as included in the disclosed balance of 702 156.

Consequently, I was unable to determine whether any further adjustment was necessary to total current assets.

Context for opinion

15. 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.
16. 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.
17. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

18. I draw attention to the matter below. My opinion is not modified in respect of this matter.
19. I draw attention to note 58 to the financial statements, which indicates that the municipality is experiencing difficulty with settlement of its current obligations. Current liabilities continue to exceed the current assets. Furthermore, the socio-economic profile (high unemployment rate) results in a going concern risk for the municipality and unless socio-economic growth is established the municipality will not be able to function as a going concern indefinitely without government grants and subsidies. As stated in note 58, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

21. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material losses – Water distribution

22. As disclosed in note 50.8 to the financial statements, water losses of R5 035 053 were incurred, which represents 34.35% of total water purchased. These losses occur due to normal pipe bursts and field leakages.

Material losses – Electricity distribution

23. As disclosed in note 50.8 to the financial statements, material electricity losses of R2 497 638 (2023: R3 425 364) were incurred, which represent 11.37% (2023: 13.77%) of total electricity

purchased. These losses are due electricity theft on pre-paid meters and illegal connections. The rand value of the electricity losses is based on the Eskom purchase price.

Subsequent events

24. I draw attention to note 59 in the financial statements, which deals with subsequent events and specifically the possible effect of charging an electricity tariff other than a NERSA approved tariff on the municipality.

Material underspending of operating vote

25. As disclosed in note 49.1 to the financial statements, the municipality materially underspent on vote 9 - electricity by R2 103 625.

Unauthorised expenditure

26. As disclosed in note 49.1 to the financial statements, the municipality incurred unauthorised expenditure of R21 480 764 during the year under review due to overspending of some of the operational votes.

Other matters

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

Unaudited disclosure notes

28. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

30. 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.
31. 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

32. 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.
33. 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 [page number of the annexure to the auditor's report], forms part of our auditor's report.

Report on the annual performance report

34. 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.
35. I selected the following material performance indicators related to infrastructure Development and Basic Service Delivery 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.
- Number of residential properties that which are billed for water or have pre-paid meters that is connected to the municipal water infrastructure network as at 30 June 2024
 - Number of residential properties which are billed for electricity or have pre-paid meters as at 30 June 2024 excluding Eskom areas)
 - Number of residential properties connected to the municipal wastewater sanitation/ sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2024
 - Number of residential properties which are billed for refuse removal as at 30 June 2024
 - Provide free basic water to indigent households earning less than R5 780 as at 30 June 2024
 - Provide free basic electricity to indigent households earning less than R5 780 as at 30 June 2024
 - Provide free wood and oil to indigent households earning less than R5 780 as at 30 June 2024
 - Provide free basic sanitation to indigent households earning less than R5 780 as at 30 June 2024
 - Provide free basic refuse removal to indigent households earning less than R5 780 as at 30 June 2024
 - The percentage of the municipal capital budget actually spent on capital projects by 30 June 2024 $(\text{Actual amount spent on capital projects} / \text{Total amount budgeted for capital projects}) \times 100$
 - 95% spent of the library operational conditional grant by 30 June 2024 $\{(\text{Actual expenditure divided by the total grant received}) \times 100\}$
 - Limit unaccounted for electricity to less than 12% by 30 June 2024 $\{(\text{Number of Electricity Units Purchased} - \text{Number of Electricity Units Sold}) / \text{Number of Electricity Units Purchased}) \times 100\}$
 - Limit unaccounted for water to less than 20% by 30 June 2024 $\{(\text{Number of Kilolitres Water Purified} - \text{Number of Kilolitres Water Sold}) / \text{Number of Kilolitres Water Purified}) \times 100\}$

- 90% spent of the budget for the MIG Project: Roads & Stormwater Phase 4 in terms of the grant allocation received by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\}$
- 90% spent of the budget (part of MIG allocation) for upgrade sewerage network in Calvinia West (2nd Phase) in terms of the grant allocation received by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$
- 100% of the MIG allocation by 30 June 2023 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$
- 90% spent of the budget (WSIG) for the sewerage network, Calvinia East of the grant allocation received by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$
- 90% spent of the budget (RBIG) spent for the Calvinia bulk water supply by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$
- 90% of microbiological water quality level achieved as per SANS 241 by 30 June 2024
- 90% of the budget spent for the replacement of 125watt streetlights with LED type by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$
- 90% of the budget spent for HPS/MH conventional streetlights with 100watt LED type by 30 June 2024 $\{(Actual\ capital\ expenditure\ on\ the\ project\ divided\ by\ the\ total\ approved\ capital\ budget\ for\ the\ project)\times 100\}$

36. 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.

37. 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
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

38. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

39. The material findings on the reported performance information for the selected material indicators are as follows:

Limit unaccounted for water to less than 20% by 30 June 2024 {(Number of Kilolitres Water Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purified}x 100}

40. It was indicated that the water loss task team has been established to reduce water loss in Nieuwoudtville, Brandvlei and Calvinia. Brandvlei needs 24 new prepaid meters, a test meter will be installed at Nieuwoudtville outflow reservoir meter, and Calvinia informal settlement meters will be registered by ERF was reported as a measure aimed at improving performance against the target of Limit unaccounted for water to less than 20% by 30 June 2024. However, I could not determine if the measure was implemented to improve performance because adequate supporting evidence was not provided for auditing. Consequently, I could not verify whether the reported measures were indeed taken.

90% spent of the budget for the MIG Project: Roads & Stormwater Phase 4 in terms of the grant allocation received by 30 June 2024 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)}

41. The approved planning documents included a commitment to spend 90% of internal capital. However, an achievement of 13,7% which was based on spending of MIG grant was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

42. Measures taken to improve performance against the underachieved target of 90% of MIG budget spent roads & stormwater Phase 4 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the municipality to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

100% of the MIG allocation by 30 June 2023{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}

43. Measures taken to improve performance against the underachieved target of 100% of the MIG allocation by 30 June 2023 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the municipality to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

90% spent of the budget (RBIG) spent for the Calvinia bulk water supply by 30 June 2024{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}

44. An achievement of 110,54% was reported against a target of 90% . However, the audit evidence showed the actual achievement to be only 91,80%. Consequently, the achievement against the target was lower than reported.

Various indicators

45. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved

Indicator	Target	Reported achievement
90% spent of the budget (part of MIG allocation) for upgrade sewerage network in Calvinia West (2nd Phase) in terms of the grant allocation received by 30 June 2024 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	90%	84.08%
100% of the MIG allocation by 30 June 2023{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	100%	84.08%
90% spent of the budget (WSIG) for the sewerage network, Calvinia East of the grant allocation received by 30 June 2024 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	90%	99.28%
90% of the budget spent for the replacement of 125watt streetlights with LED type by 30 June 2024{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	90%	115%
90% of the budget spent for HPS/MH conventional streetlights with 100watt LED type by 30 June 2024{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	90%	115%
90% spent of the budget for the MIG Project: Roads & Stormwater Phase 4 in terms of the grant allocation received by 30 June 2024 {(Actual capital expenditure on the project divided by the total approved capital budget for the project)}	90%	13.7%

Other matters

46. I draw attention to the matters below.

Achievement of planned targets

47. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
48. The tables that follow provides information on the achievement of planned targets and lists the key service deliver indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Infrastructure Development and Basic Service Delivery

<i>Targets achieved: 81%</i> <i>Budget spent: 100%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Limit unaccounted for water to less than 20% by 30 June 2024 {(Number of Kilolitres Water Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purified*100}	20%	34.30%
90% spent of the budget for the MIG Project: Roads & Stormwater Phase 4 in terms of the grant allocation received by 30 June 2024	90%	13.70%
90% spent of the budget (part of MIG allocation) for upgrade sewerage network in Calvinia West (2nd Phase) in terms of the grant allocation received by 30 June 2024	90%	84.08%
100% of the MIG allocation by 30 June 2023 2023{(Actual capital expenditure on the project divided by the total approved capital budget for the project)x100}	100%	84.08%

Material misstatements

49. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure Development and Basic Service Delivery. Management did not correct the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

50. 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.
51. 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.
52. 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.
53. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports

54. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

55. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
56. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Expenditure management

57. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA under expenditure management.
58. Reasonable steps were not taken to prevent irregular expenditure amounting to R3 842 938 as disclosed in note 49.3, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure identified was caused by payments made to suppliers exceeding the contract amount.

Consequence management

59. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Conditional grant

60. I was unable to obtain sufficient appropriate audit evidence that the Regional Bulk Infrastructure Grant was spent for its intended purposes in accordance with the grant Schedule concerned and the applicable grant framework, as required by section 16(1) of the Division of Revenue Act (Act 5 of 2023).

Other information in the annual report

61. 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 objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
62. 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.
63. 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 objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
64. 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

65. 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.
66. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
67. The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls. Numerous misstatement and non-compliances were identified that resulted in the modification if the auditor's report.
68. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Numerous limitations were experiences that resulted in the modification of the auditor's report.
69. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Numerous misstatements were identified that resulted in the modification if the auditor's report.
70. The accounting officer and management did not monitor compliance with applicable legislation as numerous non-compliance were identified that resulted in the modification of the auditor's report.

Other reports

71. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
72. Directorate for Priority Crime Investigation (Hawks) are investigating allegations of irregularities against senior officials at the municipality. These proceedings were in progress at the date of this report.

Auditor General

Auditor-General

Kimberley

18 December 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R	2023 R
ASSETS			
Non-Current Assets		698 641 763	567 275 722
Property, Plant and Equipment	2	649 861 533	526 355 614
Agricultural	3	13 500	13 500
Investment Property	4	45 717 950	37 734 130
Intangible Assets	5	1 430 725	1 554 422
Heritage Assets	6	1 618 055	1 618 055
Non-Current Receivables from Exchange Transactions	7	-	-
Non-Current Receivables from Non-Exchange Transactions	8	-	-
Current Assets		41 460 657	34 503 649
Inventory	9	93 285	54 464
Receivables from Exchange Transactions	10	5 997 594	10 139 818
Receivables from Non-exchange Transactions	11	3 404 670	8 054 206
Taxes	20.3	14 304 279	10 114 370
Current Portion of Non-Current Receivables	7 & 8	-	-
Cash and Cash Equivalents	12.1	17 660 829	6 140 792
Total Assets		740 102 421	601 779 371
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		51 887 114	49 316 801
Long-term Borrowings	13	334 861	0
Non-current Provisions	14	14 988 805	14 521 481
Non-current Employee Benefits	15	17 959 000	16 385 000
Trade and Other Payables from Exchange Transactions	18	18 604 447	18 410 320
Current Liabilities		45 694 226	38 084 960
Consumer Deposits	16	1 560 986	1 430 142
Provisions	19	-	-
Current Employee Benefits	17	5 787 765	6 136 456
Trade and Other Payables from Exchange Transactions	18	36 011 347	24 659 970
Unspent Transfers and Subsidies	19	2 147 677	5 836 035
Current Portion of Long-term Borrowings	13	186 450	22 357
Total Liabilities		97 581 339	87 401 761
Net Assets		642 521 081	514 377 610
Revaluation Reserve	21	2 551 323	2 551 323
Accumulated Surplus/(Deficit)		639 969 759	511 826 287
Total Net Assets and Liabilities		740 102 421	601 779 370

HANTAM MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	Restated 2023 R
REVENUE			
Revenue from Non-exchange Transactions		219 523 590	142 774 750
Taxation Revenue		21 703 615	20 323 507
Property Rates	22	19 520 222	17 979 664
Interest Earned - Non-Exchange Transactions	29	2 183 393	2 343 842
Transfer Revenue		193 751 257	112 696 978
Government Grants and Subsidies	23	193 751 257	112 570 260
Public Contributions and Donations		-	126 718
Contributed Property, Plant and Equipment	30	-	-
Other Revenue		4 068 717	9 754 265
Actuarial Gains	15	191 793	1 341 718
Availability Charges	24	819 479	761 398
Fines, Penalties and Forfeits		6 211	45 034
Contributed Property, Plant and Equipment	2.11	2 064 404	5 519 245
Operational Revenue	30	986 830	2 086 869
Revenue from Exchange Transactions		58 131 752	57 457 279
Service Charges	25	53 170 196	52 878 028
Sales of Goods and Rendering of Services	26	537 229	228 306
Rental from Fixed Assets	27	263 502	232 259
Interest Earned - External Investments	28	2 401 680	1 783 237
Interest Earned - Exchange Transactions	29	1 554 912	1 451 757
Licences and Permits		8 278	334 944
Agency Services		181 839	216 264
Operational Revenue	30	14 115	332 484
Total Revenue		277 655 342	200 232 029
EXPENDITURE			
Employee Related Costs	31	(45 799 335)	(42 986 786)
Remuneration of Councillors	32	(5 710 417)	(5 388 631)
Bad Debts Written Off		(6 257 217)	(4 511 483)
Depreciation and Amortisation	33	(7 799 515)	(9 017 038)
Actuarial Losses	15	(514 957)	-
Finance Costs	34	(3 654 693)	(3 665 142)
Bulk Purchases	35	(30 183 184)	(24 876 949)
Inventory Consumed	9.1	(10 524 595)	(9 905 615)
Operating Leases		(132 373)	(3 077)
Transfers and Subsidies	36	(150 079)	(119 369)
Operational Costs	37	(24 028 875)	(25 589 658)
Total Expenditure		(134 755 240)	(126 063 749)
Operating Surplus/(Deficit) for the Year		142 900 101	74 168 280
Inventories: Write-down to Net Realisable Value	9.2	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	38	(17 705 397)	(10 789 733)
Gains/(Loss) on Sale of Fixed Assets	39	-	(302 523)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-
Profit/(Loss) on Fair Value Adjustments	40	7 983 820	-
Gains/(Loss) on Water Inventory	41	(5 035 053)	(2 874 837)
NET SURPLUS/(DEFICIT) FOR THE YEAR		128 143 472	60 201 188

HANTAM MUNICIPALITY

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

	Revaluation Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2022	2 551 323	451 281 742	453 833 065
Effects of Correction of Errors - Note 42.1	-	-	-
Restated balance at 1 July 2022	2 551 323	451 281 742	453 833 065
Net Surplus for the year	-	60 358 504	
Net Surplus previously reported	-	511 640 246	
Effects of Correction of Errors - Note 42.1	-	186 041	
Restated balance at 30 June 2023	2 551 323	511 826 287	514 377 610
Net Surplus for the year	-	128 143 472	
Balance at 30 JUNE 2024	2 551 323	639 969 759	642 521 082

HANTAM MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

		2024 R	2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and others		57 217 437	57 886 943
Government Grants and Subsidies		190 062 900	118 406 295
Interest Earned - Exchange and non-Exchange Transactions		2 990 644	3 036 479
Interest from External Investments		2 401 680	1 783 237
Cash payments			
Suppliers and Employees		(117 317 078)	(112 051 456)
Finance Charges		(78 519.06)	(129 922)
Interest paid on Trade Payables		(55 290.43)	(107 376)
Transfers and Grants		-	-
Net Cash from Operating Activities	43	135 221 773	68 824 200
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(123 606 879)	(65 547 049)
Purchase of Intangible Assets		-	(47 052)
Decrease/(Increase) in Non-Current Receivables		-	41 312
Net Cash from Investing Activities		(123 606 879)	(65 552 789)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits	*		-
Repayment of Borrowing		(94 857)	(248 111)
Net Cash from Financing Activities		(94 857)	(248 111)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11 520 037	3 023 299
Cash and Cash Equivalents at the beginning of the year		6 140 792	3 117 492
Cash and Cash Equivalents at the end of the year	44	17 660 829	6 140 792
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11 520 037	3 023 300

* The movement in consumer deposits was previously recognised under Cash Flow from Financing activities. The amounts are however related to the municipality's operations and therefore the cash movement is included in Cash Flow from Operating Activities

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Final Budget	Actual Outcome 2024	Outcome as % of Final Budget	
		R	R	R	R	R	%	
ASSETS								
Current Assets								
	Cash	2 472 082	1 958 222	4 430 304	4 430 304	17 660 829	298.64%	
	Call Investment Deposits	-	-	-	-	-	-	
	Consumer Debtors	11 062 515	102 212	11 164 727	11 164 727	9 402 264	-15.79%	
	Other Debtors	776 616	(8 620)	767 996	767 996	-	-100.00%	
	Vat	3 171 227	-	10 985 658	-	14 304 279	#DIV/0!	
	Current Portion of long-term receivables	-	-	-	-	-	100.00%	
	Inventory	-	-	-	-	93 285	#DIV/0!	
	Total Current Assets	48.2.1	17 482 440	2 051 814	27 348 685	16 363 027	41 460 657	153.38%
Non-Current Assets								
	Long-term Receivables	-	-	-	-	-	0.00%	
	Investment Property	41 429 785	(3 695 655)	37 734 130	37 734 130	45 717 950	21.16%	
	Property, Plant and Equipment	676 001 078	(6 385 677)	669 615 401	669 615 401	649 861 533	-2.95%	
	Biological Assets	-	-	-	-	13 500	0.00%	
	Intangible Assets	1 506 460	34 714	1 541 174	1 541 174	1 430 725	-7.17%	
	Other Non-Current Assets	1 618 055	-	1 618 055	1 618 055	1 618 055	0.00%	
	Total Non-Current Assets	48.2.2	720 555 378	(10 046 618)	710 508 760	710 508 760	698 641 763	-1.67%
TOTAL ASSETS			738 037 818	(7 994 804)	737 857 445	726 871 787	740 102 421	1.82%

HANTAM MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Final Budget	Actual Outcome 2024	Outcome as % of Final Budget
		R	R	R	R	R	%
LIABILITIES							
Current Liabilities							
Borrowing		248 111	(225 754)	22 357	22 357	186 450	733.97%
Consumer Deposits		1 299 386	130 756	1 430 142	1 430 142	1 560 986	9.15%
Trade and Other Payables		17 410 476	7 072 107	24 482 583	24 482 583	38 159 024	55.86%
Provisions		7 216 871	(2 046 163)	5 170 708	5 170 708	5 787 765	11.93%
Vat		-	938 674	938 674	-	-	-
Total Current Liabilities	48.2.3	26 174 844	5 869 620	32 044 464	31 105 790	45 694 226	46.90%
Non-Current Liabilities							
Borrowing		22 504 564	(22 504 564)		-	334 861	#DIV/0!
Provisions		41 525 626	(5 549 081)	35 976 545	35 976 545	32 947 805	-8.42%
Long term portion of trade payables				18 647 308		18 604 447	
Total Non-Current Liabilities	48.2.4	64 030 190	(28 053 645)	35 976 545	35 976 545	51 887 114	44.22%
TOTAL LIABILITIES		90 205 034	(22 184 025)	68 021 009	67 082 335	97 581 339	45.47%
NET ASSETS							
Accumulated Surplus/(Deficit)		658 089 570	994 184	659 083 754	659 083 754	639 969 759	-2.90%
Reserves		2 551 323	-	2 551 323	2 551 323	2 551 323	0.00%
TOTAL NET ASSETS	48.2.5	660 640 893	994 184	661 635 077	661 635 077	642 521 081	-2.89%

Denotes classification per Statement of Financial Position

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Final Budget	Actual Outcome 2024	Outcome as % of Final Budget
		R	R	R	R	R	%
REVENUE							
Property Rates		19 090 491	457 415	19 547 906	19 547 906	19 520 222	-0.14%
Service charges - Electricity		37 525 906	-	37 525 906	37 525 906	30 148 502	-19.66%
Service charges - Water		11 488 517	-	11 488 517	11 488 517	11 127 590	-3.14%
Service charges -Waste Water Management		6 320 099	-	6 320 099	6 320 099	6 363 028	0.68%
Service charges -Waste Management		6 247 436	-	6 247 436	6 247 436	6 350 555	1.65%
Rental from Fixed Assets		204 172	42 817	246 989	246 989	263 502	6.69%
Sales of Goods and Rendering of Services		214 115	64 230	278 345	278 345	537 229	93.01%
Interest Earned - External Investments		807 193	1 200 000	2 007 193	2 007 193	2 401 680	19.65%
Interest Earned - Outstanding Debtors		1 261 873	343 568	1 605 441	1 605 441	1 554 912	-3.15%
Interest Earned - Non-Exchange Transactions		1 075 922	-	1 075 922	1 075 922	2 183 393	-
Fines,penalties and forfeits		28 451	-	28 451	28 451	6 211	-78.17%
Licences and Permits		309 957	21 830	331 787	331 787	8 278	-97.50%
Agency Services		202 386	-	202 386	202 386	181 839	-10.15%
Transfers and subsidies - Operational		38 944 999	44 911	38 989 910	38 989 910	39 026 900	0.09%
Operational Revenue		3 020 526	720 456	3 740 982	3 740 982	1 000 945	-73.24%
Other Gains		2 357 855	(1 895 531)	462 324	462 324	10 240 017	2114.90%
Total Revenue (excluding capital transfers and contributions)	48.2.6	129 099 898	999 696	130 099 594	130 099 594	130 914 804	0.63%

HANTAM MUNICIPALITY

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

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Final Budget	Actual Outcome 2024	Outcome as % of Final Budget
		R	R	R	R	R	%
EXPENDITURE							
Employee Related Costs		49 116 333	(378 694)	48 737 639	48 737 639	45 799 335	-6.03%
Remuneration of Councilors		5 677 265	99 909	5 777 174	5 777 174	5 710 417	-1.16%
Debt Impairment		5 918 468	-	5 918 468	5 918 468	23 962 614	304.88%
Depreciation and Asset Impairment		17 273 607	-	17 273 607	17 273 607	7 799 515	-54.85%
Finance Charges		2 134 790	-	2 134 790	2 134 790	3 654 693	71.20%
Bulk Purchases		26 357 127	-	26 357 127	26 357 127	30 183 184	14.52%
Inventory Consumed		3 515 841	(580 454)	2 935 387	2 935 387	10 524 595	258.54%
Transfers and Grants		200 000	(80 657)	119 343	119 343	150 079	25.75%
Contracted Services		15 746 377	1 836 329	17 582 706	17 582 706	13 093 466	-25.53%
Other Expenditure		10 119 890	1 269 013	11 388 903	11 388 903	11 067 782	-2.82%
Losses		1 898 725	(631 783)	1 266 942	1 266 942	5 550 010	338.06%
Total Expenditure	48.2.7	137 958 423	1 533 663	139 492 086	139 492 086	157 495 690	12.91%
Surplus/(Deficit)		(8 858 525)	(533 967)	(9 392 492)	(9 392 492)	(26 580 886)	183.00%
Transfers and Subsidies-Capital	23	151 755 000	5 081 000	156 836 000	156 836 000	154 724 358	-1.35%
Contributions Recognised - Capital		-	-	-	-	-	0.00%
Contributed Assets	47.2.8	-	-	-	-	-	#DIV/0!
Surplus/(Deficit) for the year		142 896 475	4 547 033	147 443 508	147 443 508	128 143 472	-13.09%

Denotes the classification per Statement of Financial Performance

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

	Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome	Outcome as % of Final Budget
		R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Ratepayers and others		73 779 573	-	73 779 573	57 217 437	-22.45%
Government Grants and Subsidies		190 699 999	-	190 699 999	190 062 900	-0.33%
Interest		807 193	-	807 193	2 401 680	197.53%
Payments						
Suppliers and Employees		(107 173 005)	-	(107 173 005)	(117 317 078)	9.47%
Finance costs		(90 522)	-	(90 522)	(78 519)	-13.26%
Transfers and Grants		-	-	-	-	#DIV/0!
Net Cash from/(used) Operating Activities	47.2.9	158 023 238	-	158 023 238	132 286 420	-16.29%
CASH FLOW FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of Fixed and Intangible Assets		-	-	-	-	0.00%
Decrease/(Increase) in Non-Current Receivables		-	-	-	-	0.00%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	0.00%
Payments						
Capital Assets		(155 400 667)	-	(155 400 667)	(123 606 879)	-20.46%
Net Cash from/(used) Investing Activities	47.2.10	(155 400 667)	-	(155 400 667)	(123 606 879)	-20.46%
CASH FLOW FROM FINANCING ACTIVITIES						
Receipts						
Short Term Loans		-	-	-	-	0.00%
Borrowing long term/refinancing		-	-	-	-	0.00%
Increase/(Decrease) in Consumer Deposits		-	-	-	-	0.00%
Payments						

HANTAM MUNICIPALITY

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

Notes	Original Budget	* Budget Adjustments	Final Adjustment Budget	Actual Outcome	Outcome as % of Final Budget
	R	R	R	R	%
Repayment of Borrowing	-	-	-	(94 857)	0.00%
Net Cash from/(used) Financing Activities	-	-	-	(94 857)	0.00%
NET INCREASE/(DECREASE) IN CASH HELD	2 622 571	-	2 622 571	8 584 684	227.34%
Cash and Cash Equivalents at beginning of the year:	49 510	6 188 176	6 237 686	6 140 792	-1.55%
Cash and Cash Equivalents at the end of the year:	2 672 081	6 188 176	8 860 257	14 725 475	66.20%

Denotes the classification per Cash Flow Statement

* - budget adjustments done in terms of section 28 and section 31 of the MFMA

HANTAM MUNICIPALITY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, except where an exemption or transitional provision have been granted. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand and no foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1%

HANTAM MUNICIPALITY

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

of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Management has determined materiality for the purposes of explaining variances between the final budget and actual amounts in the annual financial statements, as R1 000 000 and a variance of more than 10%.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury.

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

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

The comparable information includes the following:

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

A reconciliation is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements. Management considers a variance between the actual and budget of more than 10% of the budgeted value as material, provided that such variance exceeds R1,300,000. All variances less than R1,500,000 is considered immaterial.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

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

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	<u>Heritage assets</u> There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting. The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown
GRAP 104	<u>Financial Instruments</u>	1 April 2025

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

REFERENCE	TOPIC	EFFECTIVE DATE
	The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	
GRAP 1: Going concern	<u>Presentation of Financial statements: Going concern</u> The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure. The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Improvement to GRAP standards (2023)	<u>Improvement to GRAP standards (2023)</u> The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown
GRAP 105, GRAP 106 and GRAP 107 (amendments)	<u>Transfer of Functions and Mergers</u> The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.	Unknown
iGRAP 22	<u>Foreign Currency Transactions and Advanced Consideration</u> The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. Early adoption of the Interpretation is encouraged.	1 April 2025

HANTAM MUNICIPALITY

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

REFERENCE	TOPIC	EFFECTIVE DATE
	No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	
Guideline	<u>Application of Materiality of Financial Statements</u> The guideline is not authoritative but only encourage. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	No effective date as only encouraged

1.9. RESERVES

1.9.1. Revaluation Reserve

The accounting for the Revaluation Reserve must be performed in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation reserve is realized as revaluated assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated surplus while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

1.10. LEASES

1.10.1. Municipality as Lessee

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

HANTAM MUNICIPALITY

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

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments (including indirect costs) to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. The revenue received is driven from the agreed terms of the contract rather than legislation.

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

HANTAM MUNICIPALITY

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

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

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.

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

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

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

The restructuring provision only include direct expenditure arising from the restructuring.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

1.14. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as

HANTAM MUNICIPALITY

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

finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) Staff Leave

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

Accumulated 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.

(d) Staff Bonuses

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

(e) Performance Bonuses

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

(f) Other Short-term Employee Benefits

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

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

HANTAM MUNICIPALITY

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

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

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

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

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

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

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

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

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

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

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

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

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

1.15.2. Subsequent Measurement – Revaluation Model (Land and Buildings)

HANTAM MUNICIPALITY

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

Subsequent to initial recognition, Land and Buildings are carried at a revalued amount, being its fair value at the date of revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance. A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.15.3. Subsequent Measurement – Cost Model

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

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

1.15.4. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

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

<u>Infrastructure</u>	<u>Useful Lives (Years)</u>
Roads and Stormwater	1-100
Electricity	1-80
Water Supply	1-80
Sanitation	5-20
Solid Waste	2-80
<u>Community Assets</u>	
Community Facilities	3-50
Outdoor Sport and Recreational Facilities	3-10
<u>Other Assets</u>	
Land	Indefinite
Buildings	3-50
Computer equipment	1-10
Furniture and Office Equipment	1-20
Machinery and Equipment	1-20
Transport Assets	1-15
<u>Finance lease assets</u>	
Office equipment	1-3

HANTAM MUNICIPALITY

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge is recognised in the Statement of Financial Performance. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

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

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

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

1.15.5. Derecognition

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

1.15.6. Landfill Site rehabilitation and restoration costs

Where the Municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "Provisions for the rehabilitation of Landfill Sites".

The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

- a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.15.7. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2015. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2015.

1.16. INTANGIBLE ASSETS

HANTAM MUNICIPALITY

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

1.16.1. Initial Recognition

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

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

An asset meets the criteria of an intangible asset when it:

- is separable, i.e., is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

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

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e., when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end,

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with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Useful life (Years)</u>
Computer Software	2-12

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

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

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

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

1.16.4. De-recognition

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

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

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

Investment property shall be recognised as an asset when and only when:

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

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);

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- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

1.17.2. Subsequent Measurement – Fair Value Model

Subsequent to initial recognition, investment property is measured at fair value. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in Statement of Financial Performance for the period in which it arises.

1.17.3. De-recognition/Disposal

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.4. Application of deemed cost (Directive 7)

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

1.18. AGRICULTURE

1.18.1. Initial Recognition

A biological asset is a living animal or plant that is used by the Municipality in an agricultural activity.

A biological asset is recognised when and only when:

- the Municipality controls the asset as a result of past events;

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

Biological assets are initially measured at their fair value less cost to sell.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.18.2. Subsequent Measurement

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be consumable biological assets.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

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

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

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

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated

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

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

1.19.4. Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

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

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. *Cash generating assets*

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

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

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

a) External sources of information

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

b) Internal sources of information

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

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

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

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risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

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

1.20.2. Non-cash-generating assets

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

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

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

a) External sources of information

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

b) Internal sources of information

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

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

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

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1. Initial Recognition

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

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Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, materials and supplies and water, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings.

1.22. FINANCIAL INSTRUMENTS

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

1.22.1. Initial Recognition

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

1.22.2. Subsequent Measurement

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

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1.22.2.1. *Receivables*

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

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and interest-bearing loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3. *Cash and Cash Equivalents*

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

1.22.3. *Derecognition*

1.22.3.1. *Financial Assets*

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

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-

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through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

1.22.3.2. Financial Liabilities

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

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

1.22.4. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition and Measurement

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

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

1.23.2. Subsequent Measurement

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

- a) interest or other charges that may have accrued on the receivable;

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- b) impairment losses; and
- c) amounts derecognised.

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

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

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

1.23.4. Transitional Provision

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fines Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

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

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

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

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue, once approved by council. This policy is in line with prescribed debt principle as enforced by the law.

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

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

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

- it is probable that the future economic benefits or service potential will flow to the Municipality; and

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- the fair value of the assets can be measured reliably.

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

1.24.2. Revenue from Exchange Transactions

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

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

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

Revenue from services rendered is recognised when:

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

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

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

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.25. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

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

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Application of the acquisition method requires:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.26. ACCOUNTING BY PRINCIPLES AND AGENTS

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

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

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

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

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

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

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.27. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

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

Initial Recognition

The service concession asset are recognised by grantor when:

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

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

The service concession liability is recognised and initially measured at:

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

Subsequent Measurement

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

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

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

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

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

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

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

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

Dividing the arrangement

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

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

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

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e., is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- a) identifying the acquirer (Municipality);
- b) determining the acquisition date;
- c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

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

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

- a) A person or a close member of that person’s family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity?
- b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

- a) are married or live together in a relationship similar to a marriage; or
- b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

- a) all members of the governing body of the Municipality;

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

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

Management personnel include:

- a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager.

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

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

1.30. UNAUTHORISED EXPENDITURE

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

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

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

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Post-retirement medical obligations and long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate

HANTAM MUNICIPALITY

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

aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historic information available.

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

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

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

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

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

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

Intangible Assets

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

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

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

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

Investment Property

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

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance. Changes in market values are capitalised while the unwinding of interest is recognised as a Finance Charges in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave and bonuses

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

The municipality recognises the accrual of a guaranteed 13th cheque benefit only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made. The estimation is based on the current expected cost at the time of meeting the recognition criteria.

The leave and staff bonus liabilities are estimates. However, the nature of the balance is an accrual of unused benefits arising from past service and therefore this is classified as a payable from exchange transactions (excluded from the financial instruments).

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

Provision for Performance bonuses

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

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold around year-end, which is still unused at year-end.

Componentisation of Infrastructure assets

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

Revenue Recognition

Accounting Policy on Revenue from Exchange and Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses, assets and payables are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables in the Statement of Financial Position.

1.36. CAPITAL COMMITMENTS

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

Commitments are disclosed in the notes inclusive of VAT.

1.37. EVENTS AFTER REPORTING DATE

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

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

HANTAM MUNICIPALITY

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

- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

1.38. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2024

	Cost								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	WIP Additions	Additions/IGRAP 2	Other Changes	Under Construction	Contributed PPE	Disposals/Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/Impairment	Closing Balance	
Infrastructure															
Roads & Storm Water	64 896 189	-	-	-	1 325 127	-	-	66 221 317	14 291 457	-	1 243 130	-	-	15 534 587	50 686 729
Electricity	63 807 451	-	4 152 724	-	-	-	-	67 960 175	15 019 095	-	1 456 974	-	-	16 476 069	51 484 106
Water Supply	344 133 331	-	23 183	-	97 897 976	-	-	442 054 489	43 137 568	-	10 226 840	-	-	53 364 408	388 690 082
Sanitation	92 781 981	-	-	-	34 981 595	1 201 463	-	128 965 038	10 469 311	-	1 847 342	-	-	12 316 653	116 648 385
Solid Waste	6 835 904	-	-8 657.11	-	-	-	-	6 827 247	6 501 305	-	17 883	-	-	6 519 188	308 059
	572 454 856	-	4 167 250	-	134 204 698	1 201 463	-	712 028 266	89 418 736	-	14 792 169	-	-	104 210 905	607 817 361
Community Assets															
Community Facilities	11 333 122	-	-	-	-	-	-	11 333 122	3 628 552	-	485 452	-	-	4 114 004	7 219 118
Sport and Recreation Facilities	28 778 680	-	-	-	-	-	-	28 778 680	5 255 144	-	1 133 295	-	-	6 388 439	22 390 241
Outdoor Facilities	40 111 801	-	-	-	-	-	-	40 111 801	8 883 696	-	1 618 747	-	-	10 502 443	29 609 358
Other Assets															
Other Immovable Assets															
Other Land	1 785 411	-	-	-	-	-	-	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	5 620 676	-	-	-	-	-	-	5 620 676	4 307 890	-	89 072	-	-	4 396 961	1 223 715
	7 406 086	-	-	-	-	-	-	7 406 086	4 307 890	-	89 072	-	-	4 396 961	3 009 125
Other Movable Assets															
Computer Equipment	2 870 982	-	143 902	-	-	-	-	3 014 884	1 161 445	-	245 322	-	-	1 406 767	1 608 117
Furniture and Office Equipment	3 808 081	-	140 918	-	-	-	-	3 948 999	2 673 012	-	163 376.31	-	-	2 836 389	1 112 611
Machinery and Equipment	2 524 085	-	93 591	-	-	32 442	-	2 650 117	1 462 206	-	207 746	-	-	1 669 952	980 166
Transport Assets	13 813 397	-	-	-	-	830 500	-	14 643 897	8 744 906	-	685 534	-	-	9 430 440	5 213 457
	23 016 544	-	378 411	-	-	862 942	-	24 257 897	14 041 569	-	1 301 978	-	-	15 343 548	8 914 350
Leases															
Furniture and Office Equipment	655 863	-	593 811	-	-	-	(655 863)	593 812	637 645	-	100 692	-	(655 863)	82 474	511 338
	655 863	-	593 811	-	-	-	(655 863)	593 812	637 645	-	100 692	-	(655 863)	82 474	511 338
Total	643 645 152	-	5 139 472	-	134 204 698	2 064 404	(655 863)	784 397 863	117 289 536	-	17 902 658	-	(655 863)	134 536 331	649 861 532

	Cost								Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions/WIP IGRAP 2	Other Changes	Under Construction	Contributed PPE	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure															
Roads & Storm Water	61 020 567	3 875 623	-	-	-	-	-	64 896 189	13 051 213	-	1 240 245	-	-	14 291 457	50 604 732
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	64 328 723	103 911	-	-	-	-	(625 182)	63 807 451	13 880 574	-	1 464 482	-	(325 961)	15 019 095	48 788 356
Water Supply	299 991 502	44 141 829	-	-	-	-	-	344 133 331	32 939 185	-	10 198 382	-	-	43 137 568	300 995 763
Sanitation	72 735 952	20 046 028	-	-	-	-	-	92 781 981	8 632 310	-	1 837 002	-	-	10 469 311	82 312 669
Solid Waste	9 535 019	-	(2 699 114)	-	-	-	-	6 835 904	6 478 778	-	22 527	-	-	6 501 305	334 599
	507 611 762	68 167 390	(2 699 114)	-	-	-	(625 182)	572 454 856	74 982 060	-	14 762 637	-	(325 961)	89 418 736	483 036 120
Community Assets															
Community Facilities	11 333 122	-	-	-	-	-	-	11 333 122	3 144 427	-	484 125	-	-	3 628 552	7 704 569
Sport and Recreation Facilities	23 882 095	-	-	-	-	4 896 585	-	28 778 680	4 183 156	-	1 071 988	-	-	5 255 144	23 523 536
Outdoor Facilities	35 215 216	-	-	-	-	4 896 585	-	40 111 801	7 327 583	-	1 556 113	-	-	8 883 696	31 228 105
Other Assets															
Other Immovable Assets															
Other Land	1 785 411	-	-	-	-	-	-	1 785 411	-	-	-	-	-	-	1 785 411
Operational Buildings	5 572 939	47 737	-	-	-	-	-	5 620 676	4 220 255	-	87 635	-	-	4 307 890	1 312 786
	7 358 349	47 737	-	-	-	-	-	7 406 086	4 220 255	-	87 635	-	-	4 307 890	3 098 197
Other Movable Assets															
Computer Equipment	2 743 424	164 957	-	-	-	-	(37 399)	2 870 982	958 789	-	239 384	-	(36 728)	1 161 445	1 709 537
Furniture and Office Equipment	3 184 417	30 816	-	-	-	622 660	(29 811)	3 808 081	2 593 166	-	108 311	-	(28 465)	2 673 012	1 135 069
Machinery and Equipment	2 520 767	16 150	-	-	-	-	(12 833)	2 524 085	1 260 386	-	213 369	-	(11 549)	1 462 206	1 061 879
Transport Assets	12 080 428	1 413 000	-	323 969	-	-	(4 000)	13 813 397	8 155 779	47 995	545 132	-	(4 000)	8 744 906	5 068 491
	20 529 036	1 624 923	-	323 969	-	622 660	(84 043)	23 016 544	12 968 119	47 995	1 106 197	-	(80 742)	14 041 569	8 974 975
Leases															
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	655 863	-	-	-	-	-	-	655 863	419 024	-	218 621	-	-	637 645	18 218
Machinery and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	655 863	-	-	-	-	-	-	655 863	419 024	-	218 621	-	-	637 645	18 218
Total	571 370 227	69 840 050	(2 699 114)	323 969	-	5 519 245	(709 226)	643 645 152	99 917 041	47 995	17 731 203	-	(406 703)	117 289 536	526 355 616

	2024 R	2023 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	226 731 656	92 526 958
Roads	14 996 593	13 671 466
Electricity	-	-
Water Supply	143 036 328	45 138 352
Sanitation	68 698 736	33 717 141
Community Assets	-	47 737
Total Property, Plant and Equipment under construction	226 731 656	92 574 696
<i>The movements for the year can be reconciled as follows:</i>		
Balance at beginning of year	92 574 696	27 072 175
Expenditure during the year	134 204 698	68 215 128
Donated Assets		5 519 245
Assets unbundled during the year	(47 737)	(8 231 852)
Balance at end of year	226 731 656	92 574 696
2.4 No construction or development of Property, Plant and Equipment is taking a significantly longer period of time to complete than expected.		
2.5 No construction or development of Property, Plant and Equipment where construction or development has been halted.		
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Other materials	2 782 566	3 020 611
Contracted Services	5 129 701	5 967 800
Other Expenditure	483	6 556
Total Repairs and Maintenance	7 912 750	8 994 967

2.7 Assets pledged as security:

Leased Property, Plant and Equipment with a carrying value of R 511 388 (2023: R 18,218) is secured for leases as set out in Note 13.

2.8 Details of Valuation

The effective date of the revaluations was 1 July 2019. Revaluations were performed by an independent valuers, HCB Property Valuations, HC Botha and P le Roux. The valuers are not connected to the municipality. Land and Buildings are revalued independently every 5 years.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

	2024 R	2023 R
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	94 907 003	160 576 839
Infrastructure	94 907 003	160 576 839
Total	94 907 003	160 576 839
This expenditure will be financed from:		
Government Grants	94 907 003	160 576 839
Total	94 907 003	160 576 839

Contractual commitments are disclosed inclusive of VAT.

The commitments are substantially higher than previous years due to the Calvinia Bulk Water Supply Project with a contract value of R160 000 000.

2.10 Properties held for strategic purposes:

Properties are classified as held for strategic purposes when the Municipality has not made a firm decision on the use of the property, but the property is likely to be used to fulfil its mandate. The only properties currently held for strategic purposes are vacant land which are included in Other Land.

2.11 Contributed Property, Plant and Equipment:

The Municipality received donated assets amounting to R2 064 404 (2023: R5 519 245) during the financial year. The donated assets are included in Property, Plant and Equipment (Note 2.1) and is reported per individual asset class.

3. AGRICULTURAL

3.1 Biological Assets that from part on an agricultural activity:

	Quantity (Units)	Fair Value	2024 R	2023 R
Consumable Biological Asset				
Springbuck	30	450	13 500	13 500
Total Biological Assets		450	13 500	13 500

Fair value of biological assets is based on selling prices less costs to sell in an open market.

3.2 Reconciliation of changes in the carrying amount of biological assets:

Balance beginning of year	13 500	13 500
Additions	-	-
Disposals	-	-
Transfers	-	-
Other changes	-	-
Balance end of year	13 500	13 500

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located in the Akkerdam Nature Reserve. The primary activities around biological assets are as follows:

- Ensure that the game life of the municipal area are conserved for future generations.
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

- Regular inspection and maintenance of boundary fences to manage movement of biological assets.
- Regular monitoring of game quantities by municipal staff.

All biological assets are considered to be consumable biological assets in term of GRAP 27.

	2024 R	2023 R
4. INVESTMENT PROPERTY		
4.1 Net Carrying amount at 1 July	37 734 130	37 734 130
Fair Value	37 734 130	37 734 130
Gains arising from changes in fair value	7 983 820	-
Net Carrying amount at 30 June	45 717 950	37 734 130
Fair Value	45 717 950	37 734 130
4.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	210 746	198 277

No Investment Property is in the process of being constructed or developed.

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

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

Fair value of Investment Properties was determined on 30 June 2024 by taking current property sales and current market conditions into consideration. Valuations were performed by independent valuers, DDP Valuers. The fair value of properties not located in the Municipal demarcation is confirmed with the external values contained in the latest published valuation roll for the specific area.

The following methods and significant assumptions were used:

Residential, Vacant and Agricultural properties - Comparable Sales

An appraisal method that compares a piece of property to other properties with similar characteristics that have been sold recently. The sales comparison approach takes into account the effect that individual features have on the overall property value, meaning that the total value of the property is a sum of values of all its features.

Commercial/Industrial - Capitalization of Income Approach

Is applicable to income producing properties and is not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. This method is based on the principle of anticipation and a process of capitalization is used to convert an income projection into present capital indication.

5. INTANGIBLE ASSETS

5.1 Net Carrying amount at 1 July	1 554 422	1 628 400
Cost	1 715 670	1 668 618
Accumulated Amortisation	(161 248)	(40 219)
Additions	-	47 052
Amortisation	(123 697)	(121 030)
Net Carrying amount at 30 June	1 430 725	1 554 422
Cost	1 715 670	1 715 670
Accumulated Amortisation	(284 945)	(161 248)
5.2 Intangible Assets which is in the process of being constructed or developed:		
Servitudes	575 194	575 194
Total	575 194	575 194

Loeriesfontein Servitude is still in progress and finalisation is pending.

No intangible asset were assessed as having an indefinite useful life.

The Municipality does not have any internally generated intangible assets.

No restrictions are placed on intangible assets.

No intangible assets are pledged as security for liabilities.

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

	2024 R	2023 R
6. HERITAGE ASSETS		
6.1 Net Carrying amount at 1 July	1 618 055	1 618 055
Cost	1 618 055	1 618 055
Net Carrying amount at 30 June	1 618 055	1 618 055
Cost	1 618 055	1 618 055
<u>Heritage Assets consists of :</u>		
Historic Buildings		
Calvinia Museum	1 300 000	1 300 000
Loeriesfontein Museum Erven 355	282 500	282 500
Kerkstraat Erven 301 & 302	10 000	10 000
Conservation areas		
Akkerendam Nature Reserve	25 556	25 556
	1 618 056	1 618 056

There are no Heritage Assets which is in the process of being constructed or developed.

There are no Heritage Assets that is taking a significantly longer period of time to complete than expected.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

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

No Heritage Assets are pledged as security for liabilities.

No Heritage Assets are used for more than one purpose.

There was no expenditure incurred for repairs and maintenance of Heritage Assets.

7. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	R	R
8. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
9. INVENTORY		
Water	93 285	54 464
Total Inventory	93 285	54 464

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

	2024 R	2023 R
9.1 Inventories recognise as an expense during the year:		
Materials and Supplies	900 447	408 115
Water	9 624 148	9 497 501
Total	10 524 595	9 905 615

Water inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their location and condition prior to being consumed.

Water Inventory expensed comprises of the following costs which were reallocated:

Reallocated from:

Employee related costs

Contracted Services

Operational Costs

Finance Costs

Depreciation and Amortisation

Gains/(Loss) on Water Inventory

	(9 624 148)	(9 497 501)
Employee related costs	(597 119)	(416 954)
Contracted Services	(3 432 116)	(2 718 864)
Operational Costs	(403 127)	(400 417)
Finance Costs		(908)
Depreciation and Amortisation	(10 226 840)	(8 835 195)
Gains/(Loss) on Water Inventory	5 035 053	2 874 837

9.2 Inventories write-down to Net Replacement Value (NRV):

Water	-	32 160
-------	---	--------

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	10 329 310	8 948 682
Water	24 373 023	22 831 148
Previously reported	-	22 891 570
Correction of Error - Note 42.2	-	(60 421)
Waste Management	18 017 146	16 512 915
Waste Water Management	12 362 487	11 414 945
Other Arrears	4 030 077	4 264 979
Total: Receivables from exchange transactions (before provision)	69 112 043	63 972 671
Less: Provision for Debt Impairment	(63 114 449)	(53 832 853)
Total: Receivables from exchange transactions (after provision)	5 997 594	10 139 817

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

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	2 270 516	1 746 568
31 - 60 Days	421 323	224 337
61 - 90 Days	297 570	170 565
+ 90 Days	7 339 902	6 807 212
Total	10 329 310	8 948 682

(Water): Ageing

Current (0 - 30 days)	1 539 130	1 072 031
31 - 60 Days	549 636	618 291
61 - 90 Days	490 831	562 945
+ 90 Days	21 793 426	20 577 883
Total	24 373 023	22 831 149

	2024 R	2023 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	986 273	994 878
31 - 60 Days	374 498	390 643
61 - 90 Days	358 575	381 639
+ 90 Days	16 297 800	14 745 756
Total	18 017 146	16 512 915
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	958 120	1 031 674
31 - 60 Days	328 764	360 148
61 - 90 Days	300 653	334 309
+ 90 Days	10 774 950	9 688 815
Total	12 362 487	11 414 945
<u>(Other): Ageing</u>		
Current (0 - 30 days)	249 458	241 223
31 - 60 Days	81 138	102 912
61 - 90 Days	81 069	111 605
+ 90 Days	3 618 413	3 809 239
Total	4 030 077	4 264 979
<u>(Total): Ageing</u>		
Current (0 - 30 days)	6 003 497	5 086 374
31 - 60 Days	1 755 359	1 696 331
61 - 90 Days	1 528 698	1 561 062
+ 90 Days	59 824 490	55 628 905
Total	69 112 043	63 972 671
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	53 832 853	46 258 796
Contribution to provision	8 070 953	6 586 136
VAT on provision	1 210 643	987 920
Reversal of provision	-	-
Balance at end of year	63 114 449	53 832 853
The total amount of this provision is R63 114 449 (2023: R53,832,853) and consists of:		
Services	63 114 449	53 832 853
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	63 114 449	53 832 853
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	249 458	1 696 331
2+ months past due	5 748 136	3 357 113
	5 997 594	5 053 443

	2024 R	2023 R
11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	36 699 445	31 422 711
Availability Charges	1 536 285	1 368 738
Other Receivables	702 136	1 152 447
	38 937 866	33 943 896
<u>Less:</u> Provision for Debt Impairment	(35 533 195)	(25 889 690)
Total Receivables from non-exchange transactions	3 404 670	8 054 206

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition. The fair value of other receivables approximate their carrying value.

Debtors with a total outstanding balance of R4,180 (2023: R4,180) have arranged to settle their account over an re-negotiated period. Total payments to the value of R2,337 (2023: R2,337) have been deferred beyond 12 months after year end and subsequently included as part of long-term debtors.

Ageing of Rates and Availability Charges:

(Availability Charges): Ageing

Current (0 - 30 days)	52 591	23 137
31 - 60 Days	21 540	22 201
61 - 90 Days	21 081	18 342
+ 90 Days	1 441 072	1 305 058
Total	1 536 285	1 368 738

(Rates): Ageing

Current (0 - 30 days)	1 922 277	1 892 673
31 - 60 Days	649 338	677 800
61 - 90 Days	625 258	611 433
+ 90 Days	33 502 572	28 240 804
Total	36 699 445	31 422 711

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 JUNE 2024			
Current (0 - 30 days)	1 502 497	365 628	54 152
31 - 60 Days	533 549	96 224	19 521
61 - 90 Days	512 533	93 204	19 521
+ 90 Days	28 299 534	3 083 512	2 119 527
Sub-total	30 848 113	3 638 567	2 212 721
<u>Less:</u> Provision for Debt Impairment	(28 667 776)	(3 381 394)	(2 056 326)
Total debtors by customer classification	2 180 337	257 173	156 395

Summary of Debtors (Rates) by Customer Classification

	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2023			
Current (0 - 30 days)	1 395 019	356 359	141 296
31 - 60 Days	517 454	96 895	63 451
61 - 90 Days	463 031	86 266	62 136
+ 90 Days	23 308 726	2 197 195	2 734 883
Sub-total	25 684 230	2 736 715	3 001 766
<u>Less:</u> Provision for Debt Impairment	(21 221 220)	(1 749 520)	(1 678 876)
Total debtors by customer classification	4 463 009	987 195	1 322 890

	2024 R	2023 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	25 889 690	21 631 683
Contribution to provision	9 634 443	4 203 596
VAT on provision	9 062	54 411
Reversal of provision		-
Balance at end of year	35 533 195	25 889 690

The total amount of this provision is R 35 533 195 (2023: R 25,889,690) and consists of:

Taxes	34 105 496	24 649 616
Availability Charges	1 427 699	1 240 074
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	35 533 195	25 889 690

Ageing of Rates amounts past due but not impaired:

1 month past due	-	677 800
2+ months past due	2 702 535	4 202 621
	2 702 535	4 880 421

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

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

12. BANK ACCOUNTS

12.1 Cash and Cash Equivalents

Current Accounts	12 373 975	218 416
Call Deposits and Investments	5 285 354	5 920 876
Cash On-hand	1 500	1 500
Total Cash and Cash Equivalents - Assets	17 660 829	6 140 792

The municipality has the following bank accounts:

Current Accounts

Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):	11 425 418	219 136
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):	934 993	58 149
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section 12):	13 564	38 025
	12 373 975	315 311

Call Deposits and Investments

Call Deposit CRR - Standard Bank Account No. 088673669021:	(0)	245 616
Financial Management Grant - Standard Bank Account No. 088673669024:	847 653	2 596
Municipal Systems Improvement Grant - Standard Bank Account No. 088673669023:	15 517	20 201
Hantam DBSA - Standard Bank Account No. 088673669025:	642 373	3 383
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:	3 765 685	5 643 802
Hantam Surplus Cash - Standard Bank Account No. 088673669026:	12 855	1 570
Hantam EPWP - Standard Bank Account No. 088673669027:	1 271	1 216
Hantam INEP - Standard Bank Account No. 088673669028:	0	2 492
	5 285 354	5 920 876

	2024 R	2023 R
<u>Details of current accounts are as follow:</u>		
Standard Bank - Account No. 08 298 352 6 (Primary Bank Account):		
Cash book balance at beginning of year	219 136	214 945
Cash book balance at end of year	11 425 418	219 136
Bank statement balance at beginning of year	217 692	199 283
Bank statement balance at end of year	11 425 418	217 692
ABSA Bank - Account No. 1620 000 031 (Secondary Bank Account):		
Cash book balance at beginning of year	58 149	523 679
Cash book balance at end of year	934 993	58 149
Bank statement balance at beginning of year	78 639	590 075
Bank statement balance at end of year	934 983	78 639
Standard Bank - Account No. 08 299 664 4 (Account - opened in accordance with MFMA Section		
Cash book balance at beginning of year	38 025	7 184
Cash book balance at end of year	13 564	38 025
Bank statement balance at beginning of year	7 184	174 541
Bank statement balance at end of year	13 564	7 184
<u>Details of call investment accounts are as follow:</u>		
Call Deposit CRR - Standard Bank Account No. 088673669021:		
Cash book balance at beginning of year	245 616	2 547
Cash book balance at end of year	(0)	245 616
Bank statement balance at beginning of year	245 616	2 547
Bank statement balance at end of year	-	245 616
Financial Management Grant - Standard Bank Account No. 088673669024:		
Cash book balance at beginning of year	2 596	2 511
Cash book balance at end of year	847 653	2 596
Bank statement balance at beginning of year	2 596	2 511
Bank statement balance at end of year	847 653	2 596
Water Services Infrastructure Grant - Standard Bank Account No. 088673669023:		
Cash book balance at beginning of year	20 201	1 845 780
Cash book balance at end of year	15 517	20 201
Bank statement balance at beginning of year	20 201	1 845 780
Bank statement balance at end of year	15 517	20 201
Hantam DBSA - Standard Bank Account No. 088673669025:		
Cash book balance at beginning of year	3 383	68 252
Cash book balance at end of year	642 373	3 383
Bank statement balance at beginning of year	3 382	68 252
Bank statement balance at end of year	642 373	3 382
Municipal Infrastructure Grant - Standard Bank Account No. 088673669022:		
Cash book balance at beginning of year	5 643 802	444 199
Cash book balance at end of year	3 765 685	5 643 802
Bank statement balance at beginning of year	5 643 803	444 199
Bank statement balance at end of year	3 765 685	5 643 803

	2024	2023
	R	R
Hantam Surplus Cash - Standard Bank Account No. 088673669026:		
Cash book balance at beginning of year	1 570	3 309
Cash book balance at end of year	12 855	1 570
Bank statement balance at beginning of year	1 570	3 309
Bank statement balance at end of year	12 855	1 570
Hantam EPWP - Standard Bank Account No. 088673669027:		
Cash book balance at beginning of year	1 216	1 176
Cash book balance at end of year	1 271	1 216
Bank statement balance at beginning of year	1 216	1 176
Bank statement balance at end of year	1 271	1 216
Hantam INEP - Standard Bank Account No. 088673669028:		
Cash book balance at beginning of year	2 492	2 409
Cash book balance at end of year	0	2 492
Bank statement balance at beginning of year	2 492	2 409
Bank statement balance at end of year	-	2 492
13. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	521 311	22 357
Less: Current Portion of Long-term Borrowings	(186 450)	(22 357)
Total Long-term Borrowings	334 861	0
13.1 The obligations under finance leases are scheduled below:	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	229 092	22 630
Payable within two to five years	362 729	-
	591 821	22 630
Less: Future finance obligations	(70 510)	(274)
Present value of finance lease obligations	521 311	22 357
The capitalised lease liability consist out of the following contracts:		

	2024 R	2023 R
14. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	14 988 805	14 521 481
Total Non-current Provisions	14 988 805	14 521 481
14.1 Landfill Sites		
Balance 1 July	14 521 481	16 594 287
Contribution for the year	1 582 174	1 777 220
Change in Provision for Rehabilitation Cost	(1 114 850)	(3 850 027)
Total provision 30 June	14 988 805	14 521 481
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	14 988 805	14 521 481

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Brandvlei	Calvinia	Loeriesfontein	Nieuwoudtville
Rehabilitation area (m ²)	31 069	33 017	7 678	3 791
Preliminary and general (R)	2 573 856	2 521 512	624 428	360 202
Site Clearance and Preparation	46 293	49 195	11 440	5 649
Storm water control measures (R)	1 781 606	1 797 656	875 652	637 308
Capping (R)	11 700 606	11 217 995	2 616 131	1 296 616
Gas Management (R)	-	-	-	-
Leachate Management (R)	655 363	673 301	325 634	263 276
Fencing (R)	1 655 248	1 778 852	13 777	13 777
Environmental Authorisation Closing License (R)	460 688	460 688	460 688	460 688
Technical ROD (R)	232 968	232 968	232 968	232 968
Install Groundwater Monitoring Boreholes with locable caps (R)	219 479	172 162	180 152	187 259
Landscape Architects (R)	161 470	166 750	163 875	162 885
Water use licence (R)	39 000	39 000	39 000	39 000
Topographical Survey (R)	9 192	9 768	7 950	7 950
Contingencies (R)	1 841 297	1 803 851	446 706	257 683
Engineering: Professional Fees (R)	1 969 886	1 930 754	599 172	349 661
Site Supervision (Engineer's Representative) (R)	456 000	515 058	254 306	177 663
Site Supervision (Environmental Control Officer & OHS Agent) (R)	114 804	198 604	143 100	111 213

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. The estimate cost and date of decommission of the sites are as follows:

Location	Estimated decommission date	Post-closure monitoring period		
Brandvlei	2065	None	187 130 673	163 629 933
Calvinia	2033	2038 - 2068	38 463 163	46 609 523
Loeriesfontein	2050	None	26 250 089	28 993 338
Nieuwoudtville	2035	None	8 214 679	10 318 884
			260 058 604	249 551 677

Post closure monitoring of the Calvinia landfill site is required in terms of the permit requirements of Hantam Municipality. Post closure monitoring is required for a period not exceeding 30 years and is expected to commence in 2038.

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

	2024 R	2023 R	
15. NON-CURRENT EMPLOYEE BENEFITS			
Provision for Post Retirement Health Care Benefits	15 960 000	14 548 000	
Provision for Long Service Awards	1 999 000	1 837 000	
Total Non-current Employee Benefits	17 959 000	16 385 000	
<u>Post Retirement Health Care Benefits</u>			
Balance 1 July	15 646 000	15 785 000	
Contribution for the year	2 132 000	2 103 000	
Expenditure for the year	(1 101 957)	(1 027 344)	
Actuarial Loss/(Gain)	514 957	(1 214 656)	
Total provision 31 March	17 191 000	15 646 000	
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 17	(1 231 000)	(1 098 000)	
Balance 31 March	15 960 000	14 548 000	
<u>Long Service Awards</u>			
Balance 1 July	2 233 000	2 176 000	
Contribution for the year	417 000	425 000	
Expenditure for the year	(191 207)	(240 938)	
Actuarial Gain	(191 793)	(127 062)	
Total provision 31 March	2 267 000	2 233 000	
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 17	(268 000)	(396 000)	
Balance 31 March	1 999 000	1 837 000	
15.1 Provision for Post Retirement Health Care Benefits			
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members	27	28	
In-service (employee) non-members	95	92	
Continuation members (e.g. Retirees, widows, orphans)	15	15	
Total Members	137	135	
The liability in respect of past service has been estimated to be as follows:			
In-service members	5 024 000	4 199 000	
In-service non-members	759 000	619 000	
Continuation members	11 408 000	10 828 000	
Total Liability	17 191 000	15 646 000	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2022 R	2021 R	2020 R
In-service members	4 166 000	3 463 000	3 896 000
In-service non-members	331 000	306 000	-
Continuation members	11 288 000	11 773 000	10 132 000
Total Liability	15 785 000	15 542 000	14 028 000

	2024 R	2023 R
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
Hosmed		
LA Health		
Key Health, and		
SAMWU Medical Aid		

The current-service cost for the ensuing year is estimated to be R362 000, whereas the interest cost for the next year is estimated to be R1 923 000.

Key actuarial assumptions used:	2024 %	2023 %
i) Rate of interest		
Discount rate	11.59%	11.93%
Health Care Cost Inflation Rate	5.64%	7.56%
Net Effective Discount Rate	4.15%	4.06%
ii) Mortality rates		
The PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010 was used by the actuaries.		
iii) Normal retirement age		
The normal retirement age for employees of the municipality is 65 years.		
iv) Expected rate of salary increases		
2024/2025 - 4.9%		

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

Present value of fund obligations	17 191 000	15 646 000
Fair value of plan assets		
	17 191 000	15 646 000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	17 191 000	15 646 000

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	15 646 000	15 785 000
Total expenses	2 132 000	2 103 000
Current service cost	329 000	345 000
Interest Cost	1 803 000	1 758 000
Actuarial (gains)/losses	514 957	(1 214 656)
Benefits Paid	(1 101 957)	(1 027 344)
Present value of fund obligation at the end of the year	17 191 000	15 646 000

Sensitivity Analysis on the defined benefits obligation on 30 June 2024:

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Central Assumptions	5.783	11.408	17.191

Assumption	Change	In-service	Continuation	Total liability	% change
Health care inflation	+1%	6.781	12.335	19.116	11%
Health care inflation	-1%	4.967	10.587	15.554	-10%
Post-employment mortality	+1 yr	5.643	11.010	16.653	-3%
Post-employment mortality	-1 yr	5.922	11.809	17.731	3%
Average retirement age	-1 yr	6.328	11.408	17.736	3%
Withdrawal Rate	-10%	5.038	11.408	16.446	-4%

Sensitivity Analysis on the Accrued Liability on 30 June 2024:

<u>Assumption</u>	<u>In-service members liability (Rm)</u>	<u>Continuation members liability (Rm)</u>	<u>Total liability (Rm)</u>
Central Assumptions	5.783	11.408	17.191

<u>Assumption</u>	<u>Change</u>	<u>In-service members liability (Rm)</u>	<u>Continuation members liability (Rm)</u>	<u>Total liability (Rm)</u>	<u>% change</u>
Health care inflation	+1%	6.781	12.335	19.116	11%
Health care inflation	-1%	4.967	10.587	15.554	-10%
Post-employment mortality	+1 yr	5.643	11.010	16.653	-3%
Post-employment mortality	-1 yr	5.922	11.809	17.731	3%
Average retirement age	-1 yr	6.328	11.408	17.736	3%
Withdrawal Rate	-10%	5.038	11.408	16.446	-4%

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

<u>Assumption</u>	<u>Current Service Cost (R)</u>	<u>Interest Cost (R)</u>	<u>Total (R)</u>
Central Assumptions	329 000	1 803 000	2 132 000

The effect of movements in the assumptions are as follows:

<u>Assumption</u>	<u>Change</u>	<u>Current Service Cost (R)</u>	<u>Interest Cost (R)</u>	<u>Total (R)</u>	<u>% change</u>
Health care inflation	+1%	395 000	2 014 000	2 409 000	13%
Health care inflation	-1%	276 000	1 623 000	1 899 000	-11%
Post-retirement mortality	+1 yr	322 000	1 745 000	2 067 000	-3%
Post-retirement mortality	-1 yr	337 000	1 861 000	2 198 000	3%
Average retirement age	-1 yr	370 000	1 859 000	2 229 000	5%
Withdrawal Rate	-10%	288 000	1 729 000	2 017 000	-5%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0.681	0.248
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	<u>2022 Rm</u>	<u>2021 Rm</u>	<u>2020 Rm</u>
Liabilities: (Gain) / loss	(0.104)	(0.320)	0.046
Assets: Gain / (loss)	-	-	-

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 121 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R196 000 whereas the Interest Cost for the next year is estimated to be R231 000.

<u>Key actuarial assumptions used:</u>	<u>2024 %</u>	<u>2023 %</u>
i) Rate of interest		
Discount rate	10.83%	11.08%
General Salary Inflation (long-term)	4.98%	6.47%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	5.98%	4.33%

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

Present value of fund obligations	2 267 000	2 233 000
Fair value of plan assets	-	-
	2 267 000	2 233 000

Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	2 267 000	2 233 000

2024
R

2023
R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2 233 000	2 176 000
Total expenses	417 000	425 000
Current service cost	191 000	202 000
Interest Cost	226 000	223 000
Actuarial (gains)/losses	(191 793)	(127 062)
Benefits Paid	(191 207)	(240 938)
Present value of fund obligation at the end of the year	2 267 000	2 233 000

Sensitivity Analysis on the Accrued Liability on 30 June 2024:

Assumption	Change	Liability (Rm)	% change
Central assumptions	-	2.267	-
General salary inflation	+1%	2.379	5%
General salary inflation	-1%	2.162	-5%
Average retirement age	+2 yrs	2.481	9%
Average retirement age	-2 yrs	1.960	-14%
Withdrawal rates	x2	1.940	-14%
Withdrawal rates	x0,5	2.481	9%

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

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	191 000	226 000	417 000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
General earnings inflation rate	+1%	204 000	238 000	442 000	6%
General earnings inflation rate	-1%	179 000	215 000	394 000	-6%
Discount rate	+1%	180 000	234 000	414 000	-1%
Discount rate	-1%	202 000	217 000	419 000	0%
Average retirement age	+2 yrs	207 000	249 000	456 000	9%
Average retirement age	-2 yrs	172 000	197 000	369 000	-12%
Withdrawal Rate	x2	147 000	189 000	336 000	-19%
Withdrawal Rate	x0,5	222 000	250 000	472 000	13%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(1.670)	(0.071)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2022 Rm	2021 Rm	2020 Rm
Liabilities: (Gain) / loss	0.545	(0.221)	(0.112)
Assets: Gain / (loss)	-	-	-

15.3 Retirement funds

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

Consolidated Retirement Fund	3 912 564	3 513 154
Municipal Workers Retirement Fund	671 203	660 346
	4 583 767	4 173 499

	2024 R	2023 R
16. CONSUMER DEPOSITS		
Electricity	1 450 405	1 324 678
Rental Properties	110 582	105 464
Total Consumer Deposits	1 560 986	1 430 142
The fair value of consumer deposits approximates their carrying value. No interest is paid on these deposits.		
17. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	150 823	400 410
Staff Bonuses	1 270 189	1 197 452
Staff Leave	2 867 752	3 044 594
Current Portion of Non-Current Provisions	1 499 000	1 494 000
Current Portion of Post Retirement Benefits - Note 15	1 231 000	1 098 000
Current Portion of Long-Service Provisions - Note 15	268 000	396 000
Total Current Employee Benefits	5 787 765	6 136 456
The movement in current provisions are reconciled as follows:		
17.1 Performance Bonuses		
Balance at beginning of year	400 410	431 665
Contribution to current portion	160 011	379 991
Expenditure incurred	(409 598)	(411 246)
Balance at end of year	150 823	400 410
Performance bonuses are paid to the Municipal Manager and Senior Managers after an evaluation of performance by the council.		
17.2 Staff Bonuses		
Balance at beginning of year	1 197 452	1 131 195
Contribution to current portion	2 235 677	1 995 121
Expenditure incurred	(2 162 940)	(1 928 864)
Balance at end of year	1 270 189	1 197 452
Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.		
17.3 Staff Leave		
Balance at beginning of year	3 044 594	2 875 167
Contribution to current portion	183 594	270 668
Expenditure incurred	(360 436)	(101 241)
Balance at end of year	2 867 752	3 044 594
Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.		
18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	25 160 572	11 746 783
Advance Payments	999 354	1 153 911
Control, Clearing and Interface Accounts	50 141	(0)
Department of Transport	18 604 447	18 410 320
Other Payables	2 357 132	3 827 352
Retentions	7 444 148	7 931 924
Total Trade Payables	54 615 794	43 070 291

	2024 R	2023 R
<u>Disclosed as follows:</u>		
Trade and Other Payables	36 011 347	24 659 970
Non-Current Trade and Other Payables	18 604 447	18 410 320
Total Trade Payables	54 615 794	43 070 291
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value. All payables are unsecured.		
19. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	2 147 677	5 836 035
National Government Grants	2 147 677	5 836 035
Total Unspent Transfers and Subsidies	2 147 677	5 836 035
Refer to appendix "D" for reconciliation of grants.		
The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
20. TAXES		
20.1 VAT Payable	-	-
VAT Output in Suspense	(7 081 070)	(6 495 875)
Less: Contribution to Provision for Doubtful Debt Impairment	6 776 908	5 557 202
Total VAT Payable	(304 162)	(938 672)
20.2 VAT Receivable	5 482 522	5 385 479
VAT Input in Suspense	9 125 919	5 667 563
Previously reported	-	5 600 180
Correction of Error- Note 42.3	-	67 383
Total VAT Receivable	14 608 441	11 053 042
20.3 Net VAT Receivable	14 304 279	10 114 370
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
21. NET ASSET RESERVES		
RESERVES	2 551 323	2 551 323
Revaluation Reserve	2 551 323	2 551 323
Total Net Asset Reserve and Liabilities	2 551 323	2 551 323
The Reserve is created by surplus arising from the revaluation of property, plant and equipment.		
22. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	26 973 499	24 717 207
Business and Commercial Property	4 144 075	3 919 718
Public Benefit Organisations	1 111 962	1 055 996
Residential Properties	12 798 523	12 145 415
State-owned Properties	4 380 730	3 285 330
Agricultural Property	4 538 210	4 310 748
Less: Revenue Forgone	(7 453 277)	(6 737 543)
Total Property Rates	19 520 222	17 979 664

Valuations - 1 July 2023**Rateable Land and Buildings**

Business and Commercial Property
 Farm Properties
 Industrial Property
 Municipal Properties
 Public Benefit Organisations
 Public Service Infrastructure Properties
 Residential Properties
 State-owned Properties
 Agricultural Property
 Other Categories

Total Assessment Rates

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Brandvlei - Land and buildings
 Calvinia - Land and buildings
 Loeriesfontein - Land and buildings
 Nieuwoudtville - Land and buildings
 Agriculture Properties

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R41 000 on the valuation is exempted.
 Agriculture - 50% Discount
 Government - 20% Discount

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission to the amount of R7 453 277 (2023: R6,737,543).

23. GOVERNMENT GRANTS AND SUBSIDIES**Government Grants and Subsidies - Operating**

Equitable Share
 Expanded Public Works Programme Integrated Grant
 Local Government Financial Management Grant
 Libraries, Archives and Museums
 Seta
 Capacity Building

Government Grants and Subsidies - Capital

Integrated National Electrification Programme Grant
 Municipal Infrastructure Grant
 Local Government Financial Management Grant
 Energy Efficiency and Demand Side Management Grant
 Municipal Water Infrastructure Grant
 Regional Bulk Infrastructure Grant

Total Government Grants and Subsidies

2024 R	2023 R
4 728 933 300	4 728 933 300
315 451 000	315 451 000
446 000	446 000
2 056 000	2 056 000
19 861 000	19 861 000
9 925 000	9 925 000
3 065 000	3 065 000
660 844 300	660 844 300
148 206 000	148 206 000
3 477 104 000	3 477 104 000
91 975 000	91 975 000
4 728 933 300	4 728 933 300

2024	2023
1.805665851c/R	1,7147824c/R
1.805665851c/R	1,7147824c/R
1.805665851c/R	1,7147824c/R
1.805665851c/R	1,7147824c/R
0.130505719c/R	0,1239371c/R

39 026 900	36 763 295
33 888 000	31 566 000
1 364 000	1 564 000
1 920 000	1 770 000
1 773 000	1 700 000
81 900	-
-	163 295
154 724 358	75 806 965
-	-
13 724 358	4 656 965
-	150 000
4 000 000	-
27 000 000	21 000 000
110 000 000	50 000 000
193 751 257	112 570 260

Included in above are the following grants and subsidies received:

Unconditional

Equitable Share

2024
R

2023
R

33 888 000

31 566 000

33 888 000

31 566 000

Conditional

159 863 257

81 004 260

Local Government Financial Management Grant

1 920 000

1 920 000

Municipal Infrastructure Grant

13 724 358

4 656 965

Integrated National Electrification Programme Grant

-

-

Energy Efficiency and Demand Side Management Grant

4 000 000

-

Regional Bulk Infrastructure Grant

110 000 000

50 000 000

Seta

81 900

-

Expanded Public Works Programme

1 364 000

1 564 000

Municipal Water Infrastructure Grant

27 000 000

21 000 000

Libraries, Archives and Museums

1 773 000

1 700 000

LGSETA - Capacity Building

-

163 295

Total Government Grants and Subsidies

193 751 257

112 570 260

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Executive and council

3 320 522

3 093 000

Finance and Administration

17 896 178

16 888 500

Community and social services

5 858 650

1 798 208

Sport and recreation

8 952 471

134 547

Road Transport

5 389 049

5 230 073

Energy Sources

1 473 588

1 372 618

Water Management

140 626 322

74 426 413

Waste Water Management

6 602 809

6 150 386

Waste Management

3 631 669

3 476 515

Total Government Grants and Subsidies

193 751 257

112 570 260

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

23.1 Equitable Share

Grants received

33 888 000

31 566 000

Repaid to National Revenue Fund

-

-

Revenue recognised

(33 888 000)

(31 566 000)

Conditions still to be met

-

-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

23.2 Local Government Financial Management Grant (FMG)

Opening balance

-

-

Grants received

1 920 000

1 920 000

Conditions met - Operating

(1 920 000)

(1 770 000)

Conditions met - Capital

-

(150 000)

All grant conditions met

-

-

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

23.3 Municipal Infrastructure Grant (MIG)

Opening balance

5 836 035

-

Grants received

10 036 000

10 493 000

Repaid to National Revenue Fund

-

-

Conditions met - Capital

(13 724 358)

(4 656 965)

Conditions still to be met

2 147 677

5 836 035

The Grant was used to upgrade municipal infrastructure in previously disadvantaged areas.

23.4 Integrated National Electrification Grant

Opening balance

-

-

Grants received

-

-

Repaid to National Revenue Fund

-

-

Conditions met - Capital

-

-

Conditions still to be met

-

-

The Grant was used for electrical connections in previously disadvantaged areas.

	2024 R	2023 R
23.5 Libraries, Archives and Museums		
Opening balance	-	-
Grants received	1 773 000	1 700 000
Conditions met - Operating	(1 773 000)	(1 700 000)
All grant conditions met	-	-
The grant was used to finance library activities.		
23.6 Regional Bulk Infrastructure Grant		
Opening balance	-	-
Grants received	110 000 000	50 000 000
Conditions met - Capital	(110 000 000)	(50 000 000)
All grant conditions met	-	-
The Grant was utilised to upgrade Bulk infrastructure in previously disadvantaged areas.		
23.7 Expanded Public Works Programme Integrated Grant		
Opening balance	-	-
Grants received	1 364 000	1 564 000
Conditions met - Operating	(1 364 000)	(1 564 000)
All grant conditions met	-	-
The grant was used for job creation.		
23.8 Water Services Infrastructure Grant		
Opening balance	-	-
Grants received	27 000 000	21 000 000
Conditions met - Capital	(27 000 000)	(21 000 000)
All grant conditions met	-	-
The grant was used for drought relief projects.		
23.9 Energy Efficiency and Demand Side Management Grant		
Opening balance	-	-
Grants received	4 000 000	-
Conditions met - Capital	(4 000 000)	-
All grant conditions met	-	-
The grant was used for energy related infrastructure		
23.10 Capacity Building		
Opening balance	-	-
Grants received	81 900	163 295
Conditions met - Operating	(81 900)	(163 295)
All grant conditions met	-	-
The grant was used for various training needs for employees of the Municipality.		
23.11 Total Grants		
Opening balance	5 836 035	-
Grants received	190 062 900	118 406 295
Conditions met - Operating	(39 026 900)	(36 763 295)
Conditions met - Capital	(154 724 358)	(75 806 965)
Conditions still to be met - Note 19	2 147 677	5 836 035
24. AVAILABILITY CHARGES		
Water	819 479	761 398
Total Availability Charges	819 479	761 398

	2024 R	2023 R
25. SERVICE CHARGES		
Electricity	30 148 502	27 998 041
Service Charges	31 899 898	29 378 356
Less: Revenue Forgone	(1 751 396)	(1 380 315)
Water	10 308 111	11 290 304
Service Charges	13 075 924	13 549 884
Correction of Error - Water charges - Note 42.2	-	(60 421)
Less: Revenue Forgone	(2 767 813)	(2 199 159)
Waste Management	6 350 555	6 614 089
Service Charges	9 706 975	9 258 660
Less: Revenue Forgone	(3 356 420)	(2 644 571)
Waste Water Management	6 363 028	6 975 595
Service Charges	9 697 098	9 568 389
Less: Revenue Forgone	(3 334 070)	(2 592 794)
Total Service Charges	53 170 196	52 878 028
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission R 11 209 699 (2023: R 8,816,839).		
26. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	70 660	42 130
Building Plan Clause Levy	20 469	39 354
Camping Fees	394 856	87 843
Cemetery and Burial	18 021	18 347
Cleaning and Removal	-	-
Clearance Certificates	24 900	30 278
Parking Fees	-	-
Photocopies and Faxes	5 090	7 045
Sale of Goods	12	33
Valuation Services	3 221	3 277
Total Sales of Goods and Rendering of Services	537 229	228 306
27. RENTAL FROM FIXED ASSETS		
Investment Property	210 746	198 277
Property, Plant and Equipment	52 756	33 982
Total Rental from Fixed Assets	263 502	232 259
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	2 401 680	1 783 237
Total Interest Earned - External Investments	2 401 680	1 783 237
29. INTEREST EARNED		
Interest Earned - Exchange Transactions	1 554 912	1 451 757
Interest Earned - Non-Exchange Transactions	2 183 393	2 343 842
Total Interest Earned - Outstanding Receivables	3 738 305	3 795 599
30. OPERATIONAL REVENUE		
Administrative Handling Fees	14 115	332 484
Debt Relief - Auditor-General	986 830	2 086 869
Total Operational Revenue	1 000 945	2 419 354
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	14 115	332 484
Revenue from Non-Exchange Transactions	986 830	2 086 869
Total Operational Revenue	1 000 945	2 419 354
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	30 655 153	28 524 016
Pension and UIF Contributions	5 497 284	5 035 331
Medical Aid Contributions	971 960	858 555
Overtime	3 128 409	3 219 189

Bonuses	2 199 694	2 288 656
Motor Vehicle Allowance	2 098 044	1 397 610
Cell Phone Allowance	171 685	158 290
Housing Allowances	135 090	313 920
Other benefits and allowances	9 633	20 605
Payments in lieu of leave	183 594	270 668
Workmen's Compensation Fund	193 789	261 389
Post-retirement Benefit Obligations	555 000	638 558
Total Employee Related Costs	45 799 335	42 986 786

2024
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KEY MANAGEMENT PERSONNEL

The managers directly accountable to the municipal manager are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract periods.

During the financial year, the municipal manager resigned at the end of September. The Department of Corporative Governance, Human Settlement and Traditional Affairs (COGHSTA) seconded an acting municipal manager.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr JI Swartz (Contract ended 30 September 2022)

Basic Salary	-	163 071
Performance Bonus	-	154 483
Motor Vehicle Allowance	-	15 000
Cell Phone Allowance	-	2 550
Other benefits and allowances	-	153 345
Payments in lieu of leave	-	62 886
Total	-	551 335

Remuneration of the Municipal Manager - Mr T Tlhoale -Contracted 1 August 2023 - 30 June 2024)

Basic Salary	625 104	-
Motor Vehicle Allowance	275 000	-
Cell Phone Allowance	9 350	-
Other benefits and allowances	245 917	-
	1 155 371	-
	2024	2023
	R	R

Remuneration of the Acting Municipal Manager - Ms SA Tatas-Titus (Contract July 2023- 31 July 2023)

Basic Salary	53 100	451 929
Provision for leave	-	50 976
Leave paid	38 691	-
Back pay	37 725	-
Motor Vehicle Allowance	5 000	45 000
Cell Phone Allowance	850	7 650
Other benefits and allowances	28 587	323 597
Total	163 953	879 152

Remuneration of the Senior Manager: Finance and Corporate Services - Mr W Jonker (1 March 2023 - 30 September 2023)

Basic Salary	128 809	493 317
Performance Bonus	119 295	115 820
Back pay	47 682	-
Leave paid	63 540	-
Motor Vehicle Allowance	18 000	72 000
Cell Phone Allowance	2 550	10 200
Provision for leave	-	56 650
Other benefits and allowances	87 479	385 110
Total	467 355	1 133 096

Remuneration of Senior Manager: Technical and Community Services - Mr JR van Wyk

Basic Salary	583 212	561 627
Performance Bonus	135 820	131 858
Back pay	51 517	-
Motor Vehicle Allowance	60 000	60 000
Cell Phone Allowance	10 200	10 200
Other benefits and allowances	423 897	501 101
Provision for leave	-	64 327
Total	1 264 646	1 329 113

32. REMUNERATION OF COUNCILLORS

AJE Claasen	423 384	400 772
H De Wee	423 384	400 772
K Alexander	825 153	400 772

LL Olyn	536 815	890 465
SM Koopman	430 252	721 196
JH Wilschut	332 316	311 943
G Vyver	412 424	387 836
F Faroa	332 316	311 946
K Klazen	332 316	311 943
G De Vries	332 316	311 943
A Fritz (Resigned as Councillor end of August 2022)	-	38 511
F Bantom	332 316	311 943
J Palm	332 316	311 943
CH Slambée (Elected as from August 2022)	665 108	276 646
Total Councillors' Remuneration	5 710 416	5 388 631

2024
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2023
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Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	916 352		265 838		1 182 190
Speaker	686 170	36 335	46 353		768 858
Chief Whip	357 276		46 353		403 629
Executive Committee Members	714 552		92 706		807 258
Section 79 Committee Chairperson	346 800		46 353		393 153
Councillors	1 966 366	83 978	104 986		2 155 330
Total Councillors' Remuneration	4 987 516	120 313	602 589	-	5 710 418
				2024 R	2023 R

In-kind Benefits

Both the Mayor and Speaker are full-time councillors and are provided with an office and secretarial support at the cost of the Municipality.

33. DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	7 675 818	8 896 008
Intangible Assets	123 697	121 030
Total Depreciation and Amortisation	7 799 515	9 017 038

34. FINANCE COSTS

Long-term Borrowings	23 229	22 546
Non-current Provisions	1 582 174	1 777 220
Non-current Employee Benefits	1 994 000	1 758 000
Payables	55 290	107 376
Total Finance Costs	3 654 693	3 665 142

35. BULK PURCHASES

Electricity	30 183 184	24 876 949
Total Bulk Purchases	30 183 184	24 876 949

36. TRANSFERS AND SUBSIDIES

Operational	150 079	119 369
Allocations In-kind	150 079	119 369
Households	150 079	119 369
Total Transfers and Subsidies	150 079	119 369

	2024 R	2023 R
37. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	116 521	89 067
Audit Fees	3 821 430	2 921 292
Bank Charges, Facility and Card Fees	465 962	386 311
Commission	772 231	727 995
Courier and Delivery Services	11 766	21 429
Communication	202 005	235 730
Contribution to Provisions	(1 106 193)	(1 150 912)
Compensation for Occupational Injuries (COIDA)		96 895
Previously Reported	-	-
Correction of Error - Water charges - Note 42.2	-	96 895
Deeds	20 100	14 909
Entertainment	4 370	5 369
External Computer Service	18 659	21 552
Insurance Underwriting	690 198	628 123
Learnerships and Internships	318 588	806 193
Printing, Publications and Books	465 330	425 399
Professional Bodies, Membership and Subscription	-	500 000
Remuneration to Ward Committees	310 407	332 702
Signage	483	6 556
Skills Development Fund Levy	424 182	394 423
Travel and Subsistence	2 405 930	1 644 764
Uniform and Protective Clothing	150 144	140 156
Personnel and Labour	3 204 838	2 496 080
Business and Advisory	5 862 486	6 814 235
Laboratory Services	-	-
Legal Cost and Collection	486 163	66 551
Catering Services	149 710	112 157
Electrical	274 989	243 131
Maintenance of Buildings and Facilities	298 465	573 299
Maintenance of Equipment	84 195	193 003
Wet Fuel	1 843 298	2 608 891
Maintenance of Unspecified Assets	2 732 620	4 234 358
Total Operational Costs	24 028 875	25 589 658
38. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	8 070 953	6 586 136
Receivables from Non-exchange Revenue - Note 11	9 634 443	4 203 596
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	17 705 397	10 789 733
39. GAINS/(LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	-	(302 523)
Total Loss on Sale of Fixed Assets	-	(302 523)
40. PROFIT/(LOSS) ON FAIR VALUE ADJUSTMENTS		
Investment Property carried at fair value	7 983 820	-
Total Profit on Fair Value Adjustments	7 983 820	-
41. GAINS/(LOSS) ON INVENTORY		
Gains/(Losses) on Inventory	(5 035 053)	(2 874 837)
Total Water Losses	(5 035 053)	(2 874 837)
42. CORRECTION OF PRIOR PERIOD ERRORS	2023	2022
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from prior period errors and the implementation of GRAP:		

42.1 Accumulated Surplus**Balance previously reported**

Correction of water charges incorrectly levied in 2022/2023 - Note 10
 Correction of input VAT not previously claimed - Note 20
 Correction of Compensation for Occupational Injuries (COIDA) not paid in previous year
 First time recognition of Property Plant and Equipment

511 640 247
 (60 421)
 67 383
 (96 895)
 275 973

451 281 742
 -

42.2 Receivables from Exchange Transactions**Balance previously reported**

Correction of water charges incorrectly levied in 2022/2023 - Note 10

Restated Balance

511 826 287

451 281 742

2023
R

2022
R

-

10 183 571

-

(60 421)

-

10 123 150

Correction of service charges debtor incorrectly levied in prior periods.

42.3	Taxes		
	Balance previously reported	-	10 046 987
	Correction of input VAT not previously claimed - Note 20	-	67 383
	Restated Balance	-	10 114 370

42.4	Property Plant and Equipment		
	Balance previously reported	526 079 641	471 453 186
	First time recognition of Refuse Truck ; Cost	323 969	-
	First time recognition of Refuse Truck ; Accumulated Depreciation	(47 995)	
		526 355 614	471 453 186

Correction of Input VAT not claimed previously and input VAT on an accrual not recognised in the correct period

42.5	Cash and Cash Equivalents		
	Balance previously reported	6 237 686	3 117 492
	Correction of COIDA not paid in 2022/23 now paid in 2024	(96 895)	
		6 140 792	3 117 492

		2024	2023
		R	R

42.6 Changes to Statement of Financial Performance

Movement on operating account as a result of prior period adjustments:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates	22	17 979 664		17 979 664
Interest Earned - Non-Exchange Transactions		2 343 842		2 343 842
Government Grants and Subsidies		112 570 260		112 570 260
Public Contributions and Donations		126 718		126 718
Contributed Property, Plant and Equipment		-		-
Actuarial Gains		1 341 718		1 341 718
Availability Charges		761 398		761 398
Fines, Penalties and Forfeits		45 034		45 034
Contributed Property, Plant and Equipment		5 519 245		5 519 245
Operational Revenue		2 086 869		2 086 869
Service Charges	25	52 938 450	(60 421)	52 878 028
Sales of Goods and Rendering of Services		228 306		228 306
Rental from Fixed Assets		232 259		232 259
Interest Earned - External Investments		1 783 237		1 783 237
Interest Earned - Exchange Transactions		1 451 757		1 451 757
Licences and Permits from Exchange Transactions		334 944		334 944
Agency Services		216 264		216 264
Operational Revenue - Exchange Transactions		332 484		332 484
Total		200 292 451	(60 421)	200 232 029

	Note	Balance previously reported	Adjustments	Restated Balance
Expenditure				
Employee Related Costs		(42 986 786)		(42 986 786)
Remuneration of Councillors		(5 388 631)		(5 388 631)
Bad Debts Written Off		(4 511 483)		(4 511 483)
Depreciation and Amortisation		(9 017 038)		(9 017 038)
Actuarial Losses		-		-
Finance Costs		(3 665 142)		(3 665 142)
Bulk Purchases		(24 876 949)		(24 876 949)
Inventory Consumed		(12 514 507)		(9 905 615)
Operating Leases		(3 077)		(3 077)
Transfers and Subsidies		(119 369)		(119 369)
Operational Costs		(22 883 872)	(96 895)	(25 589 658)
Total		(125 966 855)	(96 895)	(126 063 749)

		2024 R	2023 R
Gains and Losses			
Inventories: Write-down to Net Realisable Value		-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(10 789 733)	(10 789 733)
Gains/(Loss) on Sale of Fixed Assets	39	(302 523)	(302 523)
Profit/(Loss) on Fair Value Adjustments		-	-
Gains/(Loss) on Water Inventory		(2 874 837)	(2 874 837)
Total		(13 967 092)	(13 967 092)
Net Surplus/(Deficit) for the year		60 358 504	(157 316)
		60 201 188	

43. RECLASSIFICATION

		2023		2024
Statement of Financial Performance	Note	Balance previously reported	Adjustments	Reclassified Balance
Expenditure				
Employee Related Costs		(42 986 786)		(42 986 786)
Remuneration of Councillors		(5 388 631)		(5 388 631)
Bad Debts Written Off		(4 511 483)		(4 511 483)
Depreciation and Amortisation		(9 017 038)		(9 017 038)
Actuarial Losses		-		-
Finance Costs		(3 665 142)		(3 665 142)
Bulk Purchases		(24 876 949)		(24 876 949)
Inventory Consumed		(12 514 507)	2 608 891	(9 905 615)
Operating Leases		(3 077)		(3 077)
Transfers and Subsidies		(119 369)		(119 369)
Operational Costs		(22 883 872)	(2 608 891)	(25 492 763)
Total		(125 966 855)	0	(125 966 853)

It was found that during the 2022/23 financial year, an amount of R2 608 891 for expenditure on wet fuel, was erroneously allocated to Inventory Consumed instead of Operational Cost. This error is now reclassified.

		2023		2024
Statement of Financial Position	Note	Balance previously reported	Adjustments	Reclassified Balance
Non-Current Assets				
Property, Plant and Equipment		526 079 641		526 079 641
Agricultural		13 500		13 500
Investment Property		37 734 130		37 734 130
Intangible Assets		1 554 422		1 554 422
Heritage Assets		1 618 055		1 618 055
Non-Current Receivables from Exchange Transactions	7	8 579	(8 579)	(0)
Non-Current Receivables from Non-Exchange Transactions	8	2 337	(2 337)	0
Current Assets				
Inventory		54 464		54 464
Receivables from Exchange Transactions	10	10 123 150	8 579	10 131 729
Receivables from Non-exchange Transactions		8 050 026	2 337	8 052 363
Taxes	11	10 114 370		10 114 370
Current Portion of Non-Current Receivables		9 931		9 931
Cash and Cash Equivalents		6 140 792		6 140 792
Non-Current Liabilities				
Long-term Borrowings		0		0
Non-current Provisions		14 521 481		14 521 481
Non-current Employee Benefits		16 385 000		16 385 000
Trade and Other Payables from Exchange Transactions		18 410 320		18 410 320
Current Liabilities				
Consumer Deposits		1 430 142		1 430 142
Provisions		-		-
Current Employee Benefits		6 136 456		6 136 456
Trade and Other Payables from Exchange Transactions		24 659 970		24 659 970
Unspent Transfers and Subsidies		5 836 035		5 836 035
Current Portion of Long-term Borrowings		22 357		22 357
Net Assets				
Revaluation Reserve		2 551 323		2 551 323
Accumulated Surplus/(Deficit)		511 550 314		511 550 314

44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus for the year	128 143 472	60 201 188
Adjustments for:		
Depreciation and Amortisation	7 799 515	9 017 038
Loss/(Gain) on Sale of Fixed Assets	-	302 523
Non-cash portion of Inventory consumed (non-cash) - Depreciation	10 226 840	8 835 195
Fair Value Adjustments	(7 983 820)	-
Contributed Property, Plant and Equipment	(2 064 404)	(5 519 245)
Government Grants and Subsidies received	190 062 900	118 406 295
Government Grants and Subsidies recognised as revenue	(193 751 257)	(112 570 260)
Contribution to provisions – Non-Current Provisions	475 982	626 308
Contribution from/to provisions - Non-Current Employee Benefits	1 250 836	1 259 718
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial (gains)/loss	323 164	(1 341 718)
Contribution from/to - Current Employee Benefits	(348 691)	204 428
Contribution to provisions – Bad Debt	17 705 397	10 789 733
Bad Debts written off	6 257 217	4 511 483
Operating Surplus before changes in working capital	158 097 148	94 722 686
Changes in working capital	(22 875 375)	(25 898 486)
Increase/(Decrease) in Trade and Other Payables	(3 606 635)	(1 554 807)
Increase in Taxes	(4 189 910)	(6 245 928)
Increase in Consumer Deposits	130 845	130 756
Increase in Inventory	(38 821)	(3 605)
Increase in Trade Receivables from Exchange Transactions	(9 932 073)	(12 020 187)
Increase in Other Receivables from Non-Exchange Transactions	(5 238 781)	(6 204 716)
Cash generated by operations	135 221 773	68 824 200

45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - Note 12	12 373 975	121 522
Previously Reported		315 311
Correction of Error - Water charges - Note 42.2		(96 895)
Call Deposits and Investments - Note 12	5 285 354	5 920 876
Cash Floats - Note 12	1 500	1 500
Total cash and cash equivalents	17 660 829	6 043 897

46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 45	17 660 829	6 043 897
Less:	(2 147 677)	(5 836 035)
Unspent Transfers and Subsidies - Note 19	(2 147 677)	(5 836 035)
Net cash resources available for internal distribution	15 513 152	207 862
Allocated to:		
Capital Replacement Reserve	-	-
Employee Benefits Reserve	-	-
Social Contribution Reserve	-	-
Non-Current Provisions Reserve	-	-
Valuation Reserve	-	-
Resources available for working capital requirements	15 513 152	207 862

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47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 13	521 311	22 357
Used to finance property, plant and equipment - at cost	(521 311)	(22 357)
Cash invested for repayment of long-term liabilities	-	-

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

48. BUDGET INFORMATION

47.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to the current economic climate, actuarial valuations and changes in estimates.

Final Budget and Actual Amounts: Explanation for variances greater than 10% and in excess of R1,500,000 (1% of operating expenses).

48.2 Statement of Financial Position

48.2.1 Current Assets

Cash

Call deposit on hand at year end as well as unspent conditional grant.

Unspent Grant

Other Debtors

The budget for the non-exchange receivable is budgeted in consumer debtors. Taxes receivable was not budgeted for.

48.2.2 Non-Current Assets

No material variances

48.2.3 Current Liabilities

Trade and Other Payables

Due to the large projects implemented this year, the retention creditor increased, as well as unspent portion of conditional grants was disclosed.

Provisions

Salary increases had to be taken into account as well as leave days increased of staff.

48.2.4 Non-Current Liabilities

Borrowing

Continues settling of creditor for Department of Safety and Liaison.

48.2.5 Net Assets

No material variances

Statement of Financial Performance

48.2.6 Revenue

Service charges - Electricity

Decrease due to current economic climate.

Service charges - Water

Due to current economic climate.

Interest Earned - External Investments

Incorrect budgeting will budget in the next financial year.

Interest Earned - Outstanding Debtors

Due to current economic climate, debtors did not pay on time and interest had to be charged.

	2024 R	2023 R
48.2.7 Expenditure		
<u>Employee Related Costs</u>		
<i>When post become vacant it is not filled immediately, therefore reduction in Employee related costs</i>		
<u>Debt Impairment</u>		
<i>Due to current economic climate, debtors did not pay on time and interest had to be charged.</i>		
<u>Depreciation and Asset Impairment</u>		
<i>Restructuring and unbundling of infrastructured assets .</i>		
<u>Finance Charges</u>		
<i>Interest portion of the rehabilitation of the landfill site provision increased.</i>		
<i>Over budgted to ensure that our Eskom account could be always up to date</i>		
<u>Inventory Consumed</u>		
<i>All expenditure relating to the water department was evaluated and reclassified to Inventory consumed as applicable.</i>		
<i>Includes contracted services that had to be reallocated to other expenditure and not disclosed as a separate line item on the statement of financial performance as instructed per the AG .</i>		
48.2.8 Capital Assets		
<u>Contributed Assets</u>		
<i>Assets donations was disclosed excluding of VAT.</i>		
<u>Cash Flow Statement</u>		
48.2.9 Net Cash from Operating Activities		
<u>Ratepayers and others</u>		
<i>Due to economic climate, customers are not able to pay debtor accounts regularly as expected.</i>		
<u>Interest</u>		
<i>Due to current economic climate.</i>		
48.2.10 Net Cash from Investing Activities		
<u>Capital Assets</u>		
<i>VAT Portion of the capital expenditure is disclosed in the VAT control account to be claimed from SARS.</i>		
<i>The Municipality usually budget for the whole funding received as per DORA allocation.</i>		
49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
49.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	0	4 439 140
Restated opening balance	0	4 439 140
Unauthorised expenditure current year - operational	21 480 764	-
Unauthorised expenditure current year - capital	-	-
Written-off by Council	-	(4 439 140)
Current	-	-
Prior Period	-	(4 439 140)
Unauthorised expenditure awaiting authorisation	21 480 764	0

	2024 R	2023 R
Unauthorised expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
Over expenditure of 2020 approved budget - Operating	None	-
Over expenditure of 2020 approved budget - Capital	None	-
Over expenditure of 2021 approved budget - Operating	None	-
Over expenditure of 2021 approved budget - Capital	None	-
Over expenditure of 2022 approved budget - Operating	None	-
Over expenditure of 2023 approved budget - Operating	None	-
	21 480 764	-
	21 480 764	-

The comparison between actuals and Budget per municipal vote can be summarised as follows:

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Executive and Council	21 190 509	20 655 512	534 997	534 997
Vote 2 - Budget and Treasury Office	26 430 530	17 490 700	8 939 830	8 939 830
Vote 3 - Corporate Services	12 360 510	12 569 774	(209 264)	-
Vote 4 - Community and Social Services	2 996 810	3 243 505	(246 695)	-
Vote 5 - Sport and Recreation	1 854 603	1 959 643	(105 040)	-
Vote 6 - Public Safety	41 065	137 617	(96 553)	-
Vote 7 - Planning and Development	584 013	618 833	(34 820)	-
Vote 8 - Road Transport	8 669 615	9 342 522	(672 907)	-
Vote 9 - Electricity	29 783 192	31 886 817	(2 103 625)	-
Vote 10 - Water	26 445 269	20 250 989	6 194 280	6 194 280
Vote 11 - Waste Water Management	11 215 197	7 395 544	3 819 653	3 819 653
Vote 12 - Solid Waste	15 856 461	13 864 457	1 992 004	1 992 004
Vote 13 - Other	67 916	76 811	(8 895)	-
Vote 14 - Environmental Health	-	-	-	-
	157 495 690	139 492 724	18 002 966	21 480 764
Unauthorised expenditure current year - capital				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Budget and Treasury Office	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-
Vote 4 - Community and Social Services	-	-	-	-
Vote 5 - Sport and Recreation	-	-	-	-
Vote 6 - Public Safety	-	-	-	-
Vote 7 - Planning and Development	-	-	-	-
Vote 8 - Road Transport	-	3 203 986	(3 203 986)	-
Vote 9 - Electricity	-	4 000 000	(4 000 000)	-
Vote 10 - Water	-	137 000 000	(137 000 000)	-
Vote 11 - Waste Water Management	-	15 843 000	(15 843 000)	-
Vote 12 - Solid Waste	-	-	-	-
Vote 13 - Other	-	-	-	-
Vote 14 - Environmental Health	-	-	-	-
	-	160 046 986	(160 046 986)	-

49.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	0	862 560
Fruitless and wasteful expenditure current year	50 846	-
Written-off by Council	-	(862 560)
Current	-	-
Prior Period	-	(862 560)
Fruitless and wasteful expenditure awaiting condonement	50 846	0

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Amount paid to the previous municipal manager as a result of a settlement agreement.	Referred to council Committee for investigation
An overpayment made to S.Domburg on retirement.	Referred to council Committee for investigation
An overpayment made to K.Fourie on retirement.	Referred to council Committee for investigation
Amount paid to Blaauw Leadership & Business Institute for services not delivered to the municipality.	Currently under investigation by SAPS. MAS 52/06/2019
An error on the payment amount per EPWP employee was made with more than the required amount was paid per EPWP employee .	Referred to council Committee for investigation

2024
R

2023
R

- 775 000

- 7 005

- 23 555

57 000

50 846

50 846

862 560

49.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

173 099

9 959 376

173 099

9 959 376

Irregular expenditure- current year

2 835 780

210 704

Irregular expenditure- prior year

1 007 158

Written off by council

(1 098 882)

(9 996 981)

Current

-

(37 605)

Prior Period

(1 098 882)

(9 959 376)

Irregular expenditure awaiting further action

2 917 155

173 099

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
Back pay on increased salaries of councillors based on Government Gazette 49142. Council did not receive concurrence from the MEC.	None
Competitive bidding process not followed. After investigation the prior year expenditure of the previous sample amount of the AG is amended	Refer to MPAC and Disciplinary board for investigation
Overpayments to service provider on a capital project	None

264 938

-

1 007 158

173 099

2 570 842

3 842 938

173 099

The Auditor General identified during the 2022/2023 audit that the preference point system were not stipulated in the tender documents for quotations valued at R173 099. The full extent of irregular expenditure have not been disclosed in the annual financial statements and is currently under investigation to be determined.

Irregular Expenditure disclosure is inclusive of VAT.

2024

2023

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

Opening balance

3 228 000

3 378 000

Council subscriptions

500 000

500 000

Amount paid - current year

(1 800 000)

(650 000)

Amount paid - previous years

-

-

Balance unpaid (included in creditors)

1 928 000

3 228 000

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

Opening balance

(132 184)

2 956 587

Current year audit fee

3 812 429

3 617 328

External Audit - Auditor-General

3 812 429

3 617 328

Amount paid - current year

(3 180 840)

(3 888 429)

Amount paid - previous year

-

(2 817 670)

Balance unpaid (included in receivables)

499 405

(132 184)

	2024 R	2023 R
50.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	5 385 479	30 276
Amounts received - previous year	(5 385 479)	(30 276)
Amounts received - current year	(12 974 926)	(4 308 044)
Amount paid - current year	-	305 854
Amounts claimed - current year	18 002 341	9 387 669
Closing balance	5 027 415	5 385 479

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

50.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	578 158	532 778
Current year payroll deductions	7 469 083	7 189 833
Amount paid - current year	(6 844 949)	(6 611 675)
Amount paid - previous year	(578 158)	(532 778)
Balance unpaid (included in creditors)	624 134	578 158

50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	551 810	538 840
Current year payroll deductions and Council Contributions	10 081 643	9 491 924
Amount paid - current year	(9 486 502)	(8 940 114)
Amount paid - previous year	(551 810)	(538 840)
Balance unpaid (included in creditors)	595 141	551 810

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

The following Councillors had arrear accounts for more than 90 days as at 30 June:

AF Fritz		4 210
K Alexander	-	11 378
GJ de Vries	-	14 848
TF Bantom	23 060	-
G Vyver	-	2 607
JH Wilschut	-	-
C Slambee	-	6 629

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

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

30 JUNE 2024	Type of Deviation				Emergency
	Amount	Single Supplier	Impossible	Impractical	
July	121 785	2	-	2	-
August	215 102	6	-	7	-
September	3 504	2	-	2	-
October	0	-	-	-	-
November	40 445	4	-	4	-
December	76 887	1	-	2	-
January	107 646	-	-	2	-
February	0	-	-	-	-
March	18 072	3	-	3	-
April	239 131	3	-	3	-
May	7 556	1	-	1	-
June	28 207	6	-	6	-
	858 335	28	-	32	-

				2024 R	2023 R
	<u>Type of Deviation</u>				
<u>30 June 2023</u>	<u>Amount</u>	<u>Single Supplier</u>	<u>Impossible</u>	<u>Impractical</u>	<u>Emergency</u>
July	69 662	-	-	3	-
August	133 287	1	-	3	-
September	299 323	-	-	3	-
October	-	-	-	3	-
November	96 811	-	-	-	-
December	28 105	-	-	2	-
January	43 546	-	-	2	-
February	35 596	-	-	2	-
March	186 455	-	-	4	-
April	51 699	-	-	1	1
May	4 865	-	-	1	-
June	137 325	-	-	1	1
	1 086 673	1	-	25	2

Reconciliation of SCM Deviations:

Opening balance	505 104	505 104
Deviations from SCM current year	858 335	1 086 673
Approved in terms of Regulation 36(1)(a) and (b)	(858 335)	(1 086 673)
Transfer to receivables for recovery - not condoned	-	-
	505 104	505 104

50.8 Material losses

Electricity distribution losses

Units purchased (Kwh)	13 948 589	13 952 421
Units lost during distribution (Kwh)	1 586 313	1 921 141
Percentage lost during distribution	11,37%	13,77%
Distribution loss (Rand Value)	2 497 638	3 425 364

Electricity losses are due to electricity theft on pre-paid meters and illegal connections. The rand value of the electricity losses are based on the Eskom purchase price.

Water distribution losses

Units purchased (KI)	741 247	667 668
Units lost during distribution (KI)	254 599	146 323
Percentage lost during distribution	34,35%	21,92%
Distribution loss (Rand Value)	5 035 053	3 943 612

Normal pipe bursts and field leakages are responsible for water losses.

51. DISCLOSURE 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.

52. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

The potential impact on the municipality's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2023: 1%) Increase in interest rates	173 245	171 380
1% (2023: 1%) Decrease in interest rates	(173 245)	(171 380)

(d) Credit Risk

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

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

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 7 and 8 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 for balances included in receivables that were re-negotiated for the period under review.

	2024 %	2024 R	2023 %	2023 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	-	100.00%	16 668
<u>Non-exchange Receivables</u>				
Rates	95.98%	36 699 445	95.83%	31 422 711
Availability Charges	4.02%	1 536 285	4.17%	1 368 738
	100.00%	38 235 730	100.00%	32 791 449

			2024 R	2023 R
<u>Exchange Receivables</u>				
Electricity	14.95%	10 329 310	13.99%	8 948 682
Water	35.27%	24 373 023	35.69%	22 831 148
Waste Management	26.07%	18 017 146	25.81%	16 512 915
Waste Water Management	17.89%	12 362 487	17.84%	11 414 945
Other	5.83%	4 030 077	6.67%	4 264 979
	100.00%	69 112 043	100.00%	63 972 671

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2024 %	2024 R	2023 %	2023 R
<u>Non-Current Receivables</u>				
Repay Arrangements	0.00%	-	0.00%	-
<u>Non-exchange Receivables</u>				
Rates	34.57%	34 105 496	30.92%	24 649 616
Availability Charges	1.45%	1 427 699	1.56%	1 240 074
<u>Exchange Receivables</u>				
Services	63.98%	63 114 449	67.53%	53 832 853
	100.00%	98 647 645	100.00%	79 722 543

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2024		
1 month past due	249 458	-
2+ months past due	5 748 136	2 702 535
	5 997 594	2 702 535
2023		
1 month past due	1 696 331	677 800
2+ months past due	3 357 113	4 202 621
	5 053 443	4 880 421

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

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

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

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

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

	2024 R	2023 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	-	16 668
Non-Current Receivables from Non-Exchange Transactions	-	4 180
Receivables from exchange transactions	69 112 043	63 972 671
Receivables from non-exchange transactions	38 937 866	33 943 896
Cash and Cash Equivalents	17 659 329	6 139 292
	125 709 238	104 076 706

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2024				
Long-term Liabilities	186 450	334 861	-	-
Consumer Deposits	1 560 986	-	-	-
Trade and Other Payables	54 615 794	-	-	-
	56 363 231	334 861	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Liabilities	22 357	-	-	-
Consumer Deposits	1 430 142	-	-	-
Trade and Other Payables	43 070 291	-	-	-
	44 522 789	-	-	-

53. FINANCIAL INSTRUMENTS

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

53.1	Financial Assets	Classification		
	Non-Current Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	-	-
	Sport Club Loans	Financial Instruments at amortised cost	-	-
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	10 329 310	8 948 682
	Water	Financial Instruments at amortised cost	24 373 023	22 831 148
	Waste Management	Financial Instruments at amortised cost	18 017 146	16 512 915
	Waste Water Management	Financial Instruments at amortised cost	12 362 487	11 414 945
	Other Arrears	Financial Instruments at amortised cost	4 030 077	4 264 979
	Receivables from Non-Exchange Transactions			
	Water - Availability Charges	Financial Instruments at amortised cost	1 536 285	1 368 738
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	12 373 975	218 416
	Call Deposits	Financial Instruments at amortised cost	5 285 354	5 920 876
	Total Financial Assets		88 307 657	71 480 700

		2024 R	2023 R
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	-	-
Long-term Receivables	Sport Club Loans	-	-
Receivables from Exchange Transactions	Electricity	10 329 310	8 948 682
Receivables from Exchange Transactions	Water	24 373 023	22 831 148
Receivables from Exchange Transactions	Waste Management	18 017 146	16 512 915
Receivables from Exchange Transactions	Waste Water Management	12 362 487	11 414 945
Receivables from Exchange Transactions	Other Arrears	4 030 077	4 264 979
Receivables from Non-Exchange Transactions	Water - Availability Charges	1 536 285	1 368 738
Cash and Cash Equivalents	Bank Balances	12 373 975	218 416
Cash and Cash Equivalents	Call Deposits	5 285 354	5 920 876
Total Financial Assets		88 307 657	71 480 700

53.2 Financial Liabilities

Long-term Liabilities

Capitalised Lease Liability	Financial Instruments at amortised cost	521 311	22 357
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Consumer Deposits

Consumer Deposits	Financial Instruments at amortised cost	1 560 986	1 430 142
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Trade and Other Payables

Trade Payables	Financial Instruments at amortised cost	25 160 572	11 746 783
Advance Payments	Financial Instruments at amortised cost	999 354	1 153 911
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	50 141	(0)
Other Payables	Financial Instruments at amortised cost	2 357 132	3 827 352
Retentions	Financial Instruments at amortised cost	7 444 148	7 931 924

38 093 645 **26 112 468**

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Capitalised Lease Liability	521 311	22 357
Consumer Deposits	Consumer Deposits	1 560 986	1 430 142
Trade and Other Payables	Trade Payables	25 160 572	11 746 783
Trade and Other Payables	Advance Payments	999 354	1 153 911
Trade and Other Payables	Control, Clearing and Interface Accounts	50 141	(0)
Trade and Other Payables	Other Payables	2 357 132	3 827 352
Trade and Other Payables	Retentions	7 444 148	7 931 924
		38 093 645	26 112 468

54. STATUTORY RECEIVABLES

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

Taxes

VAT Receivable	5 482 522	5 385 479
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Receivables from Non-Exchange Transactions

Rates	36 699 445	31 422 711
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Total Statutory Receivables (before provision)

Less: Provision for Debt Impairment

Total Statutory Receivables (after provision)

42 181 967	36 808 190
(34 105 496)	(24 649 616)
8 076 471	12 158 574

Statutory Receivables arises from the following legislation:

Taxes	- Value Added Tax Act (No 89 of 1991)
Rates	- Municipal Properties Rates Act (No 6 of 2004)
Fines	- Criminal Procedures Act

(Rates): Ageing

Current (0 - 30 days)	1 922 277	1 892 673
31 - 60 Days	649 338	677 800
61 - 90 Days	625 258	611 433
+ 90 Days	33 502 572	28 240 804
Total	36 699 445	31 422 711

	2024 R	2023 R
<u>Reconciliation of Rates Provision for Debt Impairment</u>		
Balance at beginning of year	24 649 616	20 558 777
Contribution to provision	9 455 880	4 090 839
Balance at end of year	34 105 496	24 649 616
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	-	677 800
2+ months past due	2 702 535	4 202 621
	2 702 535	4 880 421

55. CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Hantam Municipality v Public Protector (Case no: 633/2021):

Matter is pending. Review application to set aside the Public Protector's finding in her report, no.4 of 2020/21. Matter was sat down for 18 July 2022 and struck from the roll, currently busy re-enrolling the matter.

Future Legal Cost is unknown.

56. RELATED PARTIES

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

56.1 Related Party Transactions

Year ended 30 JUNE 2024	Rates	Service Charges	Other	Interest	Outstanding Balance
<u>Councillors</u>					
<i>H De Wee</i>	-	9 963	-	352	1 387
<i>L Olyn</i>	-	-	15 168	-	(0)
<i>AJE Claasen</i>	1 986	9 305	10 488	438	(660)
<i>K Alexander</i>	-	8 443	15 168	370	22 082
<i>TF Bantom</i>	7 981	8 658	15 168	457	(5 948)
<i>GJ de Vries</i>	6 492	-	15 168	1 937	23 662
<i>SG Koopman</i>	11 899	9 020	20 631	231	1 658
<i>JH Wilschut</i>	1 300	8 401	9 420	386	3 690
<i>FJ Farao</i>	8 089	8 446	5 748	-	1 713
<i>KJ Klazen</i>	-	6 844	15 168	-	(794)
<i>JA Palm</i>	15 498	26 923	-	430	6 443
<i>G Vyver</i>	181	4 135	15 168	1	(1 987)
<i>C Slambee</i>	-	3 425	(1 898)	203	5 151
<i>A Fritz</i>	-	-	-	-	-
	53 427	103 564	135 396	4 806	56 399

	2024 R				2023 R
Year ended 30 June 2023	Rates	Service Charges	Other	Interest	Outstanding Balance
<u>Councillors</u>					
H De Wee	-	10 889	-	99	1 780
L Olyn	-	-	15 395	-	1 264
AJE Claasen	1 886	9 886	10 915	502	3 485
K Alexander	-	10 782	15 395	608	15 133
TF Bantom	7 579	8 723	15 395	479	3 504
GJ de Vries	6 166	-	15 395	1 248	16 497
SG Koopman	11 300	9 864	17 007	398	4 249
JH Wilschut	1 235	7 992	9 582	226	5 088
FJ Farao	7 682	9 731	5 813	-	2 261
KJ Klazen	-	6 884	15 441	-	1 426
JA Palm	14 718	20 173	-	474	6 164
G Vyver	171	3 927	15 395	53	6 360
C Slambée	-	9 042	-1 898	203	8 133
A Fritz	-	-	12 875	-	7 372
	50 737	107 892	146 710	4 290	82 716
<u>Municipal Manager and Section 57 Employees</u>					
Jl Swartz	1 350	2 403	6 142	17	(3 546)
WC Jonker	3 258	3 353	(4 862)	-	(2 467)
JR van Wyk	10 855	11 349	-	124	1 573
	15 463	13 752	1 280	141	(4 440)

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

Related party relationship

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

56.2 Compensation of key management personnel

The remuneration of Managers is set out in note 31 to the Annual Financial Statements.

56.3 Remuneration of Councillors

The remuneration of councillors is set out in note 32 to the Annual Financial Statements.

57. PRINCIPAL - AGENT ARRANGEMENTS

57.1 Principal in other Principal-Agent Arrangements (non-material)

Hantam Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

The following information is disclosed in aggregate as per GRAP 109 par 61.

Compensation paid for agency activities

Commission - Note 37

Total Compensation

772 231	727 995
772 231	727 995

There are no resources under the custodianship of the agents, nor have they been recognised as such.

60. **REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2024**

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive and Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Councilors	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Budget and Treasury Office	2.1 - Finance General	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Accountant Revenue	Aggregated	Governance and Administration	Supporting service departments
	2.3 - Accountant Expenditure	Aggregated	Governance and Administration	Supporting service departments
	2.4 - Supply Chain Management	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Corporate Services	3.1 - Administration	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Human Resources	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Property Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Community and Social Services	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cemeteries and Library services
	4.2 - Libraries	Aggregated	Community and Public Safety	Cemeteries and Library services
Vote 5 - Sport and Recreation	5.1 - Nature Reserves	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.2 - Sport Ground	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.3 - Swimming Pool	Aggregated	Community and Public Safety	Sports- and Recreation facilities
	5.4 - Caravan Park	Aggregated	Community and Public Safety	Sports- and Recreation facilities
Vote 6 - Public Safety	6.1 - Civil Defence	Individually Reported	Community and Public Safety	Supporting service departments
Vote 7 - Planning and Development	7.1 - IDP Department	Individually Reported	Economic and Environmental Services	Supporting service departments
Vote 8 - Road Transport	8.1 - Roads	Aggregated	Economic and Environmental Services	Supporting service departments
	8.2 - Traffic Services	Aggregated	Economic and Environmental Services	Supporting service departments
Vote 9 - Electricity	9.1 - Electricity Distribution	Individually Reported	Trading Services	Electricity services
Vote 10 - Water	10.1 - Water Distribution	Individually Reported	Trading Services	Water management
Vote 11 - Waste Water Management	11.1 - Waste Water Management	Individually Reported	Trading Services	Waste water management
Vote 12 - Solid Waste	12.1 - Waste Removal	Individually Reported	Trading Services	Waste management services
Vote 13 - Other	13.1 - Aerodrome	Individually Reported	Other	Supporting service departments

SECONDARY SEGMENTS

Mscqa Functional Segments identified	Function	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
	Internal audit	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Sports and Recreational Centers
	Sport and recreation	Aggregated	Community and public safety	Centers
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Supporting service departments
	Road transport	Aggregated	Economic and environmental services	Supporting service departments
	Environmental protection services	Aggregated	Economic and environmental services	Supporting service departments
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management service	Individually Reported	Waste management service	Waste management services
• Other	Air Transport	Aggregated	Other	Airfield

Grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services. Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

60.1 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other	Unallocated	Total
	R	R	R	R	R	R	R
External revenue from exchange transactions	3 740 900	470 735	54 725 108	-	-	-	58 936 743
Service Charges - Electricity Revenue	-	-	30 148 502	-	-	-	30 148 502
Service Charges - Water Revenue	-	-	10 308 111	-	-	-	10 308 111
Service Charges - Sanitation Revenue	-	-	6 363 028	-	-	-	6 363 028
Service Charges - Refuse Revenue	-	-	6 350 555	-	-	-	6 350 555
Rental of Facilities and Equipment	210 746	52 756	-	-	-	-	263 502
Interest Earned - External Investments	2 401 680	-	-	-	-	-	2 401 680
Interest Earned - Outstanding Debtors	-	-	1 554 912	-	-	-	1 554 912
Licences and Permits	8 278	325 009	-	-	-	-	333 287
Other Revenue - Exchange	1 120 196	92 970	-	-	-	-	1 213 166
External revenue from non-exchange transactions	51 095 928	1 896 283	16 153 867	767 579	-	-	69 913 656
Fines	-	1 611	-	4 600	-	-	6 211
Property Rates	19 520 222	-	-	-	-	-	19 520 222
Availability Charges	-	-	819 479	-	-	-	819 479
Interest Earned - Non-Exchange Transactions	2 183 393	-	-	-	-	-	2 183 393
Agency Services	-	-	-	181 839	-	-	181 839
Transfers Recognised - Operational	21 216 700	1 894 672	15 334 388	581 140	-	-	39 026 900
Other Revenue - Non-Exchange	8 175 613	-	-	-	-	-	8 175 613
Total Segment Revenue (excluding capital transfers and contributions)	54 836 828	2 367 017	70 878 975	767 579	-	-	128 850 399
SEGMENT EXPENDITURE							
Employee Related Costs	20 670 962	2 548 611	17 882 941	4 696 822	-	-	45 799 335
Remuneration of Councillors	5 710 417	-	-	-	-	-	5 710 417
Debt Impairment	8 962 349	-	15 000 264	-	-	-	23 962 614
Depreciation and Asset Impairment	1 626 864	1 599 756	3 322 199	1 243 130	7 566	-	7 799 515
Finance Charges	3 631 465	-	23 229	-	-	-	3 654 693
Bulk Purchases	-	-	30 183 184	-	-	-	30 183 184
Other Materials	74 545	-	10 045 327	404 723	-	-	10 524 595
Contracted Services	7 054 849	477 386	3 436 651	2 124 581	-	-	13 093 466
Transfers and Grants	150 079	-	-	-	-	-	150 079
Other Expenditure	12 100 022	266 725	3 406 323	784 373	60 350	-	16 617 792
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	59 981 550	4 892 478	83 300 118	9 253 629	67 916	-	157 495 690
Surplus/(Deficit)	(5 144 722)	(2 525 460)	(12 421 143)	(8 486 050)	(67 916)	-	(28 645 291)
Transfers Recognised - Capital	-	12 916 449	137 000 000	4 807 909	-	-	154 724 358
Contributions Recognised - Capital	-	-	-	-	-	-	-
Contributed Assets	-	-	2 064 404	-	-	-	2 064 404
Surplus/(Deficit) after Capital Transfers & Contributions	(5 144 722)	10 390 988	126 643 261	(3 678 141)	(67 916)	-	128 143 472
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(5 144 722)	10 390 988	126 643 261	(3 678 141)	(67 916)	-	128 143 472
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	740 102 421	740 102 421
Segment Liabilities	-	-	-	-	-	97 581 339	97 581 339
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.2 PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Governance and Administration	Community and Public Safety	Trading Services	Economic and Environmental Services	Other		Total
	R	R	R	R	R	R	R
SEGMENT REVENUE							
External revenue from exchange transactions	4 850 851	147 250	54 329 785	-	-		59 327 885
Service Charges - Electricity Revenue	-	-	27 998 041	-	-		27 998 041
Service Charges - Water Revenue	-	-	11 290 304	-	-		11 290 304
Service Charges - Sanitation Revenue	-	-	6 975 595	-	-		6 975 595
Service Charges - Refuse Revenue	-	-	6 614 089	-	-		6 614 089
Rental of Facilities and Equipment	198 277	33 982	-	-	-		232 259
Interest Earned - External Investments	1 783 237	-	-	-	-		1 783 237
Interest Earned - Outstanding Debtors	-	-	1 451 757	-	-		1 451 757
Licences and Permits	334 944	-	-	-	-		334 944
Other Revenue - Exchange	2 534 392	113 268	-	-	-		2 647 660
External revenue from non-exchange transactions	41 773 443	1 843 470	15 187 330	923 690,50	-	1	59 727 935
Fines	-	3 959	-	41 075,00	-	-	45 034
Property Rates	17 979 664	-	-	-	-	-	17 979 664
Interest Earned - Non-Exchange Transactions	2 343 842	-	-	-	-	1	2 343 843
Availability Charges	-	-	761 398	-	-	-	761 398
Agency Services	-	-	-	216 263,50	-	-	216 264
Transfers Recognised - Operational	20 108 218	1 839 511	14 425 932	666 352,00	-	-	37 040 013
Other Revenue - Non-Exchange	1 341 718	-	-	-	-	-	1 341 718
	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	46 624 294	1 990 720	69 517 115	923 691	-	1	119 055 820
SEGMENT EXPENDITURE							
Employee Related Costs	19 483 109	2 353 578	16 449 965	4 700 134	-	-	42 986 786
Remuneration of Councillors	5 388 631	-	-	-	-	-	5 388 631
Debt Impairment	-	-	15 301 216	-	-	-	15 301 216
Depreciation and Asset Impairment	4 105 001	1 111 800	1 775 289	2 019 508	5 440	-	9 017 038
Finance Charges	1 879 146	7 983	1 777 220	793	-	-	3 665 142
Bulk Purchases	-	-	24 876 949	-	-	-	24 876 949
Other Materials	1 619 246	432 503	5 992 283	1 861 584	-	-	9 905 615
Contracted Services	7 996 759	555 011	3 558 907	2 621 051	1 086	-	14 732 815
Transfers and Grants	119 369	-	-	-	-	-	119 369
Other Expenditure	9 025 155	224 015	4 493 611	240 152	54 346	-	14 037 279
Internal charges	-	-	-	-	-	-	-
Total Segment Expenditure	49 616 417	4 684 890	74 225 439	11 443 223	60 872	-	140 030 840
Surplus/(Deficit)	(2 992 123)	(2 694 170)	(4 708 324)	(10 519 533)	(60 872)	1	(20 975 020)
Transfers Recognised - Capital	-	93 244	71 000 000	4 563 721	-	-	75 656 965
Contributions Recognised - Capital	-	-	-	-	-	-	-
Contributed Assets	5 519 245	-	-	-	-	-	5 519 245
Surplus/(Deficit) after Capital Transfers & Contributions	2 527 122	(2 600 926)	66 291 676	(5 955 812)	(60 872)	1	60 201 189
Taxation	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 527 122	(2 600 926)	66 291 676	(5 955 812)	(60 872)	1	60 201 189
OTHER INFORMATION							
Segment Assets	-	-	-	-	-	601 779 370	601 779 370
Segment Liabilities	-	-	-	-	-	87 401 761	87 401 761
Non-cash revenue (included above)	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-

60.3 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management				
	R	R	R	R	R	R	R	R	R	R
External revenue from exchange transactions	470 735	-	31 703 414	10 308 111	6 363 028	6 350 555	-	3 740 900	-	58 936 743
Service Charges - Electricity Revenue	-	-	30 148 502	-	-	-	-	-	-	30 148 502
Service Charges - Water Revenue	-	-	-	10 308 111	-	-	-	-	-	10 308 111
Service Charges - Sanitation Revenue	-	-	-	-	6 363 028	-	-	-	-	6 363 028
Service Charges - Refuse Revenue	-	-	-	-	-	6 350 555	-	-	-	6 350 555
Rental of Facilities and Equipment	52 756	-	-	-	-	-	-	210 746	-	263 502
Interest Earned - External Investments	-	-	-	-	-	-	-	2 401 680	-	2 401 680
Interest Earned - Outstanding Debtors	-	-	1 554 912	-	-	-	-	-	-	1 554 912
Licences and Permits	325 009	-	-	-	-	-	-	8 278	-	333 287
Other Revenue - Exchange	92 970	-	-	-	-	-	-	1 120 196	-	1 213 166
External revenue from non-exchange transactions	1 896 283	767 579	1 473 588	4 445 801	6 602 809	3 631 669	-	51 095 928	-	69 913 656
Fines	1 611	4 600	-	-	-	-	-	-	-	6 211
Property Rates	-	-	-	-	-	-	-	19 520 222	-	19 520 222
Interest Earned - Non-Exchange Transactions	-	-	-	-	-	-	-	2 183 393	-	2 183 393
Availability Charges	-	-	-	819 479	-	-	-	-	-	819 479
Agency Services	-	181 839	-	-	-	-	-	-	-	181 839
Transfers Recognised - Operational	1 894 672	581 140	1 473 588	3 626 322	6 602 809	3 631 669	-	21 216 700	-	39 026 900
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	8 175 613	-	8 175 613
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	2 367 017	767 579	33 177 002	14 753 912	12 965 837	9 982 224	-	54 836 828	-	128 850 399
SEGMENT EXPENDITURE										
Employee Related Costs	2 548 611	4 696 822	2 142 585	5 157 707	3 228 167	7 354 481	-	20 670 962	-	45 799 335
Remuneration of Councillors	-	-	-	-	-	-	-	5 710 417	-	5 710 417
Debt Impairment	-	-	(3 016 025)	6 289 562	4 984 884	6 741 844	-	8 962 349	-	23 962 614
Depreciation and Asset Impairment	1 599 756	1 243 130	1 456 974	(0)	1 847 342	17 883	7 566	1 626 864	-	7 799 515
Finance Charges	-	-	-	23 229	-	-	-	3 631 465	-	3 654 693
Bulk Purchases	-	-	30 183 184	-	-	-	-	-	-	30 183 184
Other Materials	-	404 723	-	10 045 327	-	-	-	74 545	-	10 524 595
Contracted Services	477 386	2 124 581	1 161 250	-	216 927	2 058 474	-	7 054 849	-	13 093 466
Transfers and Grants	-	-	-	-	-	-	-	150 079	-	150 079
Other Expenditure	266 725	784 373	(2 144 776)	4 929 444	937 877	(316 221)	60 350	12 100 022	-	16 617 792
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	4 892 478	9 253 629	29 783 192	26 445 269	11 215 197	15 856 461	67 916	59 981 550	-	157 495 690
Surplus/(Deficit)	(2 525 460)	(8 486 050)	3 393 811	(11 691 357)	1 750 640	(5 874 236)	(67 916)	(5 144 722)	-	(28 645 291)
Transfers Recognised - Capital	12 916 449	4 807 909	-	137 000 000	-	-	-	-	-	154 724 358
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	2 064 404	-	-	-	2 064 404
Surplus/(Deficit) after Capital Transfers & Contributions	10 390 988	(3 678 141)	3 393 811	125 308 643	3 815 044	(5 874 236)	(67 916)	(5 144 722)	-	128 143 472
Taxation	-	-	-	-	-	-	-	-	-	-
Attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	10 390 988	(3 678 141)	3 393 811	125 308 643	3 815 044	(5 874 236)	(67 916)	(5 144 722)	-	128 143 472
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	740 102 421	740 102 421
Segment liabilities	-	-	-	-	-	-	-	-	97 581 339	97 581 339
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-

60.4 SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Community and public safety	Economic and environmental services	Trading services				Other	Governance and Administration	Unallocated	Total
			Energy Sources	Water Management	Waste water management	Waste management				
	R	R	R	R	R	R	R	R	R	R
SEGMENT REVENUE										
External revenue from exchange transactions	147 250	-	29 449 797	11 290 304	6 975 595	6 614 089	-	4 850 851	-	59 327 885
Service Charges - Electricity Revenue	-	-	27 998 041	-	-	-	-	-	-	27 998 041
Service Charges - Water Revenue	-	-	-	11 290 304	-	-	-	-	-	11 290 304
Service Charges - Sanitation Revenue	-	-	-	-	6 975 595	-	-	-	-	6 975 595
Service Charges - Refuse Revenue	-	-	-	-	-	6 614 089	-	-	-	6 614 089
Rental of Facilities and Equipment	33 982	-	-	-	-	-	-	198 277	-	232 259
Interest Earned - External Investments	-	-	-	-	-	-	-	1 783 237	-	1 783 237
Interest Earned - Outstanding Debtors	-	-	1 451 757	-	-	-	-	-	-	1 451 757
Licences and Permits	-	-	-	-	-	-	-	334 944	-	334 944
Other Revenue - Exchange	113 268	-	-	-	-	-	-	2 534 392	-	2 647 660
External revenue from non-exchange transactions	1 843 470	923 691	1 372 618	4 187 811	6 150 386	3 476 515	-	41 773 443	1	59 727 935
Fines	3 959	41 075	-	-	-	-	-	-	-	45 034
Property Rates	-	-	-	-	-	-	-	17 979 664	-	17 979 664
Interest Earned - Non-Exchange Transactions	-	-	-	-	-	-	-	2 343 842	1	2 343 843
Availability Charges	-	-	-	761 398	-	-	-	-	-	761 398
Agency Services	-	216 264	-	-	-	-	-	-	-	216 264
Transfers Recognised - Operational	1 839 511	666 352	1 372 618	3 426 413	6 150 386	3 476 515	-	20 108 218	-	37 040 013
Other Revenue - Non-Exchange	-	-	-	-	-	-	-	1 341 718	-	1 341 718
Revenue from transactions with other segments	-	-	-	-	-	-	-	-	-	-
Internal Revenue	-	-	-	-	-	-	-	-	-	-
Total Segment Revenue (excluding capital transfers and contributions)	1 990 720	923 691	30 822 415	15 478 115	13 125 981	10 090 604	-	46 624 294	1	119 055 820
SEGMENT EXPENDITURE										
Employee Related Costs	2 353 578	4 700 134	1 607 304	4 876 794	3 116 853	6 948 565	-	19 383 558	-	42 986 786
Remuneration of Councillors	-	-	-	-	-	-	-	5 388 631	-	5 388 631
Debt Impairment	-	-	5 571 036	7 114 818	1 210 727	1 404 635	-	-	-	15 301 216
Depreciation and Asset Impairment	1 111 800	2 019 508	(63 470)	121 030	1 737 729	-	5 440	4 105 001	-	9 017 038
Finance Charges	7 983	793	-	-	-	-	-	1 879 146	-	3 665 142
Bulk Purchases	-	-	24 876 949	-	-	-	-	-	-	24 876 949
Other Materials	432 503	1 861 584	1 975	4 190 276	1 057 262	742 770	-	1 619 246	-	9 905 615
Contracted Services	555 011	2 621 051	844 721	-	357 429	2 356 757	1 086	7 996 759	-	14 732 815
Transfers and Grants	-	-	-	-	-	-	-	119 369	-	119 369
Other Expenditure	224 015	240 152	(696 617)	5 991 783	155 981	(957 537)	54 346	9 025 155	-	14 037 279
Loss on Disposal of PPE	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	-	-	-	-	-	-	-	-
Total Segment Expenditure	4 684 890	11 443 223	32 121 898	22 294 701	7 635 982	12 272 410	60 872	49 516 865	-	140 030 840
Surplus/(Deficit)	(2 694 170)	(10 519 533)	(1 299 483)	(6 816 586)	5 490 000	(2 181 806)	(60 872)	(2 892 572)	1	(20 975 020)
Transfers Recognised - Capital	93 244	4 563 721	-	71 000 000	-	-	-	-	-	75 656 965
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-	-
Contributed Assets	5 519 245	-	-	-	-	-	-	-	-	5 519 245
Surplus/(Deficit) for the year	2 918 319	(5 955 812)	(1 299 483)	64 183 414	5 490 000	(2 181 806)	(60 872)	(2 892 572)	1	60 201 190
OTHER INFORMATION										
Segment Assets	-	-	-	-	-	-	-	-	601 779 370	601 779 370
Segment liabilities	-	-	-	-	-	-	-	-	87 401 761	87 401 761
Non-cash revenue (included above)	-	-	-	-	-	-	-	-	-	-
Non-cash expenditure (included above)	-	-	-	-	-	-	-	-	-	-

60.5 RECONCILIATION OF REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023:

	2024 R	2023 R
Reconciliation of Segment Revenue to Total Revenue as per the Annual Financial Statements for the year ended 30 JUNE 2024:		
Total Segment Revenue (including capital transfers and contributions)	285 639 162	200 232 030
Total Revenue as per Statement of Financial Performance	277 655 342	200 232 029
Difference	7 983 820	1
Reconciling items - not included in Operating revenue	7 983 820	-
<i>Profit/(Loss) on Fair Value Adjustments</i>	7 983 820	-
Reconciliation of Segment Expenses to Total Expenses as per the Annual Financial Statements for the year ended 30 JUNE 2024:		
Total Segment Expenditure	157 495 690	140 030 840
Total Expenditure as per Statement of Financial Performance	134 755 240	126 063 749
Difference	22 740 450	13 967 092
Reconciling items - not included in Operating expenditure	22 740 450	13 967 092
<i>Inventories: Write-down to Net Realisable Value</i>	-	-
<i>Impairment Loss on Receivables</i>	17 705 397	10 789 733
<i>Loss on Sale of Fixed Assets</i>	-	302 523
<i>Water Losses</i>	5 035 053	2 874 837
Reconciliation of the Statement of Financial Performance as at 30 JUNE 2024 as per the Annual Financial Statements vs the Surplus of the Segment report:		
Surplus for the year as per Segments	128 143 472	60 201 190
Surplus for the year as per Statement of Financial Performance	128 143 472	60 201 188
Difference - None	-	1.00
Reconciliation of Segment Assets to Total Assets as per the Annual Financial Statements for the year ended 30 JUNE 2024:		
Total Segment Assets	740 102 421	601 779 370
Total Assets as per Statement of Financial Position	740 102 421	601 779 371
Difference - None	-	-
<i>Insert reconciling item details</i>	-	-
Reconciliation of Segment Liabilities to Total Liabilities as per the Annual Financial Statements for the year ended 30 JUNE 2024:		
Total Segment Liabilities	97 581 339	87 401 761
Total Liabilities as per Statement of Financial Position	97 581 339	87 401 761
Difference - None	-	-

APPENDIX A
HANTAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

LEASE LIABILITY	Rate	Loan Number	Redeemable	Balance on 1 July 2023	Correction of Error	Received during the period	Redeemed / written- off during the period	Balance on 30 JUNE 2024
PrinterBP-50M45	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50M45	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50C26	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50C26	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50C26	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50C26	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterBP-50M45	9,75%		31/01/2027	-	-	17 947	(2 191)	15 756
PrinterB287	9,75%		31/01/2027	-	-	85 195	(10 402)	74 793
PrinterB4050i	9,75%		31/01/2027	-	-	71 135	(8 685)	62 450
PrinterB4050i	9,75%		31/01/2027	-	-	50 513	(6 167)	44 346
PrinterB4050i	9,75%		31/01/2027	-	-	37 170	(4 538)	32 631
PrinterB4050i	9,75%		31/01/2027	-	-	52 286	(6 384)	45 902
PrinterB4050i	9,75%		31/01/2027	-	-	52 286	(6 384)	45 902
PrinterB4050i	9,75%		31/01/2027	-	-	52 286	(6 384)	45 902
PrinterB4050i	9,75%		31/01/2027	-	-	15 023	(1 834)	13 189
Printer Nashua IMC4500	14,90%	Various	2023	3 284	-	-	(3 284)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	14,90%	Various	2023	746	-	-	(746)	-
Printer Nashua IM430F	7,00%	Various	2023	601	-	-	(601)	-
Printer Nashua IM2702	14,90%	Various	2023	855	-	-	(855)	-
Printer Nashua IM550F	14,90%	Various	2023	1 370	-	-	(1 370)	-
Printer Nashua IMC2000	14,90%	Various	2023	1 878	-	-	(1 878)	-
Printer Nashua IMC2000	14,90%	Various	2023	1 878	-	-	(1 878)	-
Printer Nashua IMC2000	14,90%	Various	2023	1 878	-	-	(1 878)	-
Printer Nashua IMC2000	14,90%	Various	2023	1 878	-	-	(1 878)	-
Printer Nashua MP4055SP	14,90%	Various	2023	4 258	-	-	(4 258)	-
Total Lease Liabilities				22 357	-	593 811	(94 857)	521 311
TOTAL EXTERNAL LOANS				22 357	-	593 811	(94 857)	521 311

APPENDIX B
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
GENERAL FINANCE STATISTIC CLASSIFICATIONS

Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
			Governance and Administration			
4 434 718	(17 365 180)	(12 930 462)	Executive and council	-	-	-
42 189 576	(29 049 564)	13 140 012	Finance and administration	-	-	-
-	(1 739 742)	(1 739 742)	Internal audit	-	-	-
			Community and Public Safety			
1 827 592	(3 093 658)	(1 266 067)	Vote 4 - Community and Social Services	-	-	-
5 687 774	(1 588 516)	4 099 258	Vote 5 - Sport and Recreation	-	-	-
			Economic and Environmental Services			
-	(1 850 166)	(1 850 166)	Vote 7 - Planning and Development	-	-	-
5 487 411	(10 955 437)	(5 468 026)	Vote 8 - Road Transport	-	-	-
87 843	(2 716)	85 128	Environmental protection	-	-	-
			Trading Services			
30 822 415	(32 150 939)	(1 328 524)	Energy sources	-	-	-
86 538 537	(22 197 807)	64 340 730	Water management	-	-	-
13 125 981	(7 635 982)	5 490 000	Waste water management	-	-	-
10 090 604	(12 272 410)	(2 181 806)	Waste management	-	-	-
-	(60 872)	(60 872)	Other	-	-	-
200 292 451	(139 962 988)	60 329 463	Sub Total	-	-	-
-	-	-	Less Inter-Departmental Charges	-	-	-
200 292 451	(139 962 988)	60 329 463	Total	-	-	-

APPENDIX C
HANTAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
MUNICIPAL VOTES CLASSIFICATIONS

Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
			Executive and Council			
-	(4 510 272)	(4 510 272)	Municipal Manager	-	-	-
4 434 718	(14 594 650)	(10 159 932)	Councillors	-	-	-
			Budget and Treasury Office			
22 370 225	(15 794 910)	6 575 314	Finance General	-	-	-
-	-	-	Accountant Revenue	-	-	-
-	(5 876)	(5 876)	Accountant Expenditure	-	-	-
-	(1 117 969)	(1 117 969)	Supply Chain Management	-	-	-
			Corporate Services			
19 286 130	(6 558 788)	12 727 342	Administration	-	-	-
-	(1 600 583)	(1 600 583)	Human Resources	-	-	-
533 221	(3 880 843)	(3 347 622)	Property Services	-	-	-
			Community and Social Services			
116 555	(563 711)	(447 157)	Cemeteries	-	-	-
1 711 037	(2 406 900)	(695 863)	Libraries	-	-	-
			Sport and Recreation			
-	(2 716)	(2 716)	Nature Reserves	-	-	-
5 687 774	(1 220 565)	4 467 209	Sport Ground	-	-	-
-	(304 148)	(304 148)	Swimming Pool	-	-	-
87 843	-	87 843	Caravan Park	-	-	-
			Public Safety			
-	(117 447)	(117 447)	Civil Defence	-	-	-
			Planning and Development			
-	(487 786)	(487 786)	IDP Department	-	-	-
			Road Transport			
5 230 073	(9 198 680)	(3 968 607)	Roads	-	-	-
257 339	(1 613 549)	(1 356 210)	Traffic Services	-	-	-
			Electricity			
30 822 415	(34 197 298)	(3 374 883)	Electricity Distribution	-	-	-
			Water			
86 538 537	(21 787 992)	64 750 544	Water Distribution	-	-	-
			Waste Water Management			
13 125 981	(7 635 982)	5 490 000	Waste Water Management	-	-	-
			Solid Waste			
10 090 604	(12 301 451)	(2 210 847)	Waste Removal	-	-	-
			Other			
-	(60 872)	(60 872)	Aerodrome	-	-	-
-	-	-	Vehicle Account	-	-	-
			Environmental Health			
-	-	-	Environmental Health	-	-	-
200 292 451	(139 962 988)	60 329 463	Sub Total	-	-	-
-	-	-	Less Inter-Departmental Charges	-	-	-
200 292 451	(139 962 988)	60 329 463	Total	-	-	-

APPENDIX D
HANTAM MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2023	Correction of Error	Restated Balance 30 June 2023	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2024
<u>National Government Grants</u>								
Equitable Share	-	-	-	33 888 000	-	(33 888 000)	-	-
Local Government Financial Management Grant	-	-	-	1 920 000	-	(1 920 000)	-	-
Municipal System Improvement Grant	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	5 836 035	-	5 836 035	10 036 000	-	-	(13 724 358)	2 147 677
Energy Efficiency and Demand Side Management Grant	-	-	-	4 000 000	-	-	(4 000 000)	-
Regional Bulk Infrastructure Grant	-	-	-	110 000 000	-	-	(110 000 000)	-
Expanded Public Works Programme Integrated Grant	-	-	-	1 364 000	-	(1 364 000)	-	-
Municipal Water Infrastructure Grant	-	-	-	27 000 000	-	-	(27 000 000)	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-
Total National Government Grants	5 836 035	-	5 836 035	188 208 000	-	(37 172 000)	(154 724 358)	2 147 677
<u>Provincial Government Grants</u>								
Libraries, Archives and Museums	-	-	-	1 773 000	-	(1 773 000)	-	-
Seta	-	-	-	81 900	-	(81 900)	-	-
Total Provincial Government Grants	-	-	-	1 854 900	-	(1 854 900)	-	-
Total Grants	5 836 035	-	5 836 035	190 062 900	-	(39 026 900)	(154 724 358)	2 147 677

The municipality complied with the conditions attached to all grants received. No grants were withheld.

NC065 Hantam - Table B1 Adjustments Budget Summary - 29/02/2024

Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	19 090	19 548	-	-	-	-	-	-	19 548	20 506	21 429
Service charges	61 582	61 582	-	-	-	-	-	-	61 582	68 174	71 301
Investment revenue	807	2 007	-	-	-	-	-	-	2 007	2 106	2 200
Transfers recognised - operational	38 945	38 990	-	-	-	-	-	-	38 990	40 920	41 572
Other own revenue	8 675	7 973	-	-	-	-	-	-	7 973	8 363	8 740
Total Revenue (excluding capital transfers and contributions)	129 100	130 100	-	-	-	-	-	-	130 100	140 069	145 242
Employee costs	49 116	48 738	-	-	-	-	-	-	48 738	57 567	60 616
Remuneration of councillors	5 677	5 777	-	-	-	-	-	-	5 777	5 870	6 187
Depreciation & asset impairment	17 274	17 274	-	-	-	-	-	-	17 274	17 620	18 051
Finance charges	2 135	2 135	-	-	-	-	-	-	2 135	2 239	2 342
Inventory consumed and bulk purchases	29 873	29 293	-	-	-	-	-	-	29 293	32 784	30 632
Transfers and subsidies	200	119	-	-	-	-	-	-	119	-	300
Other expenditure	33 683	36 157	-	-	-	-	-	-	36 157	36 079	39 150
Total Expenditure	137 958	139 492	-	-	-	-	-	-	139 492	152 160	157 279
Surplus/(Deficit)	(8 859)	(9 392)	-	-	-	-	-	-	(9 392)	(12 091)	(12 038)
Transfers and subsidies - capital (monetary allocations)	151 755	156 836	-	-	-	-	-	-	156 836	124 376	29 784
Transfers and subsidies - capital (in-kind - a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	142 896	147 444	-	-	-	-	-	-	147 444	112 285	17 746
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	142 896	147 444	-	-	-	-	-	-	147 444	112 285	17 746
Capital expenditure & funds sources											
Capital expenditure	155 401	160 783	-	-	-	-	-	-	160 783	133 826	29 991
Transfers recognised - capital	152 505	156 993	-	-	-	-	-	-	156 993	124 526	29 841
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 896	3 790	-	-	-	-	-	-	3 790	9 300	150
Total sources of capital funds	155 401	160 783	-	-	-	-	-	-	160 783	133 826	29 991
Financial position											
Total current assets	17 482	27 349	-	-	-	-	-	-	27 349	24 831	34 645
Total non current assets	720 555	710 509	-	-	-	-	-	-	710 509	826 715	838 655
Total current liabilities	26 175	32 044	-	-	-	-	-	-	32 044	35 137	40 897
Total non current liabilities	64 030	35 977	-	-	-	-	-	-	35 977	38 965	42 102
Community wealth/Equity	660 641	661 635	-	-	-	-	-	-	661 635	773 920	791 667
Cash flows											
Net cash from (used) operating	158 023	158 023	-	-	-	-	-	-	158 023	368 292	286 809
Net cash from (used) investing	(155 401)	(155 401)	-	-	-	-	-	-	(155 401)	(133 826)	(29 991)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	2 672	8 860	-	-	-	-	-	-	8 860	238 897	257 143
Cash backing/surplus reconciliation											
Cash and investments available	679 548	674 056	-	-	-	-	-	-	674 056	786 171	806 382
Application of cash and investments	17 057	15 310	-	-	-	-	-	-	15 310	17 011	21 776
Balance - surplus (shortfall)	662 492	658 747	-	-	-	-	-	-	658 747	769 160	784 607
Asset Management											
Asset register summary (WDV)	616 088	600 272	-	-	-	-	-	-	600 272	716 478	728 419
Depreciation	17 274	17 274	-	-	-	-	-	-	17 274	17 620	18 051
Renewal and Upgrading of Existing Assets	16 355	23 047	-	-	-	-	-	-	23 047	36 176	14 784
Repairs and Maintenance	12 771	11 852	-	-	-	-	-	-	11 852	12 231	13 794
Free services											
Cost of Free Basic Services provided	8 619	8 619	-	-	-	-	-	-	8 619	9 042	9 457
Revenue cost of free services provided	3 004	9 924	-	-	-	-	-	-	9 924	10 411	10 882
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

NC065 Hantam - Table B2 Adjustments Budget Financial Performance (functional classification) - 29/02/2024

Standard Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		47 880	48 410	-	-	-	-	-	-	48 410	50 851	53 228
Executive and council		3 783	3 783	-	-	-	-	-	-	3 783	4 008	4 201
Finance and administration		44 097	44 627	-	-	-	-	-	-	44 627	46 843	49 027
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		12 508	17 696	-	-	-	-	-	-	17 696	21 299	10 066
Community and social services		5 884	5 884	-	-	-	-	-	-	5 884	5 956	1 898
Sport and recreation		6 624	11 812	-	-	-	-	-	-	11 812	15 344	8 168
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental		5 289	5 308	-	-	-	-	-	-	5 308	6 533	3 486
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		4 983	4 983	-	-	-	-	-	-	4 983	6 192	3 130
Environmental protection		306	325	-	-	-	-	-	-	325	341	356
Trading services		215 178	215 522	-	-	-	-	-	-	215 522	185 761	108 247
Energy sources		40 261	40 605	-	-	-	-	-	-	40 605	48 734	52 175
Water management		152 115	152 115	-	-	-	-	-	-	152 115	113 060	31 380
Waste water management		12 923	12 923	-	-	-	-	-	-	12 923	13 635	14 281
Waste management		9 879	9 879	-	-	-	-	-	-	9 879	10 332	10 411
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue	2	280 855	286 936	-	-	-	-	-	-	286 936	264 445	175 026
Expenditure - Functional												
Governance and administration		47 108	49 277	-	-	-	-	-	-	49 277	54 786	59 101
Executive and council		17 138	18 790	-	-	-	-	-	-	18 790	19 389	20 680
Finance and administration		28 104	28 621	-	-	-	-	-	-	28 621	32 907	35 803
Internal audit		1 866	1 866	-	-	-	-	-	-	1 866	2 490	2 618
Community and public safety		5 362	5 337	-	-	-	-	-	-	5 337	5 552	5 727
Community and social services		3 460	3 381	-	-	-	-	-	-	3 381	3 529	3 679
Sport and recreation		1 901	1 956	-	-	-	-	-	-	1 956	2 022	2 048
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental		12 354	11 403	-	-	-	-	-	-	11 403	11 690	12 220
Planning and development		1 952	2 058	-	-	-	-	-	-	2 058	2 871	3 026
Road transport		10 398	9 342	-	-	-	-	-	-	9 342	8 816	9 190
Environmental protection		4	4	-	-	-	-	-	-	4	4	4
Trading services		73 058	73 398	-	-	-	-	-	-	73 398	80 052	80 149
Energy sources		31 911	31 887	-	-	-	-	-	-	31 887	37 036	34 893
Water management		19 912	20 251	-	-	-	-	-	-	20 251	21 358	22 457
Waste water management		7 259	7 396	-	-	-	-	-	-	7 396	7 463	7 820
Waste management		13 977	13 864	-	-	-	-	-	-	13 864	14 195	14 979
Other		77	77	-	-	-	-	-	-	77	81	84
Total Expenditure	3	137 958	139 492	-	-	-	-	-	-	139 492	152 160	157 279
Surplus/ (Deficit) for the year		142 896	147 444	-	-	-	-	-	-	147 444	112 285	17 746

NC065 Hantam - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 29/02/2024

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Revenue by Vote	1											
Vote 01 - Executive & Council		3 783	3 783	-	-	-	-	-	-	3 783	4 008	4 201
Vote 02 - Budget & Treasury Office		23 403	24 581	-	-	-	-	-	-	24 581	25 671	26 841
Vote 03 - Corporate Services		20 694	20 047	-	-	-	-	-	-	20 047	21 172	22 186
Vote 04 - Community & Social Services		5 884	5 884	-	-	-	-	-	-	5 884	5 956	1 898
Vote 05 - Sports & Recreation		6 930	12 137	-	-	-	-	-	-	12 137	15 685	8 524
Vote 06 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Road Transport		4 983	4 983	-	-	-	-	-	-	4 983	6 192	3 130
Vote 09 - Electricity		40 261	40 605	-	-	-	-	-	-	40 605	48 734	52 175
Vote 10 - Water		152 115	152 115	-	-	-	-	-	-	152 115	113 060	31 380
Vote 11 - Waste Water Management		12 923	12 923	-	-	-	-	-	-	12 923	13 635	14 281
Vote 12 - Solid Waste		9 879	9 879	-	-	-	-	-	-	9 879	10 332	10 411
Vote 13 - Own Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	280 855	286 936	-	-	-	-	-	-	286 936	264 445	175 026
Expenditure by Vote	1											
Vote 01 - Executive & Council		19 004	20 656	-	-	-	-	-	-	20 656	21 879	23 298
Vote 02 - Budget & Treasury Office		15 750	17 438	-	-	-	-	-	-	17 438	19 045	21 016
Vote 03 - Corporate Services		12 383	11 215	-	-	-	-	-	-	11 215	14 261	15 137
Vote 04 - Community & Social Services		3 317	3 238	-	-	-	-	-	-	3 238	3 379	3 523
Vote 05 - Sports & Recreation		1 853	1 908	-	-	-	-	-	-	1 908	1 969	1 989
Vote 06 - Public Safety		138	138	-	-	-	-	-	-	138	144	149
Vote 07 - Planning & Development		516	619	-	-	-	-	-	-	619	923	973
Vote 08 - Road Transport		10 136	9 079	-	-	-	-	-	-	9 079	8 527	8 872
Vote 09 - Electricity		33 360	33 336	-	-	-	-	-	-	33 336	38 630	36 646
Vote 10 - Water		20 191	20 530	-	-	-	-	-	-	20 530	21 665	22 795
Vote 11 - Waste Water Management		7 259	7 396	-	-	-	-	-	-	7 396	7 463	7 820
Vote 12 - Solid Waste		13 977	13 864	-	-	-	-	-	-	13 864	14 195	14 979
Vote 13 - Own Other		77	77	-	-	-	-	-	-	77	81	84
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	137 958	139 492	-	-	-	-	-	-	139 492	152 160	157 279
Surplus/ (Deficit) for the year	2	142 896	147 444	-	-	-	-	-	-	147 444	112 285	17 746

NC065 Hantam - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 29/02/2024

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	37 526	37 526	–	–	–	–	–	–	37 526	42 940	44 915
Service charges - Water	2	11 489	11 489	–	–	–	–	–	–	11 489	12 051	12 596
Service charges - Waste Water Management	2	6 320	6 320	–	–	–	–	–	–	6 320	6 630	6 935
Service charges - Waste Management	2	6 247	6 247	–	–	–	–	–	–	6 247	6 554	6 855
Sale of Goods and Rendering of Services		214	278	–	–	–	–	–	–	278	292	305
Agency services		202	202	–	–	–	–	–	–	202	212	222
Interest										–		
Interest earned from Receivables		1 262	1 605	–	–	–	–	–	–	1 605	1 684	1 760
Interest earned from Current and Non Current Assets		807	2 007	–	–	–	–	–	–	2 007	2 106	2 200
Dividends										–		
Rent on Land										–		
Rental from Fixed Assets		204	247	–	–	–	–	–	–	247	259	271
Licence and permits		310	332	–	–	–	–	–	–	332	348	364
Operational Revenue		3 021	3 741	–	–	–	–	–	–	3 741	3 924	4 101
Property rates	2	19 090	19 548	–	–	–	–	–	–	19 548	20 506	21 429
Surcharges and Taxes										–		
Fines, penalties and forfeits		28	28	–	–	–	–	–	–	28	30	31
Licences or permits										–		
Transfer and subsidies - Operational		38 945	38 990	–	–	–	–	–	–	38 990	40 920	41 572
Interest		1 076	1 076	–	–	–	–	–	–	1 076	1 129	1 179
Fuel Levy										–		
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–
Other Gains		2 358	462	–	–	–	–	–	–	462	485	507
Discontinued Operations										–		
Total Revenue (excluding capital transfers and contributions)		129 100	130 100	–	–	–	–	–	–	130 100	140 069	145 242

NC065 Hantam - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 29/02/2024

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
Expenditure By Type												
Employee related costs		49 116	48 738	–	–	–	–	–	–	48 738	57 567	60 616
Remuneration of councillors		5 677	5 777	–	–	–	–	–	–	5 777	5 870	6 187
Bulk purchases - electricity		26 357	26 357	–	–	–	–	–	–	26 357	29 704	27 411
Inventory consumed		3 516	2 935	–	–	–	–	–	–	2 935	3 079	3 221
Debt impairment		–	0	–	–	–	–	–	–	0	–	–
Depreciation and amortisation		17 274	17 274	–	–	–	–	–	–	17 274	17 620	18 051
Interest		2 135	2 135	–	–	–	–	–	–	2 135	2 239	2 342
Contracted services		15 746	17 583	–	–	–	–	–	–	17 583	16 942	18 722
Transfers and subsidies		200	119	–	–	–	–	–	–	119	–	300
Irrecoverable debts written off		5 918	5 918	–	–	–	–	–	–	5 918	6 072	6 452
Operational costs		10 120	11 389	–	–	–	–	–	–	11 389	11 735	12 575
Losses on disposal of Assets		632	0	–	–	–	–	–	–	0	–	–
Other Losses		1 267	1 267	–	–	–	–	–	–	1 267	1 329	1 401
Total Expenditure		137 958	139 492	–	–	–	–	–	–	139 492	152 160	157 279
Surplus/(Deficit)		(8 859)	(9 392)	–	–	–	–	–	–	(9 392)	(12 091)	(12 038)
allocations)		151 755	156 836	–	–	–	–	–	–	156 836	124 376	29 784
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) before taxation		142 896	147 444	–	–	–	–	–	–	147 444	112 285	17 746
Income Tax		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		142 896	147 444	–	–	–	–	–	–	147 444	112 285	17 746
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		142 896	147 444	–	–	–	–	–	–	147 444	112 285	17 746
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	1	142 896	147 444	–	–	–	–	–	–	147 444	112 285	17 746

NC065 Hantam - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 29/02/2024

Table 26: Adjustments Capital Expenditure Budget by Vote and Funding												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 01 - Executive & Council	2	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Road Transport		1 000	3 204	-	-	-	-	-	-	3 204	7 500	-
Vote 09 - Electricity		4 600	4 000	-	-	-	-	-	-	4 000	6 547	3 861
Vote 10 - Water		137 000	137 000	-	-	-	-	-	-	137 000	97 200	15 000
Vote 11 - Waste Water Management		10 755	15 843	-	-	-	-	-	-	15 843	20 629	10 923
Vote 12 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Own Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	153 355	160 047	-	-	-	-	-	-	160 047	131 876	29 784
Single-year expenditure to be adjusted	2											
Vote 01 - Executive & Council		150	150	-	-	-	-	-	-	150	150	57
Vote 02 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		400	400	-	-	-	-	-	-	400	300	150
Vote 04 - Community & Social Services		50	0	-	-	-	-	-	-	0	-	-
Vote 05 - Sports & Recreation		180	18	-	-	-	-	-	-	18	-	-
Vote 06 - Public Safety		30	0	-	-	-	-	-	-	0	-	-
Vote 07 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Road Transport		90	0	-	-	-	-	-	-	0	-	-
Vote 09 - Electricity		842	107	-	-	-	-	-	-	107	1 500	-
Vote 10 - Water		104	60	-	-	-	-	-	-	60	-	-
Vote 11 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Solid Waste		200	0	-	-	-	-	-	-	0	-	-
Vote 13 - Own Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Environmental Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 046	736	-	-	-	-	-	-	736	1 950	207
Total Capital Expenditure - Vote		155 401	160 783	-	-	-	-	-	-	160 783	133 826	29 991
Capital Expenditure - Functional												
Governance and administration		550	550	-	-	-	-	-	-	550	450	207
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		400	400	-	-	-	-	-	-	400	300	150
Internal audit		150	150	-	-	-	-	-	-	150	150	57
Community and public safety		260	18	-	-	-	-	-	-	18	-	-
Community and social services		80	0	-	-	-	-	-	-	0	-	-
Sport and recreation		180	18	-	-	-	-	-	-	18	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 090	3 204	-	-	-	-	-	-	3 204	7 500	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		1 090	3 204	-	-	-	-	-	-	3 204	7 500	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		153 501	157 010	-	-	-	-	-	-	157 010	125 876	29 784
Energy sources		5 442	4 107	-	-	-	-	-	-	4 107	8 047	3 861
Water management		137 104	137 060	-	-	-	-	-	-	137 060	97 200	15 000
Waste water management		10 755	15 843	-	-	-	-	-	-	15 843	20 629	10 923
Waste management		200	0	-	-	-	-	-	-	0	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	155 401	160 783	-	-	-	-	-	-	160 783	133 826	29 991
Funded by:												
National Government		152 505	156 993	-	-	-	-	-	-	156 993	124 526	29 841
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	152 505	156 993	-	-	-	-	-	-	156 993	124 526	29 841
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2 896	3 790	-	-	-	-	-	-	3 790	9 300	150
Total Capital Funding		155 401	160 783	-	-	-	-	-	-	160 783	133 826	29 991

NC065 Hantam - Table B6 Adjustments Budget Financial Position - 29/02/2024

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10		
R thousands			A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash and cash equivalents		2 472	4 430	–	–	–	–	–	–	4 430	326	8 582
Trade and other receivables from exchange transactions	1	9 987	11 154	–	–	–	–	–	–	11 154	12 741	14 298
Receivables from non-exchange transactions	1	1 075	11	–	–	–	–	–	–	11	11	11
Current portion of non-current receivables	2								–	–		
Inventory		–	–	–	–	–	–	–	–	–	–	–
VAT		3 171	10 986	–	–	–	–	–	–	10 986	10 986	10 986
Other current assets		777	768	–	–	–	–	–	–	768	768	768
Total current assets		17 482	27 349	–	–	–	–	–	–	27 349	24 831	34 645
Non current assets												
Investments									–	–		
Investment property		41 430	37 734	–	–	–	–	–	–	37 734	37 734	37 734
Property, plant and equipment		676 001	669 615	–	–	–	–	–	–	669 615	785 835	797 789
Biological assets		–	–	–	–	–	–	–	–	–	–	–
Living and non-living resources									–	–		
Heritage assets		1 618	1 618	–	–	–	–	–	–	1 618	1 618	1 618
Intangible assets		1 506	1 541	–	–	–	–	–	–	1 541	1 527	1 513
Trade and other receivables from exchange transactions									–	–		
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–	–
Other non-current assets									–	–		
Total non current assets		720 555	710 509	–	–	–	–	–	–	710 509	826 715	838 655
TOTAL ASSETS		738 038	737 857	–	–	–	–	–	–	737 857	851 546	873 300
LIABILITIES												
Current liabilities												
Bank overdraft									–	–		
Financial liabilities		248	22	–	–	–	–	–	–	22	22	22
Consumer deposits		1 299	1 430	–	–	–	–	–	–	1 430	1 430	1 430
Trade and other payables from exchange transactions		17 410	24 483	–	–	–	–	–	–	24 483	24 483	26 983
Trade and other payables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–	–
Provisions		7 217	5 171	–	–	–	–	–	–	5 171	8 263	11 523
VAT		–	939	–	–	–	–	–	–	939	939	939
Other current liabilities									–	–		
Total current liabilities		26 175	32 044	–	–	–	–	–	–	32 044	35 137	40 897
Non current liabilities												
Borrowing	1	22 505	(0)	–	–	–	–	–	–	(0)	–	–
Provisions	1	41 526	35 977	–	–	–	–	–	–	35 977	38 965	42 102
Long term portion of trade payables		–	18 647	–	–	–	–	–	–	18 647	18 647	18 647
Other non-current liabilities									–	–		
Total non current liabilities		64 030	35 977	–	–	–	–	–	–	35 977	38 965	42 102
TOTAL LIABILITIES		90 205	68 021	–	–	–	–	–	–	68 021	74 102	82 999
NET ASSETS	2	647 833	669 836	–	–	–	–	–	–	669 836	777 443	790 301
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		658 090	659 084	–	–	–	–	–	–	659 084	771 369	789 115
Funds and Reserves		2 551	2 551	–	–	–	–	–	–	2 551	2 551	2 551
Other									–	–		
TOTAL COMMUNITY WEALTH/EQUITY		660 641	661 635	–	–	–	–	–	–	661 635	773 920	791 667

NC065 Hantam - Table B7 Adjustments Budget Cash Flows - 29/02/2024

Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		16 227	16 227	–	–	–	–	–	–	16 227	17 110	17 880
Service charges		53 819	53 819	–	–	–	–	–	–	53 819	62 473	65 337
Other revenue		3 734	3 734	–	–	–	–	–	–	3 734	4 793	4 708
Transfers and Subsidies - Operational	1	38 945	38 945	–	–	–	–	–	–	38 945	40 920	41 572
Transfers and Subsidies - Capital	1	151 755	151 755	–	–	–	–	–	–	151 755	124 376	29 784
Interest		807	807	–	–	–	–	–	–	807	2 106	2 200
Dividends									–	–		
Payments												
Suppliers and employees		(107 173)	(107 173)	–	–	–	–	–	–	(107 173)	116 610	125 427
Finance charges		(91)	(91)	–	–	–	–	–	–	(91)	(95)	(99)
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		158 023	158 023	–	–	–	–	–	–	158 023	368 292	286 809
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									–	–		
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments									–	–		
Payments												
Capital assets		(155 401)	(155 401)	–	–	–	–	–	–	(155 401)	(133 826)	(29 991)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(155 401)	(155 401)	–	–	–	–	–	–	(155 401)	(133 826)	(29 991)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									–	–		
Borrowing long term/refinancing									–	–		
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–	–
Payments												
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		2 623	2 623	–	–	–	–	–	–	2 623	234 466	256 818
Cash/cash equivalents at the year begin:	2	50	6 238	–	–	–	–	–	–	6 238	4 430	326
Cash/cash equivalents at the year end:	2	2 672	8 860	–	–	–	–	–	–	8 860	238 897	257 143