

**MATZIKAMA LOCAL MUNICIPALITY**

**matzikama**



**AUDITED ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2024**



# MATZIKAMA LOCAL MUNICIPALITY

## INDEX

Content	Page
General Information	1 - 2
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 10
Accounting Policies	11 - 33
Notes to the Financial Statements	34 - 90
<b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	91
B Disclosure of Grants and Subsidies	92
C National Treasury's Appropriation Statement	93 - 99



# MATZIKAMA LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Matzikama Local Municipality performs the functions as set out in the Constitution (Act no 105 of 1996).

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

### JURISDICTION

The Matzikama Local Municipality includes the following areas:

Vredendal	Lutzville	Bitterfontein	Rietpoort
Vanrhynsdorp	Ebenhaezer	Nuwerus	Kliprand
Klawer	Strandfontein	Stofkraal	
Koekenaap	Doringbaai	Molsvlei	

### MEMBERS OF THE COUNCIL

Ward 1	Tieties Johan Muller
Ward 2	Amelia Fransina Kristina Job
Ward 3	Sampi Jackes Tshabalala
Ward 4	Cecil Andrew le Fleur
Ward 5	Stephanus Petrus Cornelissen
Ward 6	Jan Koopman
Ward 7	Christo Boks
Ward 8	Albertus Johannes Pool
Proportional	Hermanus Johannes van der Hoven
Proportional	Andreas Sindyamba
Proportional	Davine Angela Witbooi
Proportional	Xolani Peterson Tshetu
Proportional	Christoffel van der Westruis
Proportional	Monica Bottom
Proportional	Chris White

### MEMBERS OF THE EXECUTIVE COMMITTEE

ClIr Hermanus Johannes van der Hoven  
ClIr Amelia Fransina Kristina Job  
ClIr Stephanus Petrus Cornelissen  
ClIr Christo Boks  
ClIr Chris White

### MUNICIPAL MANAGER

Lionel Phillips

### CHIEF FINANCIAL OFFICER

ER Alfred

### AUDIT COMMITTEE

A Wells  
M Smit  
F Rootman

### REGISTERED OFFICE

37 Church Street  
Vredendal  
8160



# MATZIKAMA LOCAL MUNICIPALITY

## GENERAL INFORMATION

### POSTAL ADDRESS

PO Box 98  
VREDENDAL  
8160

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPAL BANKERS

Standard Bank Limited

### ATTORNEYS

Swanepoel en Swanepoel  
Koos Coetzee

### RELEVANT LEGISLATION

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)  
Collective Agreements  
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)  
Division of Revenue Act  
Electricity Act, 1987 (Act 41 of 1987)  
Employment Equity Act, 1998 (Act 55 of 1998)  
Employment Services, 2014 (Act 4 of 2014)  
Housing Act, 1997 (Act 107 of 1997)  
Labour Relations Act, 1995 (Act 66 of 1995)  
Municipal Budget and Reporting Regulations  
Municipal Finance Management Act, 2003 (Act 56 of 2003)  
Municipal Planning and Performance Management Regulations  
Municipal Property Rates Act, 2004 (Act 6 of 2004)  
Municipal Regulations on a Standard Chart of Accounts, 2014  
Municipal Structures Act, 1998 (Act 117 of 1998) as amended  
Municipal Systems Act, 2000 (Act 32 of 2000) as amended  
National Environmental Management Act, 2008 (Act 62 of 2008)  
National Minimum Wage Act 9 of 2018  
Occupational Health and Safety Act, 1993 (Act 85 of 1993)  
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)  
Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998)  
SALGBC Leave Regulations  
Skills Development Levies Act, 1999 (Act 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act, 1966 (Act 30 of 1966)  
Unemployment Insurance Contributions Act 4 of 2002  
Value Added Tax Act  
Water Services Act, 1997 (Act 108 of 1997)



# MATZIKAMA LOCAL MUNICIPALITY

## APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements year ended 30 June 2024, which are set out on pages 1 to 90 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 GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and I 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.



Lionel Phillips  
Municipal Manager

31/8/24  
Date

# MATZIKAMA LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>73 409 888</b>	<b>75 464 087</b>
Cash and Cash Equivalents	2	2 426 657	18 509 123
Receivables from Exchange Transactions	3	28 754 106	21 303 171
Receivables from Non-Exchange Transactions	4	17 746 121	10 573 122
Taxes	5	19 649 693	22 500 804
Operating Lease Assets	6	5 655	-
Current Portion of Long-term Receivables	7	3 084 740	1 691 015
Inventory	8	1 742 915	886 852
<b>Non-Current Assets</b>			
		<b>946 580 441</b>	<b>920 875 513</b>
Operating Lease Assets	6	73 876	56 676
Long-term Receivables	7	3 026 567	1 635 240
Investment Property	9	93 467 300	95 845 100
Property, Plant and Equipment	10	849 902 103	823 225 848
Intangible Assets	11	110 595	112 649
<b>Total Assets</b>		<b>1 019 990 328</b>	<b>996 339 600</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
		<b>149 909 602</b>	<b>175 502 516</b>
Current Portion of Long-term Liabilities	12	37 410 052	33 762 418
Payables from Exchange Transactions	13	80 366 293	94 669 022
Unspent Conditional Government Grants	14	6 327 518	23 597 615
Unspent Public Contributions	15	282 843	612 415
Current Employee Benefits	16	18 923 678	17 468 481
Current Provisions	17	6 599 217	5 392 565
<b>Non-Current Liabilities</b>			
		<b>184 163 846</b>	<b>180 639 096</b>
Long-term Liabilities	12	76 731 821	80 420 896
Employee Benefits	18	40 203 000	38 484 000
Non-Current Provisions	19	67 229 025	61 734 200
<b>Total Liabilities</b>		<b>334 073 448</b>	<b>356 141 611</b>
<b>NET ASSETS</b>		<b>685 916 880</b>	<b>640 197 989</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus		685 916 880	640 197 989
		<b>685 916 880</b>	<b>640 197 989</b>



# MATZIKAMA LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>248 989 801</b>	<b>211 390 459</b>
<b>Taxation Revenue</b>		<b>51 341 376</b>	<b>49 549 692</b>
Property Rates	20	51 341 376	49 549 692
<b>Transfer Revenue - Operating</b>		<b>99 089 715</b>	<b>88 967 422</b>
Government Grants and Subsidies - Operating	21	98 760 143	88 967 422
Public Contributions and Donations - Operating	22	329 572	-
<b>Transfer Revenue - Capital</b>		<b>46 054 780</b>	<b>41 501 819</b>
Government Grants and Subsidies - Capital	21	45 805 823	39 332 475
Contributed Assets	23	248 957	2 169 344
<b>Other Revenue</b>		<b>52 503 930</b>	<b>31 371 525</b>
Availability Charges	24	4 438 723	4 144 322
Fines, Penalties and Forfeits	25	10 278 418	10 365 793
Fair Value Adjustment Gains	26	24 874 692	13 851 823
Debt Forgiveness	27	11 710 418	-
Other Income (Non-Exchange)	28	1 201 678	3 009 587
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>280 169 900</b>	<b>229 910 215</b>
<b>Operating Activities</b>		<b>280 169 900</b>	<b>229 910 215</b>
Service Charges	29	249 178 610	209 104 591
Rental of Facilities and Equipment	30	1 815 553	1 983 766
Interest Earned - External Investments	31	1 728 706	1 418 787
Interest Earned - Outstanding Debtors	32	16 363 919	7 592 133
Licences and Permits	33	1 021 206	996 352
Agency Services	34	4 390 080	4 155 961
Other Income (Exchange)	35	5 671 825	4 658 626
<b>TOTAL REVENUE</b>		<b>529 159 701</b>	<b>441 300 674</b>
<b>EXPENDITURE</b>			
Employee Related Costs	36	174 017 426	172 433 024
Remuneration of Councillors	37	8 238 021	7 561 198
Debt Impairment	38	51 860 653	44 525 563
Depreciation and Amortisation	39	23 520 054	23 714 612
Impairments	40	1 553 377	2 259 693
Finance Charges	41	28 970 288	28 166 446
Bulk Purchases	42	141 567 713	129 262 183
Contracted Services	43	8 905 319	8 504 252
Transfers and Grants	44	2 002 388	1 746 581
Other Expenditure	45	42 132 935	41 133 483
Loss on disposal of Non-Monetary Assets	46	672 635	644 324
<b>TOTAL EXPENDITURE</b>		<b>483 440 810</b>	<b>459 951 360</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>45 718 891</b>	<b>(18 650 686)</b>



# MATZIKAMA LOCAL MUNICIPALITY

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

	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2022</b>	<b>663 145 172</b>	<b>663 145 172</b>
Correction of error restatement - note 47.4	(4 296 500)	(4 296 500)
<b>Balance on 30 June 2022 - Restated</b>	<b>658 848 672</b>	<b>658 848 672</b>
Net Deficit for the year	(18 650 683)	(18 650 683)
<b>Balance on 30 June 2023 - Restated</b>	<b>640 197 989</b>	<b>640 197 989</b>
Net Surplus for the year	45 718 891	45 718 891
<b>Balance on 30 June 2024</b>	<b>685 916 880</b>	<b>685 916 880</b>



# MATZIKAMA LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2024

	Notes	2024 R (Actual)	2023 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property Rates		48 374 142	45 682 779
Service Charges and Interest		218 805 985	187 083 457
Other Revenue and Receipts		14 497 816	16 990 302
Government Grants		128 674 811	138 449 133
Investment Interest		1 495 383	1 398 999
<b>Payments</b>			
Suppliers and employees		(371 144 203)	(333 598 754)
Finance charges		(2 995 904)	(10 926 598)
Transfers and Grants		(2 002 388)	(1 746 581)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>49</b>	<b>35 705 642</b>	<b>43 332 737</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of Property, Plant and Equipment		3 981 699	3 837 093
<b>Payments</b>			
Purchase of Capital Assets		(52 165 799)	(45 178 470)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(48 184 100)</b>	<b>(41 341 377)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Loans repaid		(3 604 008)	(3 820 705)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(3 604 008)</b>	<b>(3 820 705)</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(16 082 466)</b>	<b>(1 829 345)</b>
Cash and Cash Equivalents at the beginning of the year		18 509 123	20 338 468
Cash and Cash Equivalents at the end of the year		2 426 657	18 509 123



# MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and Cash Equivalents	6 002 259	(1 769 732)	4 232 528	2 426 657	(1 805 870)
Trade and Other Receivables from Exchange Transactions	22 645 425	(3 362 868)	19 282 556	28 754 106	9 471 549
Receivables from Non-Exchange Transactions	14 149 502	(5 088 135)	9 061 366	17 746 121	8 684 755
Current Portion of Non-Current Receivables	1 460 513	568 705	2 029 218	3 084 740	1 055 522
Inventory	1 542 975	(442 607)	1 100 368	1 742 915	642 547
VAT	24 480 034	4 715 831	29 195 865	19 649 693	(9 546 172)
Other Current Assets	929 182	1 680 217	2 609 399	5 655	(2 603 744)
<b>Total current assets</b>	<b>71 209 890</b>	<b>(3 698 589)</b>	<b>67 511 301</b>	<b>73 409 888</b>	<b>5 898 587</b>
<b>Non current assets</b>					
Investment Property	75 853 212	10 204 600	86 057 812	93 467 300	7 409 488
Property, Plant and Equipment	840 003 810	15 116 713	855 120 523	849 902 103	(5 218 420)
Intangible Assets	120 805	(27 113)	93 692	110 595	16 902
Trade and Other Receivables from Exchange Transactions	1 831 324	130 964	1 962 288	3 026 567	1 064 279
Other Non-Current Assets	-	71 914	71 914	73 876	1 962
<b>Total non current assets</b>	<b>917 809 151</b>	<b>25 497 079</b>	<b>943 306 229</b>	<b>946 580 441</b>	<b>3 274 211</b>
<b>TOTAL ASSETS</b>	<b>989 019 041</b>	<b>21 798 490</b>	<b>1 010 817 530</b>	<b>1 019 990 328</b>	<b>9 172 798</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Financial Liabilities	2 865 380	27 361 519	30 226 899	37 410 052	7 183 153
Consumer Deposits	10 763	1 350	12 113	-	(12 113)
Trade and Other Payables from Exchange Transactions	74 290 702	1 659 152	75 949 854	80 366 293	4 416 440
Trade and Other Payables from Non-Exchange Transaction	42 581	1 311 023	1 353 604	6 610 361	5 256 758
Provision	20 087 293	(1 208 484)	18 878 809	25 522 895	6 644 087
VAT	4 422 474	693 977	5 116 451	-	(5 116 451)
<b>Total current liabilities</b>	<b>101 719 192</b>	<b>29 818 536</b>	<b>131 537 729</b>	<b>149 909 602</b>	<b>18 371 873</b>
<b>Non current liabilities</b>					
Financial Liabilities	10 666 692	(4 249 330)	6 417 362	6 002 904	(414 458)
Provision	120 120 212	(8 708 805)	111 411 407	107 432 025	(3 979 382)
Long-term Portion of Trade Payables	66 372 145	(1 145 131)	65 227 014	70 728 917	5 501 903
<b>Total non current liabilities</b>	<b>197 159 048</b>	<b>(14 103 265)</b>	<b>183 055 783</b>	<b>184 163 846</b>	<b>1 108 063</b>
<b>TOTAL LIABILITIES</b>	<b>298 878 241</b>	<b>15 715 271</b>	<b>314 593 512</b>	<b>334 073 448</b>	<b>19 479 936</b>
<b>NET ASSETS</b>	<b>690 140 800</b>	<b>6 083 219</b>	<b>696 224 019</b>	<b>685 916 880</b>	<b>(10 307 138)</b>
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus	690 140 800	6 083 219	696 224 019	685 916 880	(10 307 138)
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>690 140 800</b>	<b>6 083 219</b>	<b>696 224 019</b>	<b>685 916 880</b>	<b>(10 307 138)</b>

Refer to note 51.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

# MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL APPROVED BUDGET R	ADJUSTMENTS R	FINAL APPROVED BUDGET R	VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>							
<b>REVENUE</b>							
<b>Exchange Revenue</b>							
Service Charges - Electricity	180 682 489	(18 567 726)	162 114 763	-	162 114 763	148 812 286	(13 302 477)
Service Charges - Water	39 253 599	(2 820 900)	36 432 699	-	36 432 699	37 332 282	899 583
Service Charges - Waste Water Management	27 970 743	2 425 121	30 395 864	-	30 395 864	30 502 452	106 588
Service Charges - Waste Management	29 729 209	3 013 032	32 742 241	-	32 742 241	32 531 590	(210 651)
Sale of Goods and Rendering of Services	5 073 621	(102 111)	4 971 510	-	4 971 510	4 208 104	(763 406)
Agency Services	4 973 541	(206 463)	4 767 078	-	4 767 078	4 390 080	(376 998)
Interest Earned from Receivables (Exchange)	9 239 200	3 576 746	12 815 946	-	12 815 946	12 822 099	6 153
Interest Earned from Current and Non Current Assets	1 580 286	(94 618)	1 485 668	-	1 485 668	1 728 706	243 038
Rental from Fixed Assets	3 231 951	(1 187 200)	2 044 751	-	2 044 751	1 815 553	(229 198)
Licences and Permits	65 857	(27 000)	38 857	-	38 857	32 075	(6 782)
Operational Revenue	9 106 181	(1 082 900)	8 023 281	-	8 023 281	2 633 870	(5 389 411)
<b>Non-Exchange Revenue</b>							
Property Rates	51 651 632	(103 404)	51 548 228	-	51 548 228	51 341 376	(206 852)
Fines, Penalties and Forfeits	11 703 434	(443 257)	11 260 177	-	11 260 177	10 278 418	(981 759)
Licences or permits	1 091 740	(75 000)	1 016 740	-	1 016 740	989 130	(27 610)
Transfers and Subsidies - Operational	98 089 015	4 230 858	102 319 873	-	102 319 873	99 089 715	(3 230 158)
Interest Earned from Receivables (Non-Exchange)	1 053 000	2 490 335	3 543 335	-	3 543 335	3 541 821	(1 514)
Operational Revenue (Non-Exchange)	2 263 496	2 210 779	4 474 275	-	4 474 275	4 438 723	(35 552)
Gains on disposal of Assets	1 400 000	-	1 400 000	-	1 400 000	-	(1 400 000)
Other Gains	-	28 091 200	28 091 200	-	28 091 200	24 906 220	(3 184 980)
<b>Total Revenue (excluding capital transfers)</b>	<b>478 158 994</b>	<b>21 327 492</b>	<b>499 486 486</b>	<b>-</b>	<b>499 486 486</b>	<b>471 394 502</b>	<b>(28 091 984)</b>
<b>EXPENDITURE</b>							
Employee Related Costs	181 696 913	(4 714 494)	176 982 419	-	176 982 419	173 058 810	(3 923 609)
Remuneration of Councillors	7 975 855	625 498	8 601 353	-	8 601 353	8 238 021	(363 332)
Bulk Purchases - Electricity	141 302 660	(9 535 709)	131 766 951	-	131 766 951	132 569 826	802 875
Inventory Consumed	17 630 659	3 258 416	20 889 075	-	20 889 075	16 222 424	(4 666 651)
Debt Impairment	30 549 016	22 718 184	53 267 200	-	53 267 200	51 860 653	(1 406 547)
Depreciation and Amortisation	23 440 176	3 176 797	26 616 973	-	26 616 973	25 073 432	(1 543 541)
Interest	15 290 987	14 108 724	29 399 711	-	29 399 711	28 970 288	(429 423)
Contracted Services	13 023 777	(124 607)	12 899 170	-	12 899 170	8 905 319	(3 993 851)
Transfers and Subsidies	2 165 059	302 054	2 467 113	-	2 467 113	2 002 388	(464 725)
Operational Costs	35 012 447	4 965 244	39 977 691	-	39 977 691	35 866 418	(4 111 273)
Losses on Disposal of Assets	-	-	-	-	-	672 635	672 635
Other Losses	-	8 500 000	8 500 000	-	8 500 000	596	(8 499 404)
<b>Total Expenditure</b>	<b>468 087 549</b>	<b>43 280 107</b>	<b>511 367 656</b>	<b>-</b>	<b>511 367 656</b>	<b>483 440 810</b>	<b>(27 926 846)</b>
<b>Surplus/(Deficit)</b>	<b>10 071 445</b>	<b>(21 952 615)</b>	<b>(11 881 170)</b>	<b>-</b>	<b>(11 881 170)</b>	<b>(12 046 308)</b>	<b>(165 138)</b>
Transfers and Subsidies - Capital (monetary allocations)	37 300 985	13 229 327	50 530 312	-	50 530 312	45 805 823	(4 724 489)
Transfers and Subsidies - Capital (in-kind)	-	11 912 696	11 912 696	-	11 912 696	11 959 376	46 680
<b>Surplus/(Deficit) for the year</b>	<b>47 372 430</b>	<b>3 189 408</b>	<b>50 561 838</b>	<b>-</b>	<b>50 561 838</b>	<b>45 718 891</b>	<b>(4 842 947)</b>

Refer to note 51.1 for the reconciliation performed of actuals to be on a comparable basis to the budget.

Refer to note 51.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.



# MATZIKAMA LOCAL MUNICIPALITY

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

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
<b>CASH FLOW STATEMENT</b>					
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates, penalties & collection charges	47 002 985	(2 156 027)	44 846 958	48 374 142	3 527 184
Service charges	252 233 910	(25 161 553)	227 072 357	218 805 985	(8 266 373)
Other revenue	28 761 538	(1 892 027)	26 869 512	14 497 816	(12 371 696)
Government Grants	135 390 000	15 916 135	151 306 135	128 674 811	(22 631 324)
Interest	10 946 188	3 755 064	14 701 252	1 495 383	(13 205 869)
<b>Payments</b>					
Suppliers and Employees	(395 604 707)	(26 473 360)	(422 078 066)	(371 144 203)	50 933 864
Finance Charges	(6 308 159)	2 906 655	(3 401 504)	(2 995 904)	405 600
Transfers and Grants	(2 165 059)	(302 054)	(2 467 113)	(2 002 388)	464 725
<b>Net Cash from/(used) Operating Activities</b>	<b>70 256 696</b>	<b>(33 407 165)</b>	<b>36 849 531</b>	<b>35 705 642</b>	<b>(1 143 889)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	11 884 288	-	11 884 288	3 981 699	(7 902 589)
<b>Payments</b>					
Capital Assets	(51 648 038)	(7 268 327)	(58 916 365)	(52 165 799)	6 750 566
<b>Net Cash from/(used) Investing Activities</b>	<b>(39 763 750)</b>	<b>(7 268 327)</b>	<b>(47 032 077)</b>	<b>(48 184 100)</b>	<b>(1 152 023)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Borrowing long term/refinancing	6 747 826	(6 747 826)	-	-	-
<b>Payments</b>					
Repayment of Borrowing	(51 630 484)	47 536 434	(4 094 050)	(3 604 008)	490 042
<b>Net Cash from/(used) Financing Activities</b>	<b>(44 882 658)</b>	<b>40 788 608</b>	<b>(4 094 050)</b>	<b>(3 604 008)</b>	<b>490 042</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(14 389 711)</b>	<b>113 116</b>	<b>(14 276 596)</b>	<b>(16 082 466)</b>	<b>(1 805 871)</b>
Cash and Cash Equivalents at the year begin	20 391 970	(1 882 847)	18 509 123	18 509 123	-
Cash and Cash Equivalents at the year end	6 002 259	(1 769 731)	4 232 528	2 426 657	(1 805 870)

Refer to note 51.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1 ACCOUNTING POLICIES

#### 1.01 BASIS OF PREPARATION

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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) 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, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### 1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

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

#### 1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### 1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis. Refer to note 66 for the going concern assessment performed by the Municipality.

#### 1.05 COMPARATIVE INFORMATION

##### 1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are 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 material accounting errors, which relate to prior periods, 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.05.2 Amended 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.

No significant amendments were made to the accounting policy in the current year.

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

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

### 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved not to early adopt the following Standards of GRAP which was issued but is not yet effective:

##### 1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

The impact of the revised Standard may be significant on the financial statements, due to the following key changes to the Standard:

- (a) Changes in the classification of instruments for subsequent measurement – financial assets are measured at either amortised cost or fair value based on the reason why they are held and their economic characteristics. Specific liabilities are measured at fair value, and all others are measured at amortised cost.
- (b) The approach to impairing financial assets changed from an incurred loss to an expected loss model. As indicated in the name, expected losses estimate the expected default of financial assets over a period of time rather than only recognising an impairment loss when an event occurs.
- (c) Loan commitments and financial guarantee contracts are recognised and measured differently. They are no longer in the scope of GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. When entering into these transactions there is an economic consequence that exposes an entity to risk. Accounting for them as financial instruments best captures this risk exposure.
- (d) With the changes in the classification of instruments and impairment approach, there is new information that GRAP 104 requires entities to disclose.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.08.1.2 *iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)*

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

No significant impact is expected as the Municipality is not exposed to any significant foreign currency transactions.

### 1.08.2 **Effective dates not yet determined**

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

#### 1.08.2.1 *GRAP 103 (Revised 2022) - Heritage Assets*

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

This revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

#### 1.08.2.2 *GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

#### 1.08.2.3 *GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

#### 1.08.2.4 *GRAP 107 (Revised 2023) - Mergers*

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any mergers in the near future.

#### 1.08.2.5 *Amendments to GRAP 1 on Presentation of Financial Statements (2022)*

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

The impact of these amendments to the Standard on the financial statements will not be significant.

#### 1.08.2.6 *Improvements to the Standards of GRAP (2023)*

The effect of the improvements to the current pronouncements to the Standard of GRAP is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.09 INVESTMENT PROPERTY

#### 1.09.1 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 held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

#### 1.09.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. 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 recognised in the Statement of Financial Performance for the period in which it arises.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, any differences between the carrying amount of the property and its fair value is treated in the same way as a revaluation in accordance with the Standard of GRAP on Property, Plant and Equipment.

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property and its previous carrying amount is recognised in the Statement of Financial Performance.

#### 1.09.3 Impairment

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

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

#### 1.09.4 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

### 1.10 PROPERTY, PLANT AND EQUIPMENT

#### 1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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.

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 asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

#### 1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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 or service potential associated with the asset.

#### 1.10.3 Depreciation

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 the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

	YEARS		YEARS
<b>Land and Buildings</b>		<b>Community</b>	
Land	Infinite	Community Facilities	10 - 100
Buildings	10 - 100	Sport and Recreational Facilities	15 - 100
Work in Progress	N/A	Work in progress	N/A
<b>Infrastructure</b>		<b>Other</b>	
Roads and Storm Water	15 - 100	Computer Equipment	4 - 17
Electricity	5 - 80	Furniture and Office Equipment	5 - 22
Water Supply	15 - 100	Machinery and Equipment	4 - 34
Sanitation	10 - 100	Transport Assets	5 - 24
Solid Waste	10 - 100		
Work in Progress	N/A		
<b>Finance lease assets</b>			
Furniture and Office Equipment	2 - 5		

### 1.10.4 Impairment

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

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

### 1.10.5 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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

## 1.11 INTANGIBLE ASSETS

### 1.11.1 Initial Recognition

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

The Municipality recognises an intangible asset 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any 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.

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

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

### 1.11.3 Amortisation

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 still subject to an annual impairment test.

Amortisation of an intangible with a finite life 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 the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, 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:

	Years
Computer Software	2 - 15
Rights (Servitudes)	Indefinite

### 1.11.4 Impairment

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 recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

### 1.11.5 Derecognition

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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

#### 1.12.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

#### 1.12.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. 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.

#### 1.12.3 Impairment loss

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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.

#### 1.12.4 Reversal of an impairment loss

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.13 INVENTORIES

#### 1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

#### 1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories 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.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

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 basis of allocating cost to inventory items is the first-in-first-out method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

#### 1.14.1.1 Defined Contribution Plans

The Municipality contributes to various defined contribution plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

#### 1.14.1.2 Post Retirement Medical Benefits

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 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is 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 present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### 1.14.2 Long-term Benefits

#### 1.14.2.1 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 annually 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 recognised in 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 recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### 1.14.3 Short-term Benefits

#### 1.14.3.1 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 reporting date and also on the total remuneration package of the employee.

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

#### 1.14.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.14.3.3 Provision for Performance Bonuses

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

### 1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a 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.

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.

### 1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### 1.16.1 Municipality as Lessee

##### 1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

### 1.16.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

### 1.16.2 Municipality as Lessor

#### 1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (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 in the Statement of Financial Performance.

#### 1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

### 1.17 FINANCIAL INSTRUMENTS

#### 1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised 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.

#### 1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
- (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

### 1.17.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

#### 1.17.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost 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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

#### 1.17.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

### 1.17.4 Derecognition of financial instruments

#### 1.17.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

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

#### 1.17.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

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

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.17.5 Offsetting of financial instruments

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

### 1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### 1.18.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### 1.18.3 Impairment and uncollectability of statutory receivables

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.

#### 1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

### 1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans 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.

### 1.23 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.24 REVENUE

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 Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.24.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

### 1.24.1.2 *Transfer Revenue*

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 recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

### 1.24.1.3 *Availability Charges*

Availability charges are based on the approved tariffs of the Municipality. These charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity, sewerage and solid waste) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.

### 1.24.1.4 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue.

### 1.24.1.5 *Insurance Refund*

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.

### 1.24.1.6 *Unclaimed deposits*

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. This policy is in line with prescribed debt principle as enforced by law.

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

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

### 1.24.1.8 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

### 1.24.1.9 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.24.1.10 Debt Forgiveness

Debt forgiveness are instances when creditors waive their right to collect a debt owed by the Municipality, effectively cancelling the debt.

The Municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

### 1.24.1.11 Off-Market Portion of Municipal Debt Relief

The Municipal Debt Relief are loans received by the Municipality at below market terms. The off-market portion of the loans is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

### 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.

#### 1.24.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being 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. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

#### 1.24.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

#### 1.24.2.3 Rental income

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

#### 1.24.2.4 Income from Agency Services

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.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.24.2.5 Other Tariffs

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.

### 1.24.2.6 Sale of goods

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

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

### 1.24.2.7 Deferred payment

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

## 1.25 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

## 1.26 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.

## 1.27 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 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.

## 1.28 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.29 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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.

### 1.30 CAPITAL COMMITMENTS

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

### 1.31 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:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

### 1.32 RELATED PARTIES

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.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

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.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

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.

### 1.33 ACCOUNTING BY PRINCIPAL AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from 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).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

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

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

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

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

### 1.34 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised as assets. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.35 SEGMENT REPORTING

A segment is an activity of the Municipality:

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

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

### 1.36 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.36.1 Application of Directive 7

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

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.

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.

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

#### 1.36.2 Impairment of Receivables

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

#### 1.36.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

### 1.36.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

### 1.36.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits 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. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### 1.36.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

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 net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

### 1.36.7 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

### 1.36.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

### 1.36.9 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 1.36.10 Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

### 1.36.11 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

### 1.36.12 Water Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

### 1.36.13 Pre-paid electricity

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used, and the estimate is calculated using 5 days' worth of unused electricity.

### 1.36.14 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.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>2 CASH AND CASH EQUIVALENTS</b>		
Bank Accounts	2 420 797	18 503 263
Cash Floats	5 860	5 860
<b>Total</b>	<b>2 426 657</b>	<b>18 509 123</b>
Due to the short term nature of cash deposits, all balances included above are in line with their fair values.		
Cash and Cash Equivalents are held to support the following:		
Unspent Conditional Government Grants - note 14	6 327 518	23 597 615
Unspent Public Contributions - note 15	282 843	612 415
VAT Payable - note 54.3	1 377 940	1 516 842
<b>Total</b>	<b>7 988 301</b>	<b>25 726 872</b>
Grant funding utilised for own working capital requirements	5 561 644	7 217 749
Overdraft facilities available during the financial year with Standard Bank	25 000 000	25 000 000
Guarantee in favour of Eskom registered with Standard Bank (Account 082 451 885)	6 000 000	4 580 815
<b>Bank Accounts</b>		
ABSA Bank Limited - Account Number 40-5057-5029 (Former Primary Bank Account)	-	-
Standard Bank Limited - Account Number 082 451 885 (Primary Bank Account)	2 259 575	3 417 746
Standard Bank Limited - Account Number 082 452 024 (Grants)	150 470	10 402 304
Standard Bank Limited - Account Number 082 455 333 (Housing)	10 752	4 683 213
<b>Total</b>	<b>2 420 797</b>	<b>18 503 263</b>
Bank accounts consists out of the following accounts:		
<b>ABSA Bank Limited - Account Number 40-5057-5029 (Former Primary Bank Account)</b>		
Cash book balance at beginning of year	-	51 907
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	51 907
Bank statement balance at end of year	-	-
<b>Standard Bank Limited - Account Number 082 451 885 (Primary Bank Account)</b>		
Cash book balance at beginning of year	3 417 746	2 118 830
Cash book balance at end of year	2 259 575	3 417 746
Bank statement balance at beginning of year	2 891 942	1 503 340
Bank statement balance at end of year	1 098 644	2 891 942
<b>Standard Bank Limited - Account Number 082 452 024 (Grants)</b>		
Cash book balance at beginning of year	10 402 304	18 122 760
Cash book balance at end of year	150 470	10 402 304
Bank statement balance at beginning of year	10 402 304	18 122 760
Bank statement balance at end of year	150 470	10 402 304
<b>Standard Bank Limited - Account Number 082 455 333 (Housing)</b>		
Cash book balance at beginning of year	4 683 213	39 151
Cash book balance at end of year	10 752	4 683 213
Bank statement balance at beginning of year	4 683 213	39 151
Bank statement balance at end of year	10 752	4 683 213



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>		
Electricity	17 082 180	15 431 456
Water	35 888 639	25 348 794
Refuse	41 313 797	30 020 222
Sewerage	38 627 168	28 501 806
Other	33 339 493	19 489 400
Interest	26 279 158	12 636 604
Housing Selling Scheme	248 386	253 013
Property Rental Debtors	998 214	620 477
Other Services	4 135 861	4 313 371
Sundry Arrears	1 677 875	1 665 935
<b>Total Gross Balance</b>	<b>166 251 277</b>	<b>118 791 677</b>
Less: Allowance for Debt Impairment	(137 497 171)	(97 488 506)
<b>Total Net Receivable</b>	<b>28 754 106</b>	<b>21 303 171</b>

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 trade and other receivables on initial recognition is not deemed necessary. No interest has been levied on outstanding accounts since the National State of Disaster was declared in March 2020 until December 2022. Interest charged on outstanding accounts was approved by Council on 29 November 2022 and charged from 31 December 2022 at a rate of prime +1%.

### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	97 488 506	72 402 942
Movement in the contribution to the provision	42 263 954	32 605 632
Electricity	861 300	1 790 194
Water	8 484 378	8 674 097
Refuse	10 146 319	7 421 261
Sewerage	9 393 531	8 062 892
Other	13 378 426	6 657 188
Bad Debts Written off	(2 255 289)	(7 520 068)
Electricity	(552 126)	(278 278)
Water	(387 052)	(2 509 508)
Refuse	(517 459)	(1 837 053)
Sewerage	(633 067)	(2 156 223)
Other	(165 585)	(739 006)
Balance at the end of the year	<b>137 497 171</b>	<b>97 488 506</b>

The allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2024</b>			
<b>Service Receivables</b>			
Electricity	17 082 180	(4 522 375)	12 559 805
Water	35 888 639	(30 681 649)	5 206 990
Refuse	41 313 797	(36 252 870)	5 060 927
Sewerage	38 627 168	(34 196 492)	4 430 676
Other	33 339 493	(31 843 785)	1 495 708
<b>Total</b>	<b>166 251 277</b>	<b>(137 497 171)</b>	<b>28 754 106</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>3</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
		<b>Gross Balance</b>	<b>Allowance for Debt</b>
		<b>R</b>	<b>Impairment</b>
			<b>R</b>
			<b>Net Receivable</b>
			<b>R</b>
<b>30 June 2023</b>			
<b>Service Receivables</b>			
Electricity	15 431 456	(4 213 201)	11 218 255
Water	25 348 794	(22 584 323)	2 764 471
Refuse	30 020 222	(26 624 011)	3 396 211
Sewerage	28 501 806	(25 436 028)	3 065 778
Other	19 489 400	(18 630 943)	858 457
<b>Total</b>	<b>118 791 677</b>	<b>(97 488 506)</b>	<b>21 303 171</b>
<b>Ageing of Receivables from Exchange Transactions</b>			
<b>Electricity</b>			
Current (0 - 30 days)		9 223 011	8 626 590
31 - 60 Days		2 695 654	1 851 661
61 - 90 Days		930 426	782 156
+ 90 Days		4 233 090	4 171 050
<b>Total</b>		<b>17 082 180</b>	<b>15 431 456</b>
<b>Water</b>			
Current (0 - 30 days)		3 797 692	2 303 704
31 - 60 Days		2 128 139	1 128 506
61 - 90 Days		1 593 555	979 268
+ 90 Days		28 369 253	20 937 316
<b>Total</b>		<b>35 888 639</b>	<b>25 348 794</b>
<b>Refuse</b>			
Current (0 - 30 days)		3 213 406	2 370 015
31 - 60 Days		2 161 423	1 345 925
61 - 90 Days		1 646 530	1 061 894
+ 90 Days		34 292 438	25 242 388
<b>Total</b>		<b>41 313 797</b>	<b>30 020 222</b>
<b>Sewerage</b>			
Current (0 - 30 days)		3 013 311	2 373 696
31 - 60 Days		2 104 993	1 418 451
61 - 90 Days		1 723 528	1 150 593
+ 90 Days		31 785 336	23 559 065
<b>Total</b>		<b>38 627 168</b>	<b>28 501 806</b>
<b>Interest</b>			
Current (0 - 30 days)		1 569 266	1 113 814
31 - 60 Days		1 549 853	1 053 484
61 - 90 Days		1 437 455	990 330
+ 90 Days		21 722 583	9 478 975
<b>Total</b>		<b>26 279 158</b>	<b>12 636 604</b>
<b>Housing Selling Scheme</b>			
Current (0 - 30 days)		230	20
31 - 60 Days		7 040	31
61 - 90 Days		20	79
+ 90 Days		241 095	252 883
<b>Total</b>		<b>248 386</b>	<b>253 013</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Property Rental Debtors</b>		
Current (0 - 30 days)	99 841	107 268
31 - 60 Days	60 826	39 587
61 - 90 Days	41 385	40 156
+ 90 Days	796 162	433 466
<b>Total</b>	<b>998 214</b>	<b>620 477</b>
<b>Other Services</b>		
Current (0 - 30 days)	7 390	(22 841)
31 - 60 Days	1 987	1 348
61 - 90 Days	1 297	1 154
+ 90 Days	4 125 187	4 333 711
<b>Total</b>	<b>4 135 861</b>	<b>4 313 371</b>
<b>Sundry Arrears</b>		
Current (0 - 30 days)	98 236	87 152
31 - 60 Days	44 192	27 683
61 - 90 Days	12 308	20 812
+ 90 Days	1 523 139	1 530 288
<b>Total</b>	<b>1 677 875</b>	<b>1 665 935</b>
<b>Summary Ageing of all Receivables from Exchange Transactions</b>		
Current (0 - 30 days)	21 022 381	16 959 419
31 - 60 Days	10 754 106	6 866 676
61 - 90 Days	7 386 505	5 026 442
+ 90 Days	127 088 284	89 939 141
<b>Total</b>	<b>166 251 277</b>	<b>118 791 677</b>
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>	<b>37 210 867</b>	<b>33 249 562</b>
Property Rates	28 588 684	26 361 987
Availability Charges	8 622 183	6 887 575
<b>Other Receivables</b>	<b>32 691 141</b>	<b>17 771 265</b>
Unpaid Traffic Fines	23 291 005	15 385 255
Other Receivables	11 539	54 122
Deposits	9 388 597	2 159 598
Unpaid Grants	-	172 289
<b>Total Gross Balance</b>	<b>69 902 008</b>	<b>51 020 827</b>
Less: Allowance for Debt Impairment	(52 155 887)	(40 447 705)
<b>Total Net Receivable</b>	<b>17 746 121</b>	<b>10 573 122</b>

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. 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 receivables on initial recognition is not deemed necessary. No interest has been levied on outstanding accounts since the National State of Disaster was declared in March 2020 until December 2022. Interest charged on outstanding accounts was approved by council on 29 November 2022 and charged from 31 December 2022 at a rate of prime +1%.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Reconciliation of Allowance for Debt Impairment</b>		
Balance at the beginning of the year	40 447 705	34 035 105
Movement in the contribution to the provision	12 647 629	13 937 529
Property Rates	2 962 229	4 138 975
Availability Charges	1 868 508	2 127 439
Traffic Fines	7 816 892	7 671 115
Bad Debts Written off	(939 447)	(7 524 929)
Property Rates	(740 537)	(798 826)
Availability Charges	(198 910)	(66 168)
Traffic Fines	-	(6 659 935)
Balance at the end of the year	<b>52 155 887</b>	<b>40 447 705</b>

The allowance for debt impairment of property rates has been made for all balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the cumulative collection rate.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
<b>30 June 2024</b>			
<b>Service Receivables</b>			
Property Rates	28 588 684	(21 169 766)	7 418 918
Availability Charges	8 622 183	(8 190 121)	432 062
<b>Other Receivables</b>			
Unpaid Traffic Fines	23 291 005	(22 796 000)	495 005
Other Receivables	11 539	-	11 539
Deposits	9 388 597	-	9 388 597
<b>Total</b>	<b>69 902 008</b>	<b>(52 155 887)</b>	<b>17 746 121</b>
<b>30 June 2023</b>			
<b>Service Receivables</b>			
Property Rates	26 361 987	(18 948 074)	7 413 913
Availability Charges	6 887 575	(6 520 523)	367 052
<b>Other Receivables</b>			
Unpaid Traffic Fines	15 385 255	(14 979 108)	406 147
Other Receivables	54 122	-	54 122
Deposits	2 159 598	-	2 159 598
Unpaid Grants	172 289	-	172 289
<b>Total</b>	<b>51 020 827</b>	<b>(40 447 705)</b>	<b>10 573 122</b>

### Ageing of Receivables from Non-Exchange Transactions

#### Property Rates

Current (0 - 30 days)	3 639 443	3 514 070
31 - 60 Days	1 486 750	1 403 547
61 - 90 Days	924 073	860 141
+ 90 Days	22 538 418	20 584 230
<b>Total</b>	<b>28 588 684</b>	<b>26 361 987</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Availability Charges</b>		
Current (0 - 30 days)	418 584	445 411
31 - 60 Days	307 847	268 344
61 - 90 Days	267 443	249 853
+ 90 Days	7 628 309	5 923 968
<b>Total</b>	<b>8 622 183</b>	<b>6 887 575</b>
<b>Unpaid Traffic Fines</b>		
Current (0 - 30 days)	624 150	799 800
31 - 60 Days	476 500	801 550
61 - 90 Days	389 150	1 406 100
+ 90 Days	21 801 205	12 377 805
<b>Total</b>	<b>23 291 005</b>	<b>15 385 255</b>
<b>5 TAXES</b>		
VAT Claimable/(Payable)	(1 377 939)	(2 167 581)
VAT Output in Suspense	(14 403 993)	(10 034 253)
VAT Input in Suspense	19 253 340	22 751 471
VAT on Allowance for Debt Impairment	16 178 285	11 951 166
<b>Total</b>	<b>19 649 693</b>	<b>22 500 804</b>
<b>Reconciliation of VAT on Allowance for Debt Impairment</b>		
Balance at beginning of year	11 951 166	9 095 948
Debt Impairment for current year	4 227 119	2 855 218
Balance at the end of the year	<b>16 178 285</b>	<b>11 951 166</b>
<b>6 OPERATING LEASES</b>		
<b>6.1 OPERATING LEASE ASSETS</b>		
Operating Lease Asset	<b>79 531</b>	<b>56 676</b>
Disclosed as follows:		
Non-Current Operating Lease Asset	73 876	56 676
Current Operating Lease Asset	5 655	-
<b>Total</b>	<b>79 531</b>	<b>56 676</b>
The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.		
<b>Reconciliation of Operating Lease Asset</b>		
Balance at the beginning of the year	56 676	2 824
Movement during the year	22 856	53 852
Balance at the end of the year	<b>79 531</b>	<b>56 676</b>
<b>The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.</b>		
Within 1 Year	507 948	481 467
Between 1 and 5 Years	993 045	1 500 993
After 5 Years	-	-
<b>Total operating lease payments</b>	<b>1 500 993</b>	<b>1 982 460</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Figures in Rand	2024	2023
-----------------	------	------

### 6 OPERATING LEASES (CONTINUED)

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The Municipality is leasing land and buildings to different lessees for periods ranging from 1 - 60 months with escalations linked to CPI or 5.5% per year ranging until 2028.

Significant lease agreements include, but are not limited to:

- Lease of various properties to the Department of Transport and Public Works for periods not exceeding 5 years, with the last agreement ending 30 September 2027. These agreements have an annual escalation of 5.5%.
- Lease of houses to employees. These agreements are reviewed annually.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

#### 6.2 OTHER OPERATING LEASES

The Municipality entered into an agreement for the lease of various vehicles for a period of 3 years (ending May 2027) with no escalation per annum.

The Municipality will incur the following lease expenditure from contracts that have defined lease payments and terms.

Within 1 Year	1 517 140	-
Between 1 and 5 Years	2 820 887	-
After 5 Years	-	-
<b>Total operating lease payments</b>	<b>4 338 028</b>	<b>-</b>

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

### 7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	10 536 972	6 575 731
Less: Allowance for Debt Impairment	(4 425 665)	(3 249 476)
<b>Total Net Receivable</b>	<b>6 111 307</b>	<b>3 326 255</b>
Less: Current portion of Long-term Receivables	(3 084 740)	(1 691 015)
<b>Total</b>	<b>3 026 567</b>	<b>1 635 240</b>

Receivables subject to repayment arrangements are debtors which are repaying their outstanding consumers accounts over a period of more than 12 months. There are no standard repayment terms, therefore no age analysis is available for these non-current receivables.

#### Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	3 249 476	2 411 855
Movement in the contribution to the provision	1 176 189	837 620
Balance at the end of the year	<b>4 425 665</b>	<b>3 249 476</b>

The allowance for debt impairment of arrangements has been made for all balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>		
<b>8</b>	<b>INVENTORY</b>				
	Consumables	1 009 277	332 020		
	Water	733 638	554 832		
	<b>Total</b>	<b>1 742 915</b>	<b>886 852</b>		
	Inventory are disclosed at the lower of cost or net realisable value.				
	No inventory were pledged as security for liabilities.				
	Inventory written down due to losses identified during the annual stores counts	-	-		
	Inventory recognised as an expense during the year				
	Consumables	615 795	623 314		
	Finished Goods	831 217	133 008		
	Water	9 992 901	8 475 196		
	<b>Total</b>	<b>11 439 913</b>	<b>9 231 518</b>		
<b>9</b>	<b>INVESTMENT PROPERTY</b>				
	Investment Property - Fair Value	<b>93 467 300</b>	<b>95 845 100</b>		
	As previously reported		96 087 100		
	Correction of error restatement - note 47.1		(242 000)		
	Restated balance		<b>95 845 100</b>		
	The carrying value of Investment Property is reconciled as follows:				
	Opening Fair Value	95 845 100	93 633 182		
	Gains arising from changes in fair value	1 909 400	5 222 918		
	Disposals	(4 287 200)	(3 011 000)		
	Closing Fair Value	<b>93 467 300</b>	<b>95 845 100</b>		
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.				
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.				
	Revenue derived from the rental of investment property	366 160	440 615		
	No significant operating expenditure was incurred on investment property during the 2023/24 and 2022/23 financial year.				
<b>10</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>				
		<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Accumulated Impairment</b>	<b>Carrying Value</b>
		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
	<b>30 June 2024</b>				
	Land and Buildings	109 533 360	(9 798 147)	(646 049)	99 089 164
	Infrastructure	847 829 681	(190 344 992)	(9 634 103)	647 850 586
	Community Assets	96 604 859	(18 964 570)	(163 461)	77 476 827
	Other Assets	39 440 720	(22 806 503)	(158 300)	16 475 917
	Leased Assets	1 200 983	(533 284)	-	667 698
	Capitalised Restoration Cost	39 113 164	(30 771 253)	-	8 341 911
	<b>Total</b>	<b>1 133 722 766</b>	<b>(273 218 750)</b>	<b>(10 601 914)</b>	<b>849 902 103</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

**Figures in Rand** **2024** **2023**

### 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
<b>30 June 2023</b>				
Land and Buildings	111 793 932	(9 680 068)	(1 567 488)	100 546 376
Infrastructure	809 819 632	(173 528 862)	(8 476 612)	627 814 158
Community Assets	86 050 785	(17 592 885)	(635 210)	67 822 689
Other Assets	36 815 207	(20 691 223)	(123 615)	16 000 370
Leased Assets	1 200 983	(133 321)	-	1 067 662
Capitalised Restoration Cost	39 413 156	(29 438 561)	-	9 974 594
<b>Total</b>	<b>1 085 093 694</b>	<b>(251 064 920)</b>	<b>(10 802 925)</b>	<b>823 225 848</b>
As previously reported				823 055 477
Correction of error restatement - note 47.1				185 000
Correction of error restatement - note 47.2				(14 629)
Restated balance				<b>823 225 848</b>

#### 10.1 Repairs and maintenance incurred on Property, Plant and Equipment

**7 220 760**

**9 763 793**

The comparative figure has been restated from R10 895 451 to R9 763 793 due to items included which were not repairs and maintenance in nature.

#### 10.2 Capital Restoration Costs

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

#### 10.3 Carrying value of Property, Plant and Equipment pledged as security

**667 698**

**1 067 662**

The leased assets are financed through a finance lease agreement and are secured as set out in note 12.

#### 10.4 Work in Progress projects taking a significant longer period to complete

There are no material projects that are taking a significantly longer period of time to complete than expected. There are also no significant projects where construction or development has been halted.

#### 10.5 Change in estimate useful lives

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed, and accordingly adjusted. The effect on the current and future periods are as follow:

	2024	2025	After 2025
Increase / (Decrease) in Depreciation and Amortisation	(2 415 771)	(1 467 585)	3 883 357
Increase / (Decrease) in Accumulated Surplus	2 415 771	1 467 585	(3 883 357)
Increase / (Decrease) in Property, Plant and Equipment	2 415 771	1 467 585	(3 883 357)



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 10.6 Reconciliation of Carrying Value

30 June 2024	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
<b>Land and Buildings</b>	<b>111 793 932</b>	-	<b>(1 468 687)</b>	-	<b>(791 885)</b>	<b>109 533 360</b>	<b>11 247 556</b>	<b>551 574</b>	<b>113 753</b>	<b>(1 468 687)</b>	<b>10 444 196</b>	<b>99 089 164</b>
Land	68 103 112	-	-	-	-	68 103 112	-	-	-	-	-	68 103 112
Buildings	42 850 852	-	(1 468 687)	-	-	41 382 165	11 247 556	551 574	113 753	(1 468 687)	10 444 196	30 937 969
Work in Progress	839 968	-	-	-	(791 885)	48 083	-	-	-	-	-	48 083
<b>Infrastructure</b>	<b>809 819 632</b>	<b>38 996 474</b>	<b>(1 172 877)</b>	<b>186 453</b>	-	<b>847 829 681</b>	<b>182 005 474</b>	<b>17 506 596</b>	<b>1 316 273</b>	<b>(849 247)</b>	<b>199 979 095</b>	<b>647 850 586</b>
Roads and Storm Water	245 486 354	-	(36 817)	-	8 067 710	253 517 247	49 955 888	5 877 908	123	(34 731)	55 799 187	197 718 060
Electricity	68 632 409	-	(20 637)	186 453	2 152 855	70 951 079	29 693 795	1 570 897	-	(15 654)	31 249 039	39 702 041
Water Supply	187 547 707	-	(421 609)	-	1 279 670	188 405 768	43 450 784	4 326 091	139 559	(349 848)	47 566 586	140 839 182
Sanitation	275 584 983	-	(693 814)	-	983 809	275 874 977	58 400 184	5 703 182	1 176 591	(449 014)	64 830 943	211 044 034
Solid Waste	771 077	-	-	-	-	771 077	504 823	28 518	-	-	533 341	237 737
Work in Progress	31 797 102	38 996 474	-	-	(12 484 044)	58 309 532	-	-	-	-	-	58 309 532
<b>Community Assets</b>	<b>86 050 785</b>	<b>10 542 525</b>	<b>(644 641)</b>	-	<b>656 190</b>	<b>96 604 859</b>	<b>18 228 095</b>	<b>1 494 243</b>	<b>50 335</b>	<b>(644 641)</b>	<b>19 128 032</b>	<b>77 476 827</b>
Sport and Recreation Facilities	38 228 784	-	(628 972)	-	8 015 771	45 615 584	8 434 533	854 351	50 335	(628 972)	8 710 247	36 905 337
Community Facilities	43 151 693	-	(15 670)	-	656 190	43 792 214	9 793 563	639 891	-	(15 670)	10 417 785	33 374 429
Work in progress	4 670 307	10 542 525	-	-	(8 015 771)	7 197 061	-	-	-	-	-	7 197 061
<b>Other Assets</b>	<b>36 815 207</b>	<b>2 626 800</b>	<b>(199 487)</b>	<b>62 505</b>	<b>135 695</b>	<b>39 440 720</b>	<b>20 814 838</b>	<b>2 232 932</b>	<b>73 017</b>	<b>(155 983)</b>	<b>22 964 803</b>	<b>16 475 917</b>
Computer Equipment	3 224 419	1 275 962	(89 281)	61 809	-	4 472 909	1 985 827	201 181	7 356	(58 309)	2 136 056	2 336 853
Furniture and Office Equipment	4 609 308	130 358	(13 874)	696	135 695	4 862 183	3 107 011	233 356	1 607	(10 193)	3 331 781	1 530 402
Machinery and Equipment	2 221 343	534 326	(51 333)	-	-	2 704 336	1 645 547	128 094	(7 171)	(50 734)	1 715 736	988 600
Transport Assets	26 760 137	686 155	(45 000)	-	-	27 401 292	14 076 452	1 670 301	71 225	(36 748)	15 781 230	11 620 062
<b>Leased Assets</b>	<b>1 200 983</b>	-	-	-	-	<b>1 200 983</b>	<b>133 321</b>	<b>399 963</b>	-	-	<b>533 284</b>	<b>667 698</b>
Furniture and Office Equipment	1 200 983	-	-	-	-	1 200 983	133 321	399 963	-	-	533 284	667 698
<b>Capitalised Restoration Cost</b>	<b>39 413 156</b>	<b>809 357</b>	<b>(1 109 349)</b>	-	-	<b>39 113 164</b>	<b>29 438 561</b>	<b>1 332 691</b>	-	-	<b>30 771 253</b>	<b>8 341 911</b>
Landfill Site Rehabilitation	39 413 156	809 357	(1 109 349)	-	-	39 113 164	29 438 561	1 332 691	-	-	30 771 253	8 341 911
	<b>1 085 093 694</b>	<b>52 975 156</b>	<b>(4 595 042)</b>	<b>248 957</b>	-	<b>1 133 722 766</b>	<b>261 867 846</b>	<b>23 517 999</b>	<b>1 553 377</b>	<b>(3 118 559)</b>	<b>283 820 663</b>	<b>849 902 103</b>

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

### 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 10.6 Reconciliation of Carrying Value

30 June 2023	Cost						Accumulated Depreciation and Impairment					Carrying Value (Restated)
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	
<b>Land and Buildings</b>	<b>111 815 515</b>	<b>147 917</b>	<b>(169 500)</b>	-	-	<b>111 793 932</b>	<b>10 697 440</b>	<b>550 116</b>	-	-	<b>11 247 556</b>	<b>100 546 376</b>
Land	68 250 873	21 739	(169 500)	-	-	68 103 112	-	-	-	-	-	68 103 112
Buildings	42 850 852	-	-	-	-	42 850 852	10 697 440	550 116	-	-	11 247 556	31 603 296
Work in Progress	713 791	126 178	-	-	-	839 968	-	-	-	-	-	839 968
<b>Infrastructure</b>	<b>771 316 265</b>	<b>37 825 920</b>	<b>(886 895)</b>	<b>1 564 341</b>	-	<b>809 819 632</b>	<b>162 840 696</b>	<b>17 166 281</b>	<b>2 170 196</b>	<b>(171 699)</b>	<b>182 005 474</b>	<b>627 814 158</b>
Roads and Storm Water	229 415 635	-	-	-	16 070 719	245 486 354	44 166 727	5 788 443	718	-	49 955 888	195 530 466
Electricity	62 842 269	-	(286 465)	1 564 341	4 512 263	68 632 409	27 949 551	1 725 343	30 273	(11 372)	29 693 795	38 938 614
Water Supply	168 663 248	-	(13 259)	-	18 897 718	187 547 707	39 578 385	3 618 360	267 297	(13 257)	43 450 784	144 096 923
Sanitation	274 851 402	-	(587 171)	-	1 320 752	275 584 983	50 673 021	6 002 325	1 871 908	(147 070)	58 400 184	217 184 799
Solid Waste	771 077	-	-	-	-	771 077	473 012	31 810	-	-	504 823	266 255
Work in Progress	34 772 635	37 825 920	-	-	(40 801 453)	31 797 102	-	-	-	-	-	31 797 102
<b>Community Assets</b>	<b>80 327 792</b>	<b>5 117 990</b>	-	<b>605 003</b>	-	<b>86 050 785</b>	<b>16 873 262</b>	<b>1 339 875</b>	<b>14 959</b>	-	<b>18 228 095</b>	<b>67 822 689</b>
Sport and Recreation Facilities	26 291 372	-	-	605 003	11 332 409	38 228 784	7 727 186	707 347	-	-	8 434 533	29 794 252
Community Facilities	43 007 695	-	-	-	143 998	43 151 693	9 146 076	632 528	14 959	-	9 793 563	33 358 130
Work in progress	11 028 725	5 117 990	-	-	(11 476 407)	4 670 307	-	-	-	-	-	4 670 307
<b>Other Assets</b>	<b>37 592 037</b>	<b>2 086 646</b>	<b>(2 863 476)</b>	-	-	<b>36 815 207</b>	<b>20 029 758</b>	<b>2 988 552</b>	<b>74 539</b>	<b>(2 278 011)</b>	<b>20 814 838</b>	<b>16 000 370</b>
Computer Equipment	3 027 090	353 886	(156 557)	-	-	3 224 419	1 789 377	317 609	49	(121 208)	1 985 827	1 238 592
Furniture and Office Equipment	4 552 320	150 262	(93 274)	-	-	4 609 308	2 847 711	345 260	54	(86 014)	3 107 011	1 502 297
Machinery and Equipment	2 340 862	118 859	(238 378)	-	-	2 221 343	1 639 638	194 830	9 298	(198 218)	1 645 547	575 796
Transport Assets	27 671 765	1 463 640	(2 375 267)	-	-	26 760 137	13 753 033	2 130 852	65 138	(1 872 571)	14 076 452	12 683 685
<b>Leased Assets</b>	<b>69 629</b>	<b>1 200 983</b>	<b>(69 629)</b>	-	-	<b>1 200 983</b>	<b>68 074</b>	<b>134 877</b>	-	<b>(69 629)</b>	<b>133 321</b>	<b>1 067 662</b>
Furniture and Office Equipment	69 629	1 200 983	(69 629)	-	-	1 200 983	68 074	134 877	-	(69 629)	133 321	1 067 662
<b>Capitalised Restoration Cost</b>	<b>39 901 605</b>	<b>997 726</b>	<b>(1 486 175)</b>	-	-	<b>39 413 156</b>	<b>28 006 025</b>	<b>1 432 536</b>	-	-	<b>29 438 561</b>	<b>9 974 594</b>
Landfill Site Rehabilitation	39 901 605	997 726	(1 486 175)	-	-	39 413 156	28 006 025	1 432 536	-	-	29 438 561	9 974 594
	<b>1 041 022 844</b>	<b>47 377 181</b>	<b>(5 475 675)</b>	<b>2 169 344</b>	-	<b>1 085 093 694</b>	<b>238 515 255</b>	<b>23 612 237</b>	<b>2 259 693</b>	<b>(2 519 339)</b>	<b>261 867 846</b>	<b>823 225 848</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>11</b>	<b>INTANGIBLE ASSETS</b>		
	Intangible Assets - Carrying Value	<b>110 595</b>	<b>112 649</b>
	As previously reported		112 650
	Correction of error restatement - note 47.2		(1)
	Restated balance		<b>112 649</b>
	The carrying value of intangible Assets is reconciled as follows:		
	<b>Opening Carrying Value</b>	<b>112 649</b>	<b>215 280</b>
	Cost	573 669	1 078 224
	Accumulated Amortisation	(461 020)	(862 944)
	Accumulated Impairment	-	-
	Additions	-	-
	Amortisation	(2 055)	(102 375)
	Disposal	-	(256)
	Cost	-	(504 555)
	Accumulated Amortisation	-	504 299
	<b>Closing Carrying Value</b>	<b>110 595</b>	<b>112 649</b>
	Cost	573 669	573 669
	Accumulated Amortisation	(463 074)	(461 020)
	Accumulated Impairment	-	-
	Computer Software have a life span of 15 years and rights (servitudes) have an indefinite lifespan because there is no foreseeable limit to the period over which the servitudes are expected to generate net cash inflows or service potential for the municipality.		
	No intangible asset were assessed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities.		
<b>12</b>	<b>LONG-TERM LIABILITIES</b>		
	Annuity Loans	8 222 094	11 482 514
	Finance Lease Liabilities	737 673	1 081 260
	Payables with Repayment Arrangements	3 897 954	101 619 540
	Municipal Debt Relief	101 284 151	-
	<b>Sub-Total</b>	<b>114 141 872</b>	<b>114 183 314</b>
	Less: Current portion of Long-term Liabilities	<b>37 410 052</b>	<b>33 762 418</b>
	Annuity Loans	2 542 406	4 094 050
	Finance Lease Liabilities	414 457	343 587
	Payables with Repayment Arrangements	3 897 954	29 324 781
	Municipal Debt Relief	30 555 235	-
	<b>Total</b>	<b>76 731 821</b>	<b>80 420 896</b>
	Long-term Liabilities were utilised as follow:		
	Total loans taken up	8 959 767	12 563 774
	Used to finance Property, Plant and Equipment at cost	(8 959 767)	(12 563 774)
	<b>Unspent Borrowings</b>	<b>-</b>	<b>-</b>
	Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
------------------------	------	------

### 12 LONG-TERM LIABILITIES (CONTINUED)

#### 12.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA (WC12007362.1)	11.79%	2031	5 474 490	6 126 855
DBSA (12007652)	12.15%	2027	2 747 604	3 508 692
Standard Bank (514952)	10.08%	2024	-	1 846 967
<b>Total</b>			<b>8 222 094</b>	<b>11 482 514</b>

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	3 307 704	5 139 566
Payable within two to five years	5 221 425	7 354 236
Payable after five years	2 318 616	2 796 879
<b>Total amount payable</b>	<b>10 847 745</b>	<b>15 290 681</b>
Less: Outstanding Future Finance Charges	(2 625 651)	(3 808 167)
<b>Present value of annuity loans</b>	<b>8 222 094</b>	<b>11 482 514</b>

#### 12.2 Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Supplier	Lease Period	Maturity Date	Carrying Value of Liability	
Konica Minolta - Printers	3 years	2026/02/28	328 866	492 103
SkyMetro - Printers	3 years	2026/02/28	408 807	589 157
<b>Total</b>			<b>737 673</b>	<b>1 081 260</b>

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 10.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	520 332	520 332
Payable within two to five years	346 888	867 221
Payable after five years	-	-
<b>Total amount payable</b>	<b>867 221</b>	<b>1 387 553</b>
Less: Outstanding Future Finance Charges	(129 548)	(306 293)
<b>Present value of finance lease liabilities</b>	<b>737 673</b>	<b>1 081 260</b>

#### 12.3 Payables with Repayment Arrangements

The Municipality entered into the following repayment arrangements:

Supplier	Rate	Maturity Date	Carrying Value of Liability	
Landis+Gyr (Pty) Ltd	7.1%	2024/02/01	-	1 086 864
Eskom Holdings SOC Ltd	0%	2024/10/31	3 897 954	100 532 676
<b>Total</b>			<b>3 897 954</b>	<b>101 619 540</b>

All payables with repayment arrangements are unsecured.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>12</b>	<b>LONG-TERM LIABILITIES (CONTINUED)</b>		
	Payables with Repayment Arrangements are payable as follows:		
	Payable within one year	3 897 954	29 353 918
	Payable within two to five years	-	72 294 758
	<b>Total amount payable</b>	<b>3 897 954</b>	<b>101 648 677</b>
	Less: Outstanding Future Finance Charges	-	(29 137)
	<b>Present value of finance lease liabilities</b>	<b>3 897 954</b>	<b>101 619 540</b>
<b>12.4</b>	<b>Municipal Debt Relief</b>		
	Municipal Debt Relief, disclosed at amortised cost, consist out of the following agreements:		
	<b>Supplier</b>	<b>Discount Rate</b>	<b>Maturity Date</b>
			<b>Carrying Value of Liability</b>
	Eskom Holdings SOC Ltd	10.16%	31 Aug 2026
			101 284 151
	<b>Total</b>		<b>101 284 151</b>
	The Municipal Debt Relief liability is unsecured.		
	National Treasury approved the Municipality's application for Municipal Debt Relief. In terms of the arrangement, Eskom Holdings SOC Ltd will write-off outstanding debt amounting to R112 992 550 over a period of 3 years, given that the Municipality adheres to certain conditions. As at year-end, the Municipality has complied with all the conditions, and it is therefore anticipated that debt will be written off as follows:		
	Within one year	37 664 183	-
	Within two to five years	75 328 367	-
	<b>Total amount payable</b>	<b>112 992 550</b>	<b>-</b>
	Less: Outstanding Future Finance Charges	(11 708 398)	-
	<b>Present value of payables with repayment arrangements</b>	<b>101 284 151</b>	<b>-</b>
<b>13</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade Payables	62 424 255	77 315 362
	Retentions	4 807 090	3 073 175
	Payments received in advance	1 817 531	2 023 552
	Pre-paid Electricity	745 239	680 599
	Sundry Creditors	8 482 063	7 685 498
	Unknown Bank Deposits	1 647 781	2 488 038
	Sale of Land Deposits	430 612	1 379 255
	Accrued Interest	11 723	23 541
	<b>Total</b>	<b>80 366 293</b>	<b>94 669 022</b>
	Payables are being recognised net of any discounts received.		
	The 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.		
	Sundry deposits include hall, builders and housing deposits.		
	The following serves as security for payables:		
	- Bank guarantee as per note 2	6 000 000	4 580 815
	- Cash deposits as per note 4	9 388 597	2 159 598
	<b>Total</b>	<b>15 388 597</b>	<b>6 740 413</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>14</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS</b>		
	National Government	1 144 886	21 099 546
	Provincial Government	5 140 052	2 455 489
	District Municipality	42 580	42 580
	<b>Total</b>	<b>6 327 518</b>	<b>23 597 615</b>
	Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.		
	No grants were withheld in the current year.		
	Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.		
<b>15</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>		
	Tormin Mineral Sands	282 843	612 415
	<b>Total</b>	<b>282 843</b>	<b>612 415</b>
	Detail reconciliations of all public contributions received are included in note 22. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.		
	Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.		
<b>16</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Bonuses	4 683 227	4 619 770
	Staff Leave	10 682 924	9 917 557
	Performance Bonuses	499 358	334 984
	Pension	25 169	25 169
	Current portion of Non-Current Employee Benefits - note 18	3 033 000	2 571 000
	Post Retirement Medical Benefits	1 820 000	1 630 000
	Long Service Awards	1 213 000	941 000
	<b>Total</b>	<b>18 923 678</b>	<b>17 468 481</b>
	The movement in current employee benefits are reconciled as follows:		
<b>16.1</b>	<b>Bonuses</b>		
	Opening Balance	4 619 770	4 647 678
	Contribution during the year	8 759 348	8 738 398
	Payments made	(8 695 892)	(8 766 306)
	Balance at the end of the year	<b>4 683 227</b>	<b>4 619 770</b>
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
<b>16.2</b>	<b>Staff Leave</b>		
	Opening Balance	9 917 557	10 608 062
	Contribution during the year	2 084 979	500 032
	Payments made	(1 319 612)	(1 190 537)
	Balance at the end of the year	<b>10 682 924</b>	<b>9 917 557</b>
	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 or when employment is terminated.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>16</b>	<b>CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>16.3</b>	<b>Performance Bonuses</b>		
	Opening Balance	334 984	-
	Contribution during the year	499 358	776 282
	Payments made	(334 984)	(441 298)
	Balance at the end of the year	<u>499 358</u>	<u>334 984</u>
	Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.		
<b>16.4</b>	<b>Pension</b>		
	Opening Balance	25 169	25 169
	Contribution during the year	-	-
	Payments made	-	-
	Balance at the end of the year	<u>25 169</u>	<u>25 169</u>
	Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.		
<b>17</b>	<b>CURRENT PROVISIONS</b>		
	SARS Ruling - Output VAT Payable on Library Grants	6 599 217	5 392 565
	<b>Total</b>	<u>6 599 217</u>	<u>5 392 565</u>
	As previously reported		-
	Correction of error restatement - note 47.3		5 392 565
	Restated balance		<u>5 392 565</u>
	The movement in the provision is reconciled as follows:		
	Opening balance	5 392 565	4 237 043
	Increase based on Output VAT portion of grant funding received	1 206 652	1 155 522
	Total balance at year-end	<u>6 599 217</u>	<u>5 392 565</u>
	Refer to note 47.3 for a brief description of the nature of the obligation.		
	It is estimated that the formal SARS ruling will be issued within the next 12 months, and accordingly the provision is considered to be a current liability.		
	The main uncertainty is what periods SARS will include when making its ruling and assessment. The Municipality took a conservative approach and calculated the provision based on a period of 6 year, i.e. from 2018/19 to 2023/24.		
	Another uncertainty is whether any penalties or interest will be levied by SARS. As the Municipality disclosed the potential obligation to SARS via the voluntary disclosure programme (VDP), it is assumed that no penalties and interest will be levied by SARS, and accordingly no penalties or interest were included in the provision.		
	Should the outcome of the formal ruling be unfavourable towards the Municipality, the Municipality will approach the Department of Cultural Affairs and Sport (DCAS) for possible reimbursement.		
<b>18</b>	<b>EMPLOYEE BENEFITS</b>		
	Post Retirement Medical Benefits	34 539 000	32 727 000
	Long Service Awards	8 697 000	8 328 000
	<b>Sub-Total</b>	<u>43 236 000</u>	<u>41 055 000</u>
	Less: Current portion of Employee Benefits	<u>3 033 000</u>	<u>2 571 000</u>
	Post Retirement Medical Benefits	1 820 000	1 630 000
	Long Service Awards	1 213 000	941 000
	<b>Total</b>	<u>40 203 000</u>	<u>38 484 000</u>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>18.1 Post Retirement Medical Benefits</b>		
The Post Retirement Medical Benefit Plan is a defined benefit plan. The movement in the defined benefit obligation is reconciled as follows:		
Opening Balance	32 727 000	36 348 000
Contribution during the year	5 472 000	5 877 000
Current Service Cost	1 470 000	1 678 000
Interest Expense	4 002 000	4 199 000
Payments made	(1 652 340)	(1 618 791)
Actuarial Loss/(Gain)	(2 007 660)	(7 879 209)
Change in Financial Assumptions	(1 215 000)	(4 134 000)
Change in Demographic Assumptions	-	-
Experience Adjustments	(792 660)	(3 745 209)
Total balance at year-end	34 539 000	32 727 000
Less: Current portion	(1 820 000)	(1 630 000)
<b>Total</b>	<b>32 719 000</b>	<b>31 097 000</b>

Based on the number of individuals entitled to a post-employment medical aid subsidy at year-end, the defined benefit obligation was estimated to be as follows:

	Number of individuals			
	2024	2023		
In-service members	138	128	13 501 000	12 013 000
In-service non-members	252	285	3 869 000	4 137 000
Continuation members	31	30	17 169 000	16 577 000
<b>Total</b>	<b>421</b>	<b>443</b>	<b>34 539 000</b>	<b>32 727 000</b>

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

### Actuarial Method

The Projected Unit Credit Method has been used to value the liabilities. The last valuation was performed on 8 August 2024.

### Characteristics of defined benefit plans and risks associated with them

The Municipality provides post employment medical benefits as follows:

- Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
- Continuation members and their eligible dependants receive a 70% subsidy.
- The post-employment subsidies are not limited to a maximum Rand value/subsidy.
- Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- **Longevity:** The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- **Volatility of open-ended, long-term defined benefit obligation:** The risk that the defined benefit obligation may be volatile which is exacerbated by its long-term nature.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the defined benefit obligation for the Municipality.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
18	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	<b>Significant Actuarial Assumptions</b>		
	<b>i) Financial Assumptions</b>		
	- Medical Aid Contribution Inflation Rate	7.70%	8.26%
	- Discount Rate	12.22%	12.53%
	- Net Discount Rate	4.20%	3.94%
	<b>ii) Demographic Assumptions</b>		
	- Post-Employment Mortality	PA(90)	PA(90)
	The PA(90) ultimate table, adjusted down by 1 year of age, and a 1% annual compound mortality improvement from 2010.		
	- Average Retirement Age	62 years	62 years
	- Membership continuation	75%	75%

### Sensitivity Analysis - Defined Benefit Obligation at year-end

The defined benefit obligation is based on a number of assumptions as indicated above. The extent to which the actual defined benefit obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

Assumption	Eligible Employees (R)	Continuation Members (R)	Total Obligation (R)	% Change
Current defined benefit obligation	17 370 000	17 169 000	34 539 000	
Medical Aid Contribution Inflation Rate ( + 1% )	20 951 000	18 604 000	39 555 000	15%
Medical Aid Contribution Inflation Rate ( - 1% )	14 515 000	15 908 000	30 423 000	-12%
Discount Rate ( + 1% )	14 640 000	15 966 000	30 606 000	-11%
Discount Rate ( - 1% )	20 824 000	18 555 000	39 379 000	14%
Post-Employment Mortality ( + 1 year )	16 953 000	16 577 000	33 530 000	-3%
Post-Employment Mortality ( - 1 year )	17 780 000	17 764 000	35 544 000	3%
Average Retirement Age ( - 1 year )	19 333 000	17 169 000	36 502 000	6%
Membership Continuation ( - 10% )	15 191 000	17 169 000	32 360 000	-6%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the Municipality which aims to ensure that the cash position of the Municipality remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

Maturity analysis of the future undiscounted expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows:

Future Year	Expected Benefit Payments R	% Contribution of Bracket
Future year 1 - 10	29 562 000	2%
Future year 11 - 20	83 946 000	7%
Future year 21 - 30	187 320 000	15%
Future year 31 - 40	288 470 000	24%
Future year 41 - 50	305 634 000	25%
Future year 51 - 60	220 582 000	18%
Future year 61 - 70	92 224 000	8%
Future year 71 - 80	16 025 000	1%
Future year 80 + (considered insignificant to include in analysis)	-	0%
<b>Total future expected benefits to be paid</b>	<b>1 223 763 000</b>	<b>100%</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>18 EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>18.2 Long Service Awards</b>		
The Long Service Awards plans are defined benefit plans. The movement in the defined benefit obligation is reconciled as follows:		
Opening Balance	8 328 000	7 917 000
Contribution during the year	1 633 000	1 579 000
Current Service Cost	721 000	728 000
Interest Expense	912 000	851 000
Payments made	(1 108 813)	(590 130)
Actuarial Loss/(Gain)	(155 187)	(577 870)
Change in Financial Assumptions	(99 000)	(445 000)
Change in Demographic Assumptions	-	-
Experience Adjustments	(56 187)	(132 870)
Total balance at year-end	<b>8 697 000</b>	<b>8 328 000</b>
Less: Current portion	(1 213 000)	(941 000)
<b>Total</b>	<b>7 484 000</b>	<b>7 387 000</b>
As at year end, the following number of employees were eligible for Long Service Awards	390	413

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

### Actuarial Method

The Projected Unit Credit Method has been used to value the liabilities. The last valuation was performed on 8 August 2024.

### Characteristics of defined benefit plans and risks associated with them

The Municipality provides a Long Service Award benefits as follows:

- The Municipality offers employees Long Service Awards for every 5 years of service completed, from 10 years of service to 45 years of service, inclusive.
- In the month that each "completed service" milestone is reached, the employee is granted a Long Service Award.
- The Long Service Award is calculated as a percentage of basic salary which is then multiplied by the number of years in service, divided by 250. The percentage calculated on the basic salary is determined by the milestone reached which ranges from 4% (10 years) to 26.4% (45 years).
- The Municipality does not pay any pro-rata Long Service Awards.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- **Termination of service:** The risk that fewer eligible employees terminate their service at the Municipality i.e. more Long Service Awards vest than expected.
- **Volatility of open-ended, long-term Defined-Benefit Obligation:** The risk that the defined benefit obligation may be volatile which is exacerbated by its long-term nature.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Municipality.

### Significant Actuarial Assumptions

#### i) Financial Assumptions

- General Earnings Inflation Rate	6.42%	6.91%
- Discount Rate	11.29%	11.58%
- Net Discount Rate	4.58%	4.37%



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>18</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
	<b>ii) Demographic Assumptions</b>		
	- Average Retirement Age	62 years	62 years
	- Termination of Services		
	If an eligible employee leaves due to resignation or retrenchment, the Municipality's defined benefit obligation in respect of that employee ceases. The termination rates per annum is assumed as follows:		
	Age: 20 - 24	9.00%	9.00%
	Age: 25 - 29	8.00%	8.00%
	Age: 30 - 34	6.00%	6.00%
	Age: 35 - 44	5.00%	5.00%
	Age: 45 - 49	4.00%	4.00%
	Age: 50 - 54	3.00%	3.00%
	Age: 55 +	0.00%	0.00%

### Sensitivity Analysis - Defined Benefit Obligation at year-end

The defined benefit obligation is based on a number of assumptions as indicated above. The extent to which the actual defined benefit obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The impact of the significant assumptions are disclosed below:

<b>Assumption</b>	<b>Impact on Defined Benefit Obligation (R)</b>	<b>% Change</b>
Current Defined Benefit Obligation	8 697 000	
General Earnings Inflation Rate ( + 1%)	9 237 000	6%
General Earnings Inflation Rate ( - 1%)	8 207 000	-6%
Discount Rate ( + 1% )	8 200 000	-6%
Discount Rate ( - 1% )	9 253 000	6%
Average Retirement Age ( + 2 years )	9 567 000	10%
Average Retirement Age ( - 2 years )	7 328 000	-16%
Rates of Termination of Services ( x 2 )	7 120 000	-18%
Rates of Termination of Services ( x 0.5 )	9 764 000	12%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the Municipality which aims to ensure that the cash position of the Municipality remains sufficient to cover all working capital requirements (which includes Long Service Awards when it becomes due).

Maturity analysis of the future undiscounted expected benefits to be paid in respect of the current eligible employees can be illustrated as follows:

<b>Future Year</b>	<b>Expected Benefit Payments R</b>	<b>% Contribution of Bracket</b>
Future year 1 - 10	14 588 000	30%
Future year 11 - 20	19 835 000	41%
Future year 21 - 30	13 036 000	27%
Future year 31 - 40	1 333 000	3%
Future year 40 + (considered insignificant to include in analysis)	-	0%
<b>Total future expected benefits to be paid</b>	<b>48 792 000</b>	<b>100%</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>18</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>		
<b>18.3</b>	<b>Defined Contribution Plans</b>		
	Council contributes to the following defined benefit plans:		
	Consolidated Retirement Fund	17 331 159	17 201 208
	LA Retirement Fund	43 314	41 096
	Municipal Workers Retirement Fund	710 901	879 387
	<b>Total</b>	<b>18 085 374</b>	<b>18 121 691</b>

The retirement benefit funds are 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.

The Municipality previously assessed the Consolidated Retirement Fund and LA Retirement Fund to be multi-employer defined benefit plans. This assessment was however incorrect as the Municipality's obligation is only limited to the contributions made to the said funds. This is in contrast to the former funds (Cape Joint Retirement Fund and Cape Joint Pension Fund) which were deemed to be defined benefit plans. Accordingly, any contributions previously disclosed as defined benefit plans are now included as part of the defined contributions plans, which resulted in the comparative amount being restated from R879 387 to R18 121 691.

## 19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	<b>67 229 025</b>	<b>61 734 200</b>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	61 734 200	56 437 135
Contribution during the year	5 494 825	5 297 065
Increase/(decrease) in estimate added to /(deducted from) cost of related asset	(299 991)	(488 449)
Decrease in estimate recognised in surplus	(1 211 935)	(171 826)
Interest Cost	7 006 751	5 957 340
<b>Total</b>	<b>67 229 025</b>	<b>61 734 200</b>

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.

The future obligations for rehabilitating the landfill sites has been calculated using a discount rate (SA Bond yield) between 8.94% - 11.70% depending on the remaining useful life of the landfill-sites.

The total obligation at year-end can be attributed to the following sites:

Location	Discount Rate	Site Dimension (m <sup>2</sup> )	Rehabilitation cost per m <sup>2</sup> (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Bitterfontein	11.70%	4 658	1 392	3 694 693	4 399 576
Doringbaai	11.70%	13 297	470	4 214 866	3 730 905
Klawer	11.70%	11 895	593	4 253 940	3 762 175
Kliprand	8.94%	1 818	1 986	3 089 149	2 446 854
Lutzville	8.94%	45 805	328	13 678 295	12 476 800
Nuwerus	11.70%	3 276	963	1 901 967	1 682 182
Rietpoort	11.70%	796	3 262	1 479 912	1 755 637
Strandfontein	11.70%	9 607	512	3 319 655	2 835 133
VanRhynsdorp	11.70%	31 345	971	12 554 757	11 763 147
Vredendal	11.70%	55 062	326	10 817 654	9 557 190
Ebenhaeser	11.70%	3 918	1 057	2 793 485	2 480 322
Koekenaap	11.70%	5 044	1 696	5 430 653	4 844 279
<b>Total</b>				<b>67 229 025</b>	<b>61 734 200</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

**Figures in Rand** 2024 2023

### 19 NON-CURRENT PROVISIONS (CONTINUED)

The estimate cost, based on an average inflation rate of 5.59% (2023 - 5.59%), and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Bitterfontein	2034	11 171 464	8 637 565
Doringbaai	2031	9 144 416	9 171 806
Klawer	2033	11 515 158	11 580 834
Kliprand	2029	4 740 406	4 803 840
Lutzville	2027	17 685 527	17 727 347
Nuwerus	2033	5 148 509	5 178 140
Rietpoort	2034	4 474 738	3 446 794
Strandfontein	2031	7 202 200	6 969 701
VanRhynsdorp	2040	72 709 007	70 064 063
Vredendal	2033	29 282 737	29 419 217
Ebenhaeser	2031	6 060 640	6 097 458
Koekenaap	2033	13 960 343	14 144 637
<b>Total</b>		<b>193 095 144</b>	<b>187 241 402</b>

### 20 PROPERTY RATES

Rateable Land and Buildings	51 774 465	50 301 491
Less: Rebates	(433 089)	(751 799)
<b>Total</b>	<b>51 341 376</b>	<b>49 549 692</b>

Property rate levied are based on the following rateable valuations:

Domestic	3 639 521 500	3 687 968 500
Commercial	895 380 000	886 307 500
Church	142 687 000	142 687 000
Light Industrial	174 760 000	174 760 000
Agricultural/Rural	4 105 258 000	4 053 872 500
State	432 698 000	423 445 000
Other - Pensioners etc.	70 930 000	78 246 000
Vacant Land	207 278 900	209 928 900
<b>Total Valuation</b>	<b>9 668 513 400</b>	<b>9 657 215 400</b>

Rate that is applicable to the valuations:

Residential (40% rebate on Residential - Agricultural)	0.008075 c/R	0.008240 c/R
Business and Commercial	0.013279 c/R	0.012551 c/R
Agricultural	0.001994 c/R	0.001885 c/R

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

Rates are levied monthly and annually. Monthly rates are payable by the end of the 25th of each month in which the amount was levied and annual rates are payable before 30 September.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it. Rebates on tariffs are granted as follows:

- Agricultural - 30% discount on agriculture land
- Agricultural - 40% Rebate on Residential -Agriculture properties - residential tariff
- Pensioners - 75 % discount where income of less than R10 000 per residential erven
- Pensioners - 25 % discount where income of between R10 001 and R15 000 per residential erven



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>21 GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b>Unconditional Grants - National Government</b>	<b>76 264 000</b>	<b>69 892 000</b>
Equitable Share	76 264 000	69 892 000
<b>Conditional Grants - National Government</b>	<b>46 327 826</b>	<b>45 253 258</b>
Financial Management Grant (FMG)	1 771 000	1 771 000
Municipal Infrastructure Grant (MIG)	23 062 999	23 817 000
Expanded Public Works Programme (EPWP)	2 859 000	1 569 000
Water Services Infrastructure Grant (WSIG)	12 099 546	8 096 258
Regional Bulk Infrastructure Grant (RBIG)	-	10 000 000
Integrated National Electrification Programme (INEP)	6 535 281	-
<b>Conditional Grants - Provincial Government</b>	<b>21 974 141</b>	<b>13 154 639</b>
Community Development Workers (CDW)	94 000	182 690
Libraries, Archives and Museums	8 660 975	7 757 851
Western Cape Financial Management Support Grant	295 976	544 500
Municipal Capacity Building Grant	430 926	193 765
Municipal Service Delivery and Capacity Building Grant	1 027 711	172 289
Thusong Services Centres	-	-
Human Settlements	7 878 109	2 514 648
Transport, Education and Training SETA	288 158	288 898
Sport and Recreational Facilities	-	-
Municipal Interventions Grant	400 000	450 000
Emergency Municipal Load-Shedding Relief Grant	-	1 049 999
Municipal Financial Recovery Services Grant	999 908	-
Water Resilience Grant	1 878 845	-
Maintenance of Main Roads	19 534	-
<b>Conditional Grants - District Municipality</b>	<b>-</b>	<b>-</b>
West Coast District Municipality (COVID 19 Relief)	-	-
<b>Total</b>	<b>144 565 966</b>	<b>128 299 897</b>
As previously reported		129 455 419
Correction of error restatement - note 47.3		(1 155 522)
Restated balance		128 299 897
Disclosed as:		
Government Grants and Subsidies - Operating	98 760 143	88 967 422
Government Grants and Subsidies - Capital	45 805 823	39 332 475
<b>Total</b>	<b>144 565 966</b>	<b>128 299 897</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	76 264 000	69 892 000
Vote 1 - Municipal Manager	-	-
Vote 2 - Development & Planning	-	-
Vote 3 - Financial Services	2 201 926	-
Vote 4 - Technical Services	48 778 799	-
Vote 5 - Community Services	16 633 084	-
Vote 6 - Corporate Services	688 158	-
Vote 1 - Municipal Manager	-	-
Vote 2 - Financial Services	-	1 946 950
Vote 3 - Corporate Management	-	8 247 253
Vote 4 - Development Planning	-	3 635 379
Vote 5 - Technical Services	-	44 578 315
<b>Total</b>	<b>144 565 966</b>	<b>128 299 897</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>21</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	The movements per grant can be summarised as follows:		
<b>21.01</b>	<b>Equitable Share</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	76 264 000	69 892 000
	Transferred to Revenue - Operating	(76 264 000)	(69 892 000)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	-	-
	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.		
<b>21.02</b>	<b>Financial Management Grant (FMG)</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	1 771 000	1 771 000
	Transferred to Revenue - Operating	(1 669 309)	(1 771 000)
	Transferred to Revenue - Capital	(101 691)	-
	Closing Unspent Balance	-	-
	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).		
<b>21.03</b>	<b>Municipal Infrastructure Grant (MIG)</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	23 062 999	23 817 000
	Transferred to Revenue - Operating	(4 082 118)	(4 084 770)
	Transferred to Revenue - Capital	(18 980 881)	(19 732 230)
	Closing Unspent Balance	-	-
	The Municipal Infrastructure Grant was used for capital projects relating to roads, sport and recreation and waste water infrastructure as well as salaries of the Project Management Unit (PMU).		
<b>21.04</b>	<b>Expanded Public Works Programme (EPWP)</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	2 859 000	1 569 000
	Transferred to Revenue - Operating	(2 859 000)	(1 569 000)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
<b>21.05</b>	<b>Water Services Infrastructure Grant (WSIG)</b>		
	Opening Unspent Balance	1 099 546	9 896 804
	Grants Received / (Repaid)	11 000 000	(701 000)
	Transferred to Revenue - Operating	(1 578 031)	(1 056 034)
	Transferred to Revenue - Capital	(10 521 515)	(7 040 224)
	Closing Unspent Balance	-	1 099 546
	The Water Services Infrastructure Grant was utilised to increase accessibility to water resources and upgrading of sewerage services for all residents.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>	<b>2024</b>	<b>2023</b>
<b>21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>21.06 Regional Bulk Infrastructure Grant (RBIG)</b>		
Opening Unspent Balance	20 000 000	-
Grants Received / (Repaid)	(20 000 000)	30 000 000
Transferred to Revenue - Operating	-	(1 309 437)
Transferred to Revenue - Capital	-	(8 690 562)
Closing Unspent Balance	<u>-</u>	<u>20 000 000</u>
This grant was utilised to increase accessibility to water resources in Klawer.		
<b>21.07 Integrated National Electrification Programme (INEP)</b>		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	8 325 000	-
Transferred to Revenue - Operating	(765 689)	-
Transferred to Revenue - Capital	(5 769 592)	-
Other Transfers	(644 833)	-
Closing Unspent Balance	<u>1 144 886</u>	<u>-</u>
This grant was utilised to increase accessibility to electricity resources in Vredendal North and Lutzville.		
<b>21.08 Community Development Workers (CDW)</b>		
Opening Unspent Balance	5 310	198 300
Grants Received / (Repaid)	88 690	(10 300)
Transferred to Revenue - Operating	(94 000)	(182 690)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	<u>-</u>	<u>5 310</u>
The grant was used for operating expenses relating to the Community Development Workers (CDW) programme.		
<b>21.09 Libraries, Archives and Museums</b>		
Opening Unspent Balance	616 627	671 000
Grants Received / (Repaid)	8 044 348	7 703 478
Transferred to Revenue - Operating	(8 088 543)	(7 707 388)
Transferred to Revenue - Capital	(572 432)	(50 463)
Closing Unspent Balance	<u>-</u>	<u>616 627</u>
The grant was used to finance library activities in the municipal area.		
<b>21.10 Western Cape Financial Management Support Grant</b>		
Opening Unspent Balance	295 975	840 475
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	(295 975)	(544 500)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	<u>-</u>	<u>295 975</u>
The grant was used to implement standard operating procedures (SOP's) and implementation of mSCOA.		
<b>21.11 Municipal Capacity Building Grant</b>		
Opening Unspent Balance	737 555	192 829
Grants Received / (Repaid)	(284 779)	738 491
Transferred to Revenue - Operating	(430 926)	(193 765)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	<u>21 850</u>	<u>737 555</u>
The grant was used to assist students with academic study fees.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>21</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>21.12</b>	<b>Municipal Service Delivery and Capacity Building Grant</b>		
	Opening Unspent Balance	-	31 485
	Grants Received / (Repaid)	1 500 000	(31 485)
	Transferred to Revenue - Operating	(1 027 711)	(172 289)
	Transferred to Revenue - Capital	-	-
	Other Transfers	(172 289)	172 289
	Closing Unspent Balance	<u>300 000</u>	<u>-</u>
	The grant was used to assist Vredendal North home work hub.		
<b>21.13</b>	<b>Thusong Services Centres</b>		
	Opening Unspent Balance	-	147 822
	Grants Received / (Repaid)	-	(147 822)
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The grant was used for operational maintenance of Thusong centres.		
<b>21.14</b>	<b>Human Settlements</b>		
	Opening Unspent Balance	22	1 610 317
	Grants Received / (Repaid)	10 526 134	904 353
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	(7 878 109)	(2 514 648)
	Closing Unspent Balance	<u>2 648 047</u>	<u>22</u>
	The grant was used to facilitate and provide basic infrastructure and title deed transfers.		
<b>21.15</b>	<b>Transport, Education and Training SETA</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	288 158	288 898
	Transferred to Revenue - Operating	(288 158)	(288 898)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The grant was used for training of municipal officials.		
<b>21.16</b>	<b>Sport and Recreational Facilities</b>		
	Opening Unspent Balance	800 000	800 000
	Grants Received / (Repaid)	(800 000)	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	<u>-</u>	<u>800 000</u>
	The grant will be used for the construction of netball fields in Doringbaai.		
<b>21.17</b>	<b>Municipal Interventions Grant</b>		
	Opening Unspent Balance	-	-
	Grants Received / (Repaid)	1 277 000	450 000
	Transferred to Revenue - Operating	(52 174)	(58 696)
	Transferred to Revenue - Capital	(347 826)	(391 304)
	Closing Unspent Balance	<u>877 000</u>	<u>-</u>
	The grant was used for the purchase of a TLB tractor.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>		
<b>21.18 Emergency Municipal Load-Shedding Relief Grant</b>		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	-	1 050 000
Transferred to Revenue - Operating	-	(136 956)
Transferred to Revenue - Capital	-	(913 043)
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>
The grant was used for back-up generators purchased for the supply of water.		
<b>21.19 Municipal Financial Recovery Services Grant</b>		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	999 908	-
Transferred to Revenue - Operating	(999 908)	-
Transferred to Revenue - Capital	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>
The grant was used for back-up generators purchased for the supply of water.		
<b>21.20 Water Resilience Grant</b>		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	3 172 000	-
Transferred to Revenue - Operating	(245 067)	-
Transferred to Revenue - Capital	(1 633 778)	-
	<u>1 293 155</u>	<u>-</u>
Closing Unspent Balance	<u>1 293 155</u>	<u>-</u>
The grant was used for back-up generators purchased for the supply of water.		
<b>21.21 Maintenance of Main Roads</b>		
Opening Unspent Balance	-	-
Grants Received / (Repaid)	19 534	-
Transferred to Revenue - Operating	(19 534)	-
Transferred to Revenue - Capital	-	-
	<u>-</u>	<u>-</u>
Closing Unspent Balance	<u>-</u>	<u>-</u>
The grant was used for back-up generators purchased for the supply of water.		
<b>21.22 West Coast District Municipality (COVID 19 Relief)</b>		
Opening Unspent Balance	42 580	42 580
Grants Received / (Repaid)	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
	<u>42 580</u>	<u>42 580</u>
Closing Unspent Balance	<u>42 580</u>	<u>42 580</u>
The grant was used for COVID-19 related marketing and procurement of personal protective equipment.		
<b>21.23 Total Grants</b>		
Opening Unspent Balance	23 597 617	14 431 612
Grants Received / (Repaid)	128 112 992	137 293 613
Transferred to Revenue - Operating	(98 760 143)	(88 967 422)
Transferred to Revenue - Capital	(45 805 823)	(39 332 475)
Other Transfers	(817 122)	172 289
	<u>6 327 521</u>	<u>23 597 617</u>
Closing Unspent Balance	<u>6 327 521</u>	<u>23 597 617</u>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>22</b>	<b>PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
	Tormin Mineral Sands	329 572	-
	<b>Total</b>	<b>329 572</b>	<b>-</b>
	Disclosed as:		
	Public Contributions and Donations - Operating	329 572	-
	Public Contributions and Donations - Capital	-	-
	<b>Total</b>	<b>329 572</b>	<b>-</b>
	The movements per grant can be summarised as follows:		
<b>22.01</b>	<b>Tormin Mineral Sands</b>		
	Opening Unspent Balance	612 415	612 415
	Received	-	-
	Transferred to Revenue - Operating	(329 572)	-
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	282 843	612 415
	The contribution was used for upgrading of Doringbaai Fish Stain Facility.		
<b>23</b>	<b>CONTRIBUTED ASSETS</b>		
	Property, Plant and Equipment	248 957	2 169 344
	<b>Total</b>	<b>248 957</b>	<b>2 169 344</b>
	Contributed Assets consists out of the following:		
	- Mini-Substation	-	1 564 341
	- Ebenhaeser Sports grounds Ablution Upgrade	-	605 003
	- Substation Telemetry	29 132	-
	- Kiosk	157 321	-
	- Computer Equipment	18 792	-
	- Computer and Office Equipment	43 712	-
	<b>Total</b>	<b>248 957</b>	<b>2 169 344</b>
	The contributed assets were donated from the following parties:		
	- Echo Canyon	-	1 564 341
	- Tronox	-	605 003
	- Vredendal Solar Power Park	29 132	-
	- Vredendal Namaqua Eiendomme	157 321	-
	- Saldanha Bay Local Municipality	18 792	-
	- Insurance company replaced the assets rather than paying a refund	43 712	-
	<b>Total</b>	<b>248 957</b>	<b>2 169 344</b>
<b>24</b>	<b>AVAILABILITY CHARGES</b>		
	Electricity	1 748 151	1 614 768
	Water	1 428 188	1 311 860
	Sewerage and Sanitation	1 134 976	1 099 650
	Refuse Removal	127 409	118 043
	<b>Total</b>	<b>4 438 723</b>	<b>4 144 322</b>
	Availability charges are levied where the Municipality has installed the relevant infrastructure networks (relating to water, electricity, sewerage and solid waste) in the area where the consumer resides, but the consumer has not requested to be and is not connected to the networks.		

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>25</b>	<b>FINES, PENALTIES AND FORFEITS</b>		
	Traffic Fines	10 266 785	9 793 350
	Retentions	-	559 373
	Overdue Book Fines	11 633	12 489
	Building	-	580
	<b>Total</b>	<b>10 278 418</b>	<b>10 365 793</b>
	In terms of the requirements of GRAP 23 and IGRAP 1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
<b>26</b>	<b>FAIR VALUE ADJUSTMENT GAINS</b>		
	Actuarial Gains	2 162 847	8 457 079
	Post Retirement Medical Benefits	2 007 660	7 879 209
	Long Service Awards	155 187	577 870
	Investment Property	1 909 400	5 222 918
	Landfill Sites - iGRAP 2 adjustments	1 211 935	171 826
	Off-Market Portion of Municipal Debt Relief	19 590 510	-
	<b>Total</b>	<b>24 874 692</b>	<b>13 851 823</b>
	As previously reported		5 234 918
	Correction of error restatement - note 47.2		(12 000)
	Reclassification - note 48		8 628 905
	Restated balance		13 851 823
	The actuarial gains mainly originated as a result of an increase in the net discount rate being used by the actuaries to calculate the employee benefits.		
	The fair value adjustment gains on Investment Property relate to a change in the market value of properties held as Investment Properties.		
	Landfill Sites - iGRAP2 adjustments relate to a decrease in the landfill site's rehabilitation provision of which the decrease is in excess of the carrying value of the related asset.		
	The off-market portion of Municipal Debt Relief relates to the interest benefit received by the Municipality on the Municipal Debt Relief as disclosed in note 12.4. The Municipal Debt Relief is interest free for a period of three years. The interest benefit is calculated by using a market related discount rate of 10.16%.		
<b>27</b>	<b>DEBT FORGIVENESS</b>		
	Eskom Holdings SOC Ltd	11 710 418	-
	<b>Total</b>	<b>11 710 418</b>	<b>-</b>
	Eskom permanently suppressed interest on the Municipal Debt Relief from 1 April 2023 up to the effective date, being 31 August 2023. Interest charged by Eskom during the afore-mentioned period was subsequently written off.		
<b>28</b>	<b>OTHER INCOME (NON-EXCHANGE)</b>		
	Incidental Cash Surpluses	9 342	11 145
	Insurance Refund	167 536	1 876 676
	Staff Recoveries	36 350	2 540
	Unclaimed Money	956 922	1 119 226
	Gains on Foreign Exchange Transactions	31 529	-
	<b>Total</b>	<b>1 201 678</b>	<b>3 009 587</b>
	As previously reported		3 181 413
	Reclassification - note 48		(171 826)
	Restated balance		3 009 587



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>29</b>	<b>SERVICE CHARGES</b>		
	Electricity	149 025 521	134 529 189
	Water	38 277 476	28 816 412
	Sewerage and Sanitation	33 037 722	29 101 720
	Refuse Removal	34 782 058	28 195 004
	<b>Total Revenue</b>	<b>255 122 776</b>	<b>220 642 325</b>
	Less: Rebates	(5 944 166)	(11 537 734)
	Electricity	(213 235)	(258 001)
	Water	(945 194)	(756 741)
	Sewerage and Sanitation	(2 535 270)	(5 635 147)
	Refuse Removal	(2 250 467)	(4 887 846)
	<b>Total</b>	<b>249 178 610</b>	<b>209 104 591</b>
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
<b>30</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Halls and Sportfields	349 153	434 827
	Buildings	1 454 869	1 548 722
	Equipment	11 530	217
	<b>Total</b>	<b>1 815 553</b>	<b>1 983 766</b>
<b>31</b>	<b>INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
	Banking Institutions	1 495 383	1 398 999
	Eskom Deposits	233 323	19 788
	<b>Total</b>	<b>1 728 706</b>	<b>1 418 787</b>
<b>32</b>	<b>INTEREST EARNED - OUTSTANDING DEBTORS</b>		
	Outstanding Debtors	16 363 919	7 592 133
	<b>Total</b>	<b>16 363 919</b>	<b>7 592 133</b>
	Interest is charged at a rate of prime +1% on overdue accounts.		
<b>33</b>	<b>LICENCES AND PERMITS</b>		
	Hoarding (Collecting/Storing)	32 075	40 392
	Trading	2 480	3 090
	Road and Transport	978 813	944 260
	Market Porters	7 837	8 610
	<b>Total</b>	<b>1 021 206</b>	<b>996 352</b>
	The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.		

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>34 AGENCY SERVICES</b>		
Department of Transport and Public Works	4 390 080	4 155 961
Department of Human Settlements	-	-
<b>Total</b>	<b>4 390 080</b>	<b>4 155 961</b>
<p>The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.</p> <p>The Municipality acts as an agent for the Department of Human Settlements and the beneficiaries of the developed low-cost housing.</p> <p>Refer to note 59.2 for additional disclosure in this regard.</p>		
<b>35 OTHER INCOME (EXCHANGE)</b>		
Sales of Goods and Rendering of Services	4 208 104	3 870 511
Advertisements	18 709	7 199
Application Fees for Town Planning	107 059	71 097
Building Plan Approval and Clause Levy	320 587	529 147
Camping Fees	3 190 266	2 724 706
Cemetery and Burial	274 215	272 875
Clearance Certificates	109 834	111 590
Photocopies and Faxes	24 717	18 341
Sub-division, Rezoning and Consolidation Fees	54 930	66 780
Tender documents	102 458	66 790
Sundry Income	5 329	1 987
Operational Revenue	1 463 721	788 114
Roadworthy Certificates	506 099	437 384
Collection Charges	-	6 681
Commission	163 981	173 182
Development Charges	143 504	21 769
Sundry Income	650 137	149 099
<b>Total</b>	<b>5 671 825</b>	<b>4 658 626</b>
<b>36 EMPLOYEE RELATED COSTS</b>		
Basic Salaries and Wages	113 735 514	112 683 017
Pension and UIF Contributions	18 871 108	18 878 777
Medical Aid Contributions	5 192 311	4 953 277
Overtime	6 379 204	5 892 552
Motor Vehicle Allowances	8 255 550	9 016 900
Cell Phone Allowances	327 092	316 080
Housing Allowances	512 671	677 069
Other benefits and allowances	6 250 674	6 698 085
Bargaining Council	60 007	59 519
Group Life Insurance	2 666 159	3 337 977
Standby Allowances	3 524 508	3 300 589
Contributions to Employee Benefits	13 534 685	12 420 712
Bonuses	8 759 348	8 738 398
Staff Leave	2 084 979	500 032
Performance Bonus	499 358	776 282
Long Service Awards	721 000	728 000
Post Retirement Medical Benefits	1 470 000	1 678 000
Workmens Compensation Fund	958 617	896 554
<b>Total</b>	<b>174 017 426</b>	<b>172 433 024</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>36 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>36.01 Remuneration of Management Personnel</b>		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
<b>Municipal Manager - Mr GRJ Seas (18 November 2021 - 30 April 2023)</b>		
Basic Salary	-	911 840
Pension and UIF Contributions	-	1 771
Performance Bonus	-	120 878
Motor Vehicle Allowance	-	263 138
Cell Phone Allowance	-	34 000
Other benefits and allowances	-	217 718
<b>Total</b>	<u>-</u>	<u>1 549 344</u>
<b>Municipal Manager - Mr LJ Phillips (1 November 2023 - current)</b>		
Basic Salary	656 572	-
Pension and UIF Contributions	1 417	-
Medical Aid Contributions	16 706	-
Motor Vehicle Allowance	220 559	-
Cell Phone Allowance	80 000	-
Other benefits and allowances	90 134	-
<b>Total</b>	<u>1 065 388</u>	<u>-</u>
<b>Chief Financial Officer - Mr ER Alfred (4 May 2020 - current)</b>		
Basic Salary	763 364	612 092
Pension and UIF Contributions	2 125	2 125
Performance Bonus	167 492	160 210
Motor Vehicle Allowance	325 560	293 201
Cell Phone Allowance	40 800	40 800
Other benefits and allowances	356 922	424 369
<b>Total</b>	<u>1 656 263</u>	<u>1 532 798</u>
<b>Director: Community Development Services - Mr LJ Phillips (1 January 2007 - 10 December 2023)</b>		
Basic Salary	354 081	952 120
Pension and UIF Contributions	708	2 125
Medical Aid Contributions	7 932	23 155
Performance Bonus	167 492	160 210
Motor Vehicle Allowance	52 040	232 902
Cell Phone Allowance	13 600	40 800
Other benefits and allowances	382 179	165 276
<b>Total</b>	<u>978 033</u>	<u>1 576 589</u>
<b>Director: Community Services - Mr RF Saul (1 November 2023 - Current)</b>		
Basic Salary	546 734	-
Pension and UIF Contributions	1 417	-
Motor Vehicle Allowance	147 772	-
Cell Phone Allowance	25 000	-
Other benefits and allowances	59 442	-
<b>Total</b>	<u>780 366</u>	<u>-</u>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>36</b>	<b>EMPLOYEE RELATED COSTS (CONTINUED)</b>		
	<b>Director: Infrastructure Services - Mr R Basson (11 April 2022 - 30 September 2022)</b>		
	Basic Salary	-	259 518
	Pension and UIF Contributions	-	531
	Cell Phone Allowance	-	3 711
	Other benefits and allowances	-	45 986
	<b>Total</b>	-	<b>309 747</b>
	<b>Director: Infrastructure Services - Z Nongene (1 January 2023 - 28 February 2023)</b>		
	Basic Salary	-	141 869
	Pension and UIF Contributions	-	354
	Medical Aid Contributions	-	7 656
	Motor Vehicle Allowance	-	26 088
	Cell Phone Allowance	-	6 800
	Other benefits and allowances	-	26 950
	<b>Total</b>	-	<b>209 717</b>

### 36.02 Employee acting in management positions

The following employees acted in management positions for a significant time during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position	Number of days in acting position		2024	2023
		2024	2023		
RF Saul	Municipal Manager	12	0	18 437	-
LJ Phillips	Municipal Manager	86	61.21	90 058	81 800
Z Nongene	Director: Infrastructure Services	0	21	-	18 164
D Wessels	Director: Development & Planning	84.87	76.55	69 162	58 812
ER Alfred	Director: Corporate Services	62	0	81 140	-
RF Saul	Director: Community Services and Director: Corporate Services	86	186	73 433	147 786
<b>Total</b>				<b>332 230</b>	<b>306 561</b>

RF Saul acted as both Director: Community Services and Director: Corporate Services simultaneously for a period of 86 days (2023: 186 days).

### 37 REMUNERATION OF COUNCILLORS

ClIr HJ van der Hoven	1 002 843	927 485
ClIr A Sindyamba	807 312	750 149
ClIr AFK Job	812 029	750 149
ClIr WH Nell	8 475	208 529
ClIr XP Tshetu	254 773	-
ClIr CA le Fleur	348 833	321 403
ClIr S Tshali	97 689	367 780
ClIr SP Cornelissen	764 327	705 815
ClIr AJ Pool	350 699	321 403
ClIr DA Witbooi	436 042	395 564
ClIr C White	764 327	705 815
ClIr TJ Muller	350 699	321 403
ClIr J Koopman	434 483	354 530
ClIr SJ Tshabalala	350 699	321 403
ClIr CJ Boks	764 397	701 682
ClIr M Bottom	348 833	314 778
ClIr C Van Der Westruis	341 562	93 311
<b>Total</b>	<b>8 238 021</b>	<b>7 561 198</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>37</b>	<b>REMUNERATION OF COUNCILLORS (CONTINUED)</b>		
		<b>Basic Salary</b>	<b>Allowances</b>
			<b>Total</b>
	<b>2024</b>		
	Executive Mayor	781 901	220 942
	Deputy Executive Mayor	763 259	48 770
	Speaker	663 095	144 217
	Executive Committee Members	2 146 741	146 310
	All Other Councillors	2 770 672	552 114
	<b>Total</b>	<b>7 125 668</b>	<b>1 112 354</b>
	<b>2023</b>		
	Executive Mayor	714 513	212 972
	Deputy Executive Mayor	709 349	40 800
	Speaker	616 825	133 324
	Executive Committee Members	1 987 894	121 961
	All Other Councillors	2 576 511	447 049
	<b>Total</b>	<b>6 605 092</b>	<b>956 106</b>
	<b>In-kind Benefits</b>		
	The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee member serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.		
	Councillors may utilize municipal transportation when engaged in official duties.		
<b>38</b>	<b>DEBT IMPAIRMENT</b>		
	Receivables from Exchange Transactions	42 263 954	32 605 632
	Receivables from Non-Exchange Transactions	12 647 629	13 937 529
	Long-term Receivables	1 176 189	837 620
	<b>Total Debt Impairment</b>	<b>56 087 773</b>	<b>47 380 781</b>
	Movement in VAT included in debt impairment	(4 227 119)	(2 855 218)
	<b>Total</b>	<b>51 860 653</b>	<b>44 525 563</b>
<b>39</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property, Plant and Equipment	23 517 999	23 612 237
	Intangible Assets	2 055	102 375
	<b>Total</b>	<b>23 520 054</b>	<b>23 714 612</b>
	As previously reported		23 714 696
	Correction of error restatement - note 47.2		(84)
	Restated balance		23 714 612
<b>40</b>	<b>IMPAIRMENTS</b>		
	Property, Plant and Equipment	1 553 377	2 259 693
	<b>Total</b>	<b>1 553 377</b>	<b>2 259 693</b>
	Impairment was identified on items that are in poor conditions which are subject to refurbishment in order restore them to a functional condition.		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>41</b>	<b>FINANCE CHARGES</b>		
	<b>Cash</b>	9 167 425	17 159 106
	Long-term Liabilities	1 222 426	1 325 438
	Bank Overdraft	1 628 714	1 150 163
	Overdue Accounts	6 316 286	14 683 505
	<b>Non-cash</b>	19 802 863	11 007 340
	Post Retirement Medical Benefits	4 002 000	4 199 000
	Long Service Awards	912 000	851 000
	Rehabilitation of Landfill Sites	7 006 751	5 957 340
	Municipal Debt Relief	7 882 111	-
	<b>Total</b>	<b>28 970 288</b>	<b>28 166 446</b>
	Finance charges on overdue accounts mainly relate to interest which was charged by Eskom on overdue accounts. Eskom interest amounting to R11 710 418 was written-off in the 2023/24 financial year upon the approval of the Municipal Debt Relief application.		
	Finance charges on the Municipal Debt Relief relate to the unwinding of the interest free loan at a rate of 10.16%		
<b>42</b>	<b>BULK PURCHASES</b>		
	Electricity	132 569 826	121 620 623
	Water	8 997 886	7 641 559
	<b>Total</b>	<b>141 567 713</b>	<b>129 262 183</b>
	Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from Lower Olifants River Water User Association.		
<b>43</b>	<b>CONTRACTED SERVICES</b>		
	Accounting and Auditing	1 378 464	1 004 971
	Audit Committee	21 811	46 006
	Business and Financial Management	2 491 085	1 409 237
	Catering Services	16 813	71 835
	Commissions and Committees	253 040	163 162
	Electrical	257 370	528 140
	Employee Wellness	-	48 453
	Fire Protection	68 418	26 537
	Fire Services	544 415	984 183
	First Aid	16 367	12 000
	Graves Contractors	20 000	130 000
	Human Resources	-	90 490
	Internal Auditors	828 500	846 500
	Laboratory Services	397 446	382 413
	Legal Cost	21 512	2 000
	Maintenance Services	2 103 092	1 953 289
	Management of Informal Settlements	2 726	1 654
	Medical Services	13 292	68 017
	Quality Control	-	210 775
	Security Services	229 562	192 786
	Traffic Fines Management	189 110	125 870
	Translators, Scribes and Editors	-	4 500
	Transport Services	7 800	56 470
	Valuer and Assessors	42 913	144 965
	Pest Control	1 582	-
	<b>Total</b>	<b>8 905 319</b>	<b>8 504 252</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>44</b>	<b>TRANSFERS AND GRANTS</b>		
	Life Guards	96 730	114 783
	Development Programmes	292 914	20 030
	Poverty Relief	-	24 230
	Tourism	1 478 939	1 404 500
	Bursaries	93 036	142 765
	Social Relief	40 768	40 273
	<b>Total</b>	<b>2 002 388</b>	<b>1 746 581</b>
<b>45</b>	<b>OTHER EXPENDITURE</b>		
	Advertising, Publicity and Marketing	394 550	245 359
	Audit Fees	2 865 479	2 878 122
	Bank Charges, Facility and Card Fees	898 142	924 539
	Chemicals	995 015	833 637
	Cleaning Materials	86 576	139 554
	Commission	3 098 237	2 657 037
	Prepaid Electricity Vendors	3 090 646	2 641 742
	Other Third Party Vendors	7 591	15 296
	Communication	717 199	929 999
	Telephone, Fax, Telegraph and Telex	692 328	918 770
	Postage, Stamps and Franking Machines	15 913	5 886
	Licences (Radio and Television)	8 959	5 344
	Entertainment	1 662	1 214
	External Computer Service	3 446 628	2 065 836
	Fuel	7 602 001	7 438 351
	Full Time Union Representative	171 928	125 249
	Hire Charges	2 936 671	2 185 259
	Insurance Underwriting	1 991 995	1 950 156
	Licences	275 481	283 212
	Loss on Foreign Exchange Transactions	596	60 818
	Maintenance Materials	5 964 102	8 383 000
	Management Fee	30 777	41 055
	Electricity - Internal usage	4 018 866	3 083 093
	Printing, Publications and Books	1 391 939	1 364 366
	Professional Bodies, Membership and Subscription	1 980 872	1 939 711
	Registration Fees	99 659	350 334
	Skills Development Fund Levy	1 445 738	1 434 548
	System Access and Information Fees	29 155	31 345
	Travel and Subsistence	490 470	812 200
	Uniform and Protective Clothing	893 696	634 644
	Vehicle Tracking	118 339	99 765
	Ward Committees	35 350	8 750
	Sundries and Other Consumables	151 812	232 332
	<b>Total</b>	<b>42 132 935</b>	<b>41 133 483</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>		<b>2024</b>	<b>2023</b>
<b>46</b>	<b>GAIN/LOSS ON DISPOSAL OF NON-MONETARY ASSETS</b>		
	Proceeds	3 981 699	3 837 093
	Less: Carrying value of Investment Property disposed	(4 287 200)	(3 011 000)
	Less: Carrying value of Property, Plant and Equipment disposed	(367 134)	(1 470 161)
	Less: Carrying value of Intangible Assets	-	(256)
	<b>Total</b>	<b>(672 635)</b>	<b>(644 324)</b>
	As previously reported		(644 068)
	Correction of error restatement - note 47.2		(256)
	Restated balance		(644 324)
<b>47</b>	<b>PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS</b>		
<b>47.1</b>	<b>Investment Property</b>		
	The following errors were noted:		
	- Properties with a fair value of R87 000 of which the Municipality does not exercise control, were incorrectly included in the asset register.		
	- Properties with a fair value of R155 000 were incorrectly classified as Investment Property, rather than Property, Plant and Equipment.		
	The net effect of the above-mentioned were as follows:		
	- Investment Property - note 9	Overstated	(242 000)
	- Property, Plant and Equipment - note 10	Understated	185 000
	- Fair Value Adjustment Gains - note 26	Overstated	(12 000)
	- Accumulated Surplus - note 47.4	Overstated	(45 000)
<b>47.2</b>	<b>Property, Plant and Equipment</b>		
	The following errors were noted:		
	- Assets with a carrying value of R12 428 of which the Municipality does not exercise control, were incorrectly included in the asset register.		
	- A minor error occurred during the unbundling of infrastructure assets, resulting that depreciation amounting to R2 201 was not calculated.		
	- Intangible Assets with a carrying value of R256 was disposed during the 2022/23 financial year, but not removed from the asset register.		
	The net effect of the above-mentioned were as follows:		
	- Property, Plant and Equipment - note 10	Overstated	(14 629)
	- Intangible Assets - note 11	Overstated	(1)
	- Depreciation and Amortisation - note 39	Overstated	(84)
	- Loss on disposal of Non-Monetary Assets - note 46	Overstated	(256)
	- Accumulated Surplus - note 47.4	Overstated	(14 457)



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

**Figures in Rand** 2024 2023

### 47 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERRORS (CONTINUED)

#### 47.3 Output VAT on Library Grants

In prior years, all funds received from the Department of Cultural Affairs and Sport (DCAS) relating to the library services were treated as zero rated grants and accordingly no Output VAT was declared on the said funds.

During the 2022/23 statutory audit, the Auditor-General issued a finding that the funds being received from the DCAS are in deed for services being rendered to the Department, as the library function has not been assigned to municipalities. Given the afore-mentioned, it was concluded that the standard VAT rate of 15% be applied, resulting in Output VAT being payable to SARS.

During the current year, the Municipality requested a Section 41B VAT class ruling from the South African Revenue Service (SARS). As at reporting date, no formal ruling has been issued by SARS. Preliminary discussions with SARS indicated that the ruling may not be favourable towards to Municipality. Given this, the Municipality took a conservation approach to recognised a provision in this regard, whereby Output VAT was calculated on funds received for the financial periods from 2018/19 to 2023/24. The afore-mentioned will result in the comparative figures being restated.

The net effect of the above-mentioned were as follows:

- Current Provisions - note 17	Understated	5 392 565
- Government Grants and Subsidies - Operating - note 21	Overstated	(1 155 522)
- Accumulated Surplus - note 47.4	Overstated	(4 237 043)

#### 47.4 Accumulated Surplus

Investment Property - note 47.1	Overstated	(45 000)
Property, Plant and Equipment - note 47.2	Overstated	(14 457)
Output VAT on Library Grants - note 47.3	Overstated	(4 237 043)
<b>Total</b>		(4 296 500)

### 48 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATION

In line with the requirements of GRAP 1, the Municipality resolved to reclassify the following items to reflect the nature of the item under a more appropriate line item in the Statement of Financial Performance:

Item	Previous Classification	Revised Classification	Amount
Post Retirement Medical Benefits	Actuarial Gains (removed)	Fair Value Adjustment Gains	7 879 209
Long Service Awards	Actuarial Gains (removed)	Fair Value Adjustment Gains	577 870
Landfill Sites - iGRAP 2 Adjustments	Other Income (Non-Exchange)	Fair Value Adjustment Gains	171 826



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>49 NET CASH FROM OPERATING ACTIVITIES</b>		
Net Surplus/(Deficit) for the year	45 718 891	(18 650 686)
Adjusted for:		
Non-cash revenue included in Net Surplus	(36 856 923)	(16 075 019)
Contributed Assets	(248 957)	(2 169 344)
Fair Value Adjustment Gains	(24 874 692)	(13 851 823)
Actuarial Gains	(2 162 847)	(8 457 079)
Investment Property	(1 909 400)	(5 222 918)
Landfill Sites - iGRAP 2 Adjustments	(1 211 935)	(171 826)
Off-Market Portion of Municipal Debt Relief	(19 590 510)	-
Debt Forgiveness	(11 710 418)	-
Rental of Facilities and Equipment - decrease in operating lease asset	(22 856)	(53 852)
Non-cash expenditure included in Net Surplus	110 944 268	94 572 245
Employee Related Costs - Contributions towards	13 534 685	12 420 712
Post Retirement Medical Benefits	1 470 000	1 678 000
Long Service Awards	721 000	728 000
Bonuses	8 759 348	8 738 398
Staff Leave	2 084 979	500 032
Performance Bonuses	499 358	776 282
Debt Impairment	51 860 653	44 525 563
Depreciation and Amortisation	23 520 054	23 714 612
Impairments	1 553 377	2 259 693
Finance Charges	19 802 863	11 007 340
Post Retirement Medical Benefits	4 002 000	4 199 000
Long Service Awards	912 000	851 000
Rehabilitation of Landfill Sites	7 006 751	5 957 340
Municipal Debt Relief	7 882 111	-
Loss on disposal of Non-Monetary Assets	672 635	644 324
Cash expenditure not included in Net Surplus	(13 111 640)	(12 607 062)
Post Retirement Medical Benefits	(1 652 340)	(1 618 791)
Long Service Awards	(1 108 813)	(590 130)
Bonuses	(8 695 892)	(8 766 306)
Staff Leave	(1 319 612)	(1 190 537)
Performance Bonus	(334 984)	(441 298)
Pension	-	-
Operating Surplus before changes in working capital	106 694 596	47 239 479
Movement in working capital	(70 988 954)	(3 906 741)
Receivables from Exchange Transactions	(49 714 888)	(33 367 596)
Receivables from Non-Exchange Transactions	(19 820 628)	(15 521 509)
Inventory	(856 064)	244 294
Long-term Receivables	(3 961 241)	(911 539)
Long-term Liabilities (Repayment Arrangements)	(97 721 586)	76 238 740
Long-term Liabilities (Municipal Debt Relief)	112 992 550	-
Payables from exchange transactions	(2 592 310)	(38 165 410)
Unspent Conditional Government Grants	(17 270 097)	9 166 003
Unspent Public Contributions	(329 572)	-
Current Provisions	1 206 652	1 155 522
Taxes	7 078 230	(2 745 246)
<b>Cash Flow from Operating Activities</b>	<b>35 705 642</b>	<b>43 332 737</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
50	<b>CASH AND CASH EQUIVALENTS (FOR CASH FLOW STATEMENT PURPOSES)</b>		
	Cash and Cash Equivalents comprise out of the following:		
	Primary Bank Account	2 420 797	18 503 263
	Cash Floats	5 860	5 860
	<b>Total</b>	<b>2 426 657</b>	<b>18 509 123</b>

Refer to note 2 for more details relating to cash and cash equivalents.

### 51 BUDGET COMPARISONS

#### 51.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

#### Statement of Financial Position

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

#### Statement of Financial Performance

The following actual results were reclassified to ensure that the performance for the year is measured on a comparable basis to the budget approved, which are guided by mSCOA and National Treasury (NT) classifications and principles:

Reconciliation of adjustments to Actuals	Notes	Actuals per Statement of Financial Performance R	Reclassification due to mSCOA versus GRAP classification R	Actuals per Budget Comparison R
<b>REVENUE</b>				
<b>Exchange Revenue</b>		<b>280 169 900</b>	<b>(3 360 802)</b>	<b>276 809 098</b>
Service Charges - Electricity	29	148 812 286	-	148 812 286
Service Charges - Water	29	37 332 282	-	37 332 282
Service Charges - Waste Water Management	29	30 502 452	-	30 502 452
Service Charges - Waste Management	29	32 531 590	-	32 531 590
Sale of Goods and Rendering of Services	35	4 208 104	-	4 208 104
Agency Services	34	4 390 080	-	4 390 080
Interest Earned from Receivables (Exchange)	32	16 363 919	(3 541 821)	12 822 099
Interest Earned from Current and Non Current Assets	31	1 728 706	-	1 728 706
Rental from Fixed Assets	30	1 815 553	-	1 815 553
Licences and Permits	33	1 021 206	(989 130)	32 075
Operational Revenue	35	1 463 721	1 170 150	2 633 870
<b>Non-Exchange Revenue</b>		<b>202 935 021</b>	<b>(8 349 617)</b>	<b>194 585 404</b>
Property Rates	20	51 341 376	-	51 341 376
Fines, Penalties and Forfeits	25	10 278 418	-	10 278 418
Licences or Permits		-	989 130	989 130
Transfers and Subsidies - Operational	21 & 22	99 089 715	-	99 089 715
Interest Earned from Receivables (Non-Exchange)		-	3 541 821	3 541 821
Operational Revenue (Non-Exchange)	24 & 28	5 640 401	(1 201 678)	4 438 723
Other Gains	26 & 27	36 585 110	(11 678 890)	24 906 220
<b>Total Revenue (excluding capital transfers)</b>		<b>483 104 921</b>	<b>(11 710 418)</b>	<b>471 394 502</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023	
51	<b>BUDGET COMPARISONS (CONTINUED)</b>			
		<b>Actuals per Statement of Financial Performance</b>	<b>Reclassification due to mSCOA versus GRAP classification</b>	
		<b>R</b>	<b>R</b>	
	<b>Reconciliation of adjustments to Actuals</b>		<b>Actuals per Budget Comparison</b>	
	<b>Notes</b>		<b>R</b>	
	<b>EXPENDITURE</b>			
	Employee Related Costs	174 017 426	(958 617)	173 058 810
	Remuneration of Councillors	8 238 021	-	8 238 021
	Bulk Purchases - Electricity	141 567 713	(8 997 886)	132 569 826
	Inventory Consumed	-	16 222 424	16 222 424
	Debt Impairment	51 860 653	-	51 860 653
	Depreciation and Amortisation	25 073 432	-	25 073 432
	Interest	28 970 288	-	28 970 288
	Contracted Services	8 905 319	-	8 905 319
	Transfers and Subsidies	2 002 388	-	2 002 388
	Operational Costs	42 132 935	(6 266 517)	35 866 418
	Losses on Disposal of Assets	672 635	-	672 635
	Other Losses	-	596	596
	<b>Total Expenditure</b>	<b>483 440 810</b>	<b>-</b>	<b>483 440 810</b>
	<b>Surplus/(Deficit)</b>	<b>(335 889)</b>	<b>(11 710 418)</b>	<b>(12 046 308)</b>
	Transfers and Subsidies - Capital (monetary allocations)	45 805 823	-	45 805 823
	Transfers and Subsidies - Capital (in-kind)	248 957	11 710 418	11 959 376
	<b>Surplus/(Deficit) for the year</b>	<b>45 718 891</b>	<b>-</b>	<b>45 718 891</b>

The items reclassified were as follows:

Item	GRAP Classification	Budget Classification	Amount
<b>Revenue</b>			
Outstanding Debtors	Interest Earned - Outstanding Debtors	Interest Earned from Receivables (Non-Exchange)	3 541 821
Trading	Licences and Permits	Licences or Permits	2 480
Road and Transport	Licences and Permits	Licences or Permits	978 813
Market Porters	Licences and Permits	Licences or Permits	7 837
Insurance Refund	Other Income (Non-Exchange)	Operational Revenue	167 536
Unclaimed Money	Other Income (Non-Exchange)	Operational Revenue	956 922
Incidental Cash Surpluses	Other Income (Non-Exchange)	Operational Revenue	9 342
Staff Recoveries	Other Income (Non-Exchange)	Operational Revenue	36 350
Gains on Foreign Exchange Transactions	Other Income (Non-Exchange)	Other Gains	31 529
Eskom Holdings SOC Ltd	Debt Forgiveness	Transfers and Subsidies - Capital (in-kind)	11 710 418
<b>Expenditure</b>			
Workmens Compensation Fund	Employee Related Cost	Operational Costs	958 617
Water	Bulk Purchases	Inventory Consumed	8 997 886
Chemicals	Other Expenditure	Inventory Consumed	995 015
Cleaning Materials	Other Expenditure	Inventory Consumed	86 576
Maintenance Materials	Other Expenditure	Inventory Consumed	5 964 102
Printing, Publications and Books	Other Expenditure	Inventory Consumed	75 976
Sundries and Other Consumables	Other Expenditure	Inventory Consumed	102 869
Loss on Foreign Exchange Transactions	Other Expenditure	Other Losses	596

### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis in all material aspects.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Figures in Rand

2024

2023

### 51 BUDGET COMPARISONS (CONTINUED)

#### 51.2 Statement of Financial Position

##### Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2022/23.

##### Actual Amounts vs Final Budget

Trade and Other Receivables from Exchange Transactions	Actuals more than budget due to the overall collection rate for services and interest budgeted at 86%, where as the actual collections rate is calculated at just below 80%, resulting in more outstanding debtors at year-end than anticipated.
Receivables from Non-Exchange Transactions	Actuals more than budget due to additional deposits paid to Eskom which was not budgeted.
VAT	mSCOA requires that VAT be separately budgeted for as an asset (Input VAT) and liability (Output VAT). For GRAP purposes, the VAT amounts are off-set and reported as either an asset or liability. When being off-set, the budget variance is immaterial.
Investment Property	Actuals more than budget mainly due to fair value adjustment gains not budgeted for.
Property, Plant and Equipment	Actuals less than budget as capital budget was not spent in full.
Current Financial Liabilities	During the budget process both the short-term and long-term portion of the Municipal Debt Relief liability was incorrectly calculated.
Trade and Other Payables from Exchange Transactions	Actuals more than budget due to more unpaid creditors at year-end than anticipated.
Trade and Other Payables from Non-Exchange Transactions	Actuals more than budget due to housing projects not concluded at year-end.
Current Provision	Actuals more than budget due to the provision created for potential Output VAT on library grants as disclosed in note 47.3.
Long-term Portion of Trade Payables	During the budget process both the short-term and long-term portion of the Municipal Debt Relief liability was incorrectly calculated.
Accumulated Surplus	Actuals are less than budget as a result of the items listed under the "Statement of Financial Performance" section.

#### 51.3 Statement of Financial Performance

##### Adjustments to Original Budget

Service Charges - Electricity	Decreased due to cost reflective tariff structure not approved by NERSA.
Other Gains	Increased due to the off-market portion of Municipal Debt Relief which relate to the interest benefit received by the Municipality on the interest free loan. In addition, the budget was also increased to make provision for potential actuarial gains emanating from the annual actuarial calculation on Employee Benefits.
Employee Related Costs	Decreased due to vacant posts not filled during course of year.
Bulk Purchases - Electricity	Decreased due to new Eskom tariff conversions implemented during the course of the year.
Debt Impairment	Initial budget for debt impairment was deemed insufficient and accordingly adjusted to be in line with the collection rate.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Figures in Rand

2024

2023

### 51 BUDGET COMPARISONS (CONTINUED)

Interest	Increased to make provision for the unwinding of the off-market portion of the Municipal Debt Relief. In addition, the unwinding of the provision for the rehabilitation of landfill sites was also increased to be in line with the final 2022/23 report from the independent engineers.
Operational Costs	Increased to make provision for fuel cost to run generators during load-shedding stages.
Other Losses	Increased to make provision for potential actuarial losses emanating from the annual actuarial calculation on Employee Benefits.
Transfers and Subsidies - Capital (monetary allocations)	Increased due to additional funding from the Department of Human Settlement for the installation of services for housing projects.
Transfers and Subsidies - Capital (in-kind)	Increased to make provision for debt forgiveness (write-offs) pertaining to Eskom.

#### Actual Amounts vs Final Budget

Service Charges - Electricity	Actuals less than budget as more consumers are making use of alternative electricity resources than initially anticipated.
Operational Revenue	Actuals are less than budget due to anticipated development charges revenue not realising.
Inventory Consumed	Actuals less than budget due to general savings on projects.
Other Losses	Actuals less than budget as no actuarial losses emanated from the annual actuarial calculation on Employee Benefits.
Transfers and Subsidies - Capital (monetary allocations)	Actuals less than budget due to housing projects not concluded at year-end.

### 51.4 Cash Flow Statement

#### Adjustments to Original Budget

Net Cash From/(Used) Operating Activities	Decreased mainly due to the decrease in service charges as a result of the cost reflective tariff structure not approved by NERSA.
Net Cash from/(used) Investing Activities	Increased mainly due to additional funding from the Department of Human Settlement for the installation of services for housing projects.
Net Cash from/(used) Financing Activities	Decreased due to National Treasury approval the Municipality's application for Municipal Debt Relief, whereby the Eskom debt will be written off over a period of 3 years, and not repaid as initially budgeted.

#### Actual Amounts vs Final Budget

No material variances noted.

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023		
<b>52</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>				
<b>52.1</b>	<b>Unauthorised Expenditure</b>				
	Unauthorised expenditure can be reconciled as follow:				
	Opening balance	-	14 480 078		
	Unauthorised expenditure current year - operating	-	-		
	Unauthorised expenditure current year - capital	-	-		
	Approved by Council	-	(14 480 078)		
	<b>Unauthorised expenditure awaiting further action</b>	<b>-</b>	<b>-</b>		
	Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:				
		<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2023</b>
		<b>(Actual)</b>	<b>(Final Budget)</b>	<b>(Unauthorised)</b>	<b>(Unauthorised)</b>
		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
	<b>Expenditure - Operating</b>				
	Vote 1 - Municipal Manager	16 855 379	26 217 146	-	-
	Vote 2 - Development & Planning	13 883 197	15 321 553	-	-
	Vote 3 - Financial Services	65 562 524	68 759 613	-	-
	Vote 4 - Technical Services	263 651 004	275 066 673	-	-
	Vote 5 - Community Services	96 457 752	98 117 095	-	-
	Vote 6 - Corporate Services	27 030 954	27 885 576	-	-
	<b>Total</b>	<b>483 440 810</b>	<b>511 367 656</b>	<b>-</b>	<b>-</b>
	<b>Expenditure - Capital</b>				
	Vote 1 - Municipal Manager	-	-	-	-
	Vote 2 - Development & Planning	8 737	10 000	-	-
	Vote 3 - Financial Services	133 732	135 691	-	-
	Vote 4 - Technical Services	40 632 264	47 174 156	-	-
	Vote 5 - Community Services	10 776 426	10 915 595	-	-
	Vote 6 - Corporate Services	863 598	882 619	-	-
	<b>Total</b>	<b>52 414 756</b>	<b>59 118 061</b>	<b>-</b>	<b>-</b>
<b>52.2</b>	<b>Irregular Expenditure</b>				
	Irregular expenditure can be reconciled as follow:				
	Opening balance			85 186 609	63 739 611
	Irregular expenditure incurred in the current year			55 920 533	85 186 609
	Irregular expenditure identified in the current year relating to the prior year			3 904 640	-
	Approved by Council			(85 186 609)	(63 739 611)
	Amount Recoverable			(35 483)	-
	<b>Irregular expenditure awaiting further action</b>			<b>59 789 691</b>	<b>85 186 609</b>
	Details of irregular expenditure incurred in the current year				
	(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)			-	712 556
	(b) Open ended contract awarded without following a competitive bidding process			46 770 684	74 843 963
	(c) Incorrect interpretation and application of SCM Reg 32			2 564 989	6 252 213
	(d) Operating expenditure incurred contrary to legislative SCM requirements			9 710 714	2 488 353
	(e) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000			778 787	889 523
	<b>Total irregular expenditure identified in current year</b>			<b>59 825 173</b>	<b>85 186 609</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>52 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		
Details of irregular expenditure awaiting further action:		
(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	-	712 556
(b) Open ended contract awarded without following a competitive bidding process	46 770 684	74 843 963
(c) Incorrect interpretation and application of SCM Reg 32	2 564 989	6 252 213
(d) Operating expenditure incurred contrary to legislative SCM requirements	9 675 231	2 488 353
(e) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	778 787	889 523
<b>Total irregular expenditure awaiting further action</b>	<b>59 789 691</b>	<b>85 186 609</b>
Matters will be referred to Municipal Public Accounts Committee (MPAC).		
Incidents/cases identified in the current year include:		
(a) Bid Adjudication Committee not constituted in terms of SCM Reg 29(2)	-	3
(b) Open ended contract awarded without following a competitive bidding process	-	1
(c) Incorrect interpretation and application of SCM regulation 32	-	5
(d) Operating expenditure incurred contrary to legislative SCM requirements	7	5
(e) Non-compliance with PPR 2022 - 80/20 principle not applied on quotations below R30 000	58	106
Amount recoverable		
(d) Operating expenditure incurred contrary to legislative SCM requirements	35 483	-
<b>Total amount recoverable</b>	<b>35 483</b>	<b>-</b>
<b>52.3 Fruitless and Wasteful Expenditure</b>		
Fruitless and wasteful expenditure can be reconciled as follow:		
Opening balance	14 683 505	7 225 843
Fruitless and wasteful expenditure incurred	6 316 286	14 683 505
Fruitless and wasteful expenditure recovered / debt waived by supplier	(6 183 338)	-
Approved by Council	(14 683 505)	(7 225 843)
<b>Fruitless and wasteful expenditure awaiting further action</b>	<b>132 948</b>	<b>14 683 505</b>
Details of fruitless and wasteful expenditure incurred		
(a) Interest paid on overdue accounts of Eskom	6 198 673	14 464 389
(b) Interest paid on overdue accounts of suppliers	117 613	219 117
<b>Total</b>	<b>6 316 286</b>	<b>14 683 505</b>
Details of fruitless and wasteful expenditure awaiting further action:		
(a) Interest paid on overdue accounts of Eskom	15 335	14 464 389
(b) Interest paid on overdue accounts of suppliers	117 613	219 117
<b>Total</b>	<b>132 948</b>	<b>14 683 505</b>
Disciplinary steps or criminal proceedings undertaken on above-mentioned fruitless and wasteful expenditure incurred:		
(a) This matter will be referred to Municipal Public Accounts Committee (MPAC).		
(b) This matter will be referred to Municipal Public Accounts Committee (MPAC).		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>53</b>	<b>MATERIAL LOSSES</b>		
<b>53.1</b>	<b>Water distribution losses</b>		
	Kilo litres disinfected/purified/purchased	5 080 907	4 462 761
	Kilo litres sold and free basic services	(2 478 358)	(2 610 902)
		<hr/>	<hr/>
	Kilo litres lost during distribution	2 602 549	1 851 859
	Percentage lost during distribution	51.22%	41.50%
	Normal pipe bursts and field leakages are responsible for water losses.		
<b>53.2</b>	<b>Electricity distribution losses</b>		
	Units purchased (Kwh)	67 438 231	67 358 922
	Units sold, free basic services and standard friction losses	(57 975 709)	(59 797 658)
		<hr/>	<hr/>
	Units lost during distribution (Kwh)	9 462 522	7 561 264
	Percentage lost during distribution	14.03%	11.23%
	Distribution losses are largely due to internal usage (street lighting etc. which are not metered) and electricity theft on pre-paid meters. Fines were issued for first time offenders.		
<b>54</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>54.1</b>	<b>SALGA Contributions [MFMA 125 (1)(b)]</b>		
	Opening balance	-	-
	Expenditure incurred	1 975 972	1 919 446
	Payments	(1 975 972)	(1 919 446)
		<hr/>	<hr/>
	<b>Outstanding balance</b>	-	-
<b>54.2</b>	<b>Audit Fees [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Expenditure incurred	3 295 300	3 309 840
		<hr/>	<hr/>
	Audit Fees	2 865 479	2 878 122
	VAT	429 822	431 718
		<hr/>	<hr/>
	Payments	(3 295 300)	(3 309 840)
		<hr/>	<hr/>
	<b>Outstanding Balance</b>	-	-
<b>54.3</b>	<b>VAT [MFMA 125 (1)(c)]</b>		
	Opening balance	(1 516 842)	(1 631 243)
	Net amount claimed/(declared) during the year	1 624 679	(4 142 796)
	Net amount paid/(received) during the year	(1 485 776)	4 257 197
		<hr/>	<hr/>
	<b>Outstanding Balance Receivable/(Payable)</b>	<b>(1 377 940)</b>	<b>(1 516 842)</b>
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.		
<b>54.4</b>	<b>PAYE, SDL and UIF [MFMA 125 (1)(c)]</b>		
	Opening balance	2 159 444	2 167 434
	Payroll deductions and Council Contributions during the year	27 504 780	27 231 199
	Payments	(27 438 704)	(27 239 189)
		<hr/>	<hr/>
	<b>Outstanding Balance</b>	<b>2 225 520</b>	<b>2 159 444</b>



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
<b>54</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)</b>		
<b>54.5</b>	<b>Pension and Medical Aid Contributions [MFMA 125 (1)(c)]</b>		
	Opening balance	3 138 011	3 115 964
	Payroll deductions and Council Contributions during the year	24 928 052	24 693 759
	Payments made to pension and medical fund	(24 839 907)	(24 671 712)
	<b>Outstanding Balance</b>	<b>3 226 155</b>	<b>3 138 011</b>
<b>54.6</b>	<b>Councillors Arrear Accounts [MFMA 124 (1)(b)]</b>		
	The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	M Bottom	-	1 195
	X Tshetu	13 706	-
	<b>Total</b>	<b>13 706</b>	<b>1 195</b>
<b>54.7</b>	<b>Other Non-Compliance [MFMA 125(2)(e)]</b>		
	<b>(a) Payments not made within 30 days</b>		
	Money owed by the Municipality was not always paid within 30 days, as required by section 65(2)(e) of the Municipal Finance Management Act.		
<b>54.8</b>	<b>Deviations from Supply Chain Management Regulations</b>		
	Deviations from Supply Chain Management Regulations were identified on the following categories:		
	Section 36(1)(a)(i) - Emergencies	3 462 549	5 637 495
	Section 36(1)(a)(ii) - Single provider	-	-
	Section 36(1)(a)(iii) - Specialised services	-	-
	Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
	Section 36(1)(a)(v) - Impractical to follow official procurement process	4 175 507	2 258 949
	<b>Total</b>	<b>7 638 056</b>	<b>7 896 444</b>
	Deviations from Supply Chain Management Regulations can be allocated as follow:		
	Municipal Manager	234 058	6 945
	Financial Services	1 404 833	1 031 891
	Corporate Services	121 340	53 111
	Community Development Services	82 984	-
	Infrastructure Services	5 794 839	6 804 497
	<b>Total</b>	<b>7 638 056</b>	<b>7 896 444</b>
	All the deviations were ratified by the Municipal Manager and reported to Council.		
<b>55</b>	<b>CAPITAL COMMITMENTS</b>		
	Approved and contracted for		
	Infrastructure	8 706 966	13 186 222
	Community Assets	1 043 478	8 714 393
	<b>Total</b>	<b>9 750 444</b>	<b>21 900 615</b>
	This expenditure will be financed from:		
	Government Grants	9 750 444	21 894 415
	Own funding	-	6 200
	<b>Total</b>	<b>9 750 444</b>	<b>21 900 615</b>
	Capital Commitments are disclosed exclusive of Value Added Tax (VAT).		



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>56 FINANCIAL RISK MANAGEMENT</b>		
The Municipality is potentially exposed to the following risks:		
<b>56.1 Credit Risk</b>		
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.		
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	2 420 797	18 503 263
Receivables from exchange transactions	28 754 106	21 303 171
Receivables from non-exchange transactions	432 062	367 052
Long-term Receivables	6 111 307	3 326 255
<b>Total</b>	<b>37 718 273</b>	<b>43 499 742</b>
<u>Cash and Cash Equivalents</u>		
Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.		
There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.		
<u>Receivables</u>		
Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are 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.		
Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.		
Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.		
Refer to note 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.		
Also refer to note 7 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.		
No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).		
The following service receivables are past due, but not impaired:		
Electricity	3 839 830	2 986 369
Water	2 600 029	1 403 793
Refuse	3 126 611	1 984 813
Sewerage	2 752 346	1 790 440
Other	1 190 918	624 909
Availability Charges	262 195	194 616
<b>Total</b>	<b>13 771 930</b>	<b>8 984 939</b>
Past due receivables are aged as follow:		
Past Due (31 - 60 Days)	5 066 657	3 054 048
Past Due (61 - 90 Days)	1 994 267	1 382 487
Past Due (90 Days +)	6 711 006	4 548 404
<b>Total</b>	<b>13 771 930</b>	<b>8 984 939</b>

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
------------------------	------	------

### 56 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 56.2 Currency risk (Market Risk)

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

The Municipality procured goods and services denominated in a foreign currency, but the Rand value was determined at the time of procurement and the risk was low at the time of payment. It was for the payment of Microsoft licences and the supplier was the only provider of the product.

#### 56.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	2 420 797	18 503 263
Long-term Liabilities (including current portion)	(8 222 094)	(9 635 547)
<b>Net balance exposed</b>	<b>(5 801 297)</b>	<b>8 867 716</b>

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2023 - 0.5 %) increase in interest rates	(29 006)	44 339
0.5% (2023 - 0.5%) decrease in interest rates	29 006	(44 339)

#### 56.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
<b>30 JUNE 2024</b>				
Annuity Loans	3 307 704	5 221 425	2 318 616	10 847 745
Finance Lease Liabilities	520 332	346 888	-	867 221
Payables with Repayment Arrangements	3 897 954	-	-	3 897 954
Municipal Debt Relief	37 664 183	75 328 367	-	112 992 550
Payables from Exchange Transactions	77 372 912	-	-	77 372 912
<b>Total</b>	<b>122 763 086</b>	<b>80 896 680</b>	<b>2 318 616</b>	<b>205 978 381</b>
<b>30 JUNE 2023</b>				
Annuity Loans	5 139 566	7 354 236	2 796 879	15 290 681
Finance Lease Liabilities	520 332	867 221	-	1 387 553
Payables with Repayment Arrangements	29 353 918	72 294 758	-	101 648 677
Payables from Exchange Transactions	90 585 615	-	-	90 585 615
<b>Total</b>	<b>125 599 431</b>	<b>80 516 215</b>	<b>2 796 879</b>	<b>208 912 526</b>

#### 56.5 Other price risk (Market Risk)

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

The Municipality is not exposed to any other price risk.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
<b>57 FINANCIAL INSTRUMENTS</b>		
The Municipality recognised the following financial instruments at amortised cost:		
<u>Financial Assets</u>		
Cash and Cash Equivalents	2 420 797	18 503 263
Bank Accounts	2 420 797	18 503 263
Receivables from Exchange Transactions	28 754 106	21 303 171
Electricity	12 559 805	11 218 255
Water	5 206 990	2 764 471
Refuse	5 060 927	3 396 211
Sewerage	4 430 676	3 065 778
Other	1 495 708	858 457
Receivables from Non-Exchange Transactions	432 062	367 052
Availability Charges	432 062	367 052
Long-term Receivables	6 111 307	3 326 255
Receivables with repayment arrangements	6 111 307	3 326 255
<b>Total</b>	<b>37 718 273</b>	<b>43 499 742</b>
<u>Financial Liabilities</u>		
Long-Term Liabilities	114 141 872	114 183 314
Annuity Loans	8 222 094	11 482 514
Finance Lease Liabilities	737 673	1 081 260
Payables with Repayment Arrangements	3 897 954	101 619 540
Municipal Debt Relief	101 284 151	-
Payables from exchange transactions	77 372 912	90 585 615
Trade Payables	62 424 255	77 315 362
Retentions	4 807 090	3 073 175
Sundry Creditors	8 482 063	7 685 498
Unknown Bank Deposits	1 647 781	2 488 038
Accrued Interest	11 723	23 541
<b>Total</b>	<b>191 514 784</b>	<b>204 768 928</b>
<b>58 STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:		
Receivables from Non-Exchange Transactions	7 913 923	7 820 061
Rates	7 418 918	7 413 913
Fines	495 005	406 147
<b>Total</b>	<b>7 913 923</b>	<b>7 820 061</b>
The amounts above are disclosed after any provision for impairment has been taken into account.		
Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 20 for property rates levied for the year and basis for interest and rate used on outstanding balances.		
Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 25 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.		
Refer to note 4 for determining the recoverability of property rates and traffic fines.		
Property Rates		
- Past due at the reporting date, and which have been impaired	20 583 663	18 359 280
- Past due that have not been impaired	4 365 578	4 488 638



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>		2024	2023
59	<b>PRINCIPAL-AGENT ARRANGEMENTS</b>		
59.1	<b>Principal in Principal-Agent Arrangements (non-material)</b>		
	The Municipality is the Principal in arrangements with various service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.		
	Compensation paid for agency activities		
	Commision - note 45	3 090 646	2 641 742
59.2	<b>Agent in Principal-Agent Arrangements</b>		
	<u>Department of Transport and Public Works</u>		
	The Municipality is the agent in the principal-agent arrangement with the Provincial Department of Transport and Public Works, and collects licencing fees on behalf of the Department. The Municipality can retain a portion of the fees collected and the net amount is due to the Department. The amount retained is recorded as agency fees income in the Statement of Financial Performance. The amounts due to the Department at year end is included in the balances reported as Trade and Other Payables from Exchange Transactions in the Statement of Financial Position.		
	The Municipality does not incur any expenses on behalf of the Department. No significant risks are noted to arise from the arrangement as the Municipality merely collects monies on behalf of the Department as part of its existing service offering at the traffic department and municipal cashier collection points. No resources are held on behalf of the Department, other than the collections.		
	Reconciliation of agency funds received and remittance		
	Collections payable to the Department at beginning of year	1 887 713	1 052 314
	Revenue collected from third parties on behalf of Department	19 897 504	19 010 924
	Collections paid over to the Department	(17 796 678)	(18 175 525)
	Collections payable to the Department at year-end	3 988 539	1 887 713
	<u>Department of Human Settlements</u>		
	The Municipality is the Agent in the principal-agent arrangement with the Department of Human Settlements and the beneficiaries of the developed low-cost housing. The Municipality benefits from the arrangement through contributed infrastructure assets developed as part of the housing development. Certificates of completion are issued to the Municipality by the consulting engineers when pre-determined milestones are achieved. The Department then pays the funds into the Municipality's account, whereafter the funds are redistributed to the contractor. Income received is recognised as Contributed Property, Plant and Equipment income in the Statement of Financial Performance when the housing project is complete. No other revenue is received or expenditure is incurred in terms of this arrangement.		
	In determining whether the Municipality is the agent or if not, by default the principal, in the arrangement is evaluated in terms of the specific criteria set out in the Standards of GRAP. The Municipality does not have the power to determine significant terms and conditions of the transaction, does not have the ability to use all, or substantially all of the resources resulting from the transaction for its own benefit and is not exposed to variability in the result of the transaction.		
	No resources are held on behalf of the Department.		
	Reconciliation of agency funds received and remittance		
	Balance at beginning of year	-	39 151
	Payments received from the Department	36 917 478	68 115 076
	Expenditure incurred on behalf of the Department	(36 917 478)	(68 154 228)
	Balance at year-end	-	-



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<b>Figures in Rand</b>	<b>2024</b>	<b>2023</b>
<b>59</b>	<b>PRINCIPAL-AGENT ARRANGEMENTS (CONTINUED)</b>	
	<u>Other third parties</u>	
	The Municipality is also the agent in the principal-agent arrangements with various third parties for authorised salary deductions from officials. The Municipality receives commission on the total funds deducted on a monthly basis. The amount received is recorded as Other Income (Exchange) in the Statement of Financial Performance.	
	Reconciliation of agency funds received and remittance	
	Deductions payable at beginning of year	589 800
	Deductions collections from officials	816 181
	Deductions paid over to third parties	7 327 155
	(6 993 655)	(7 553 536)
	<u>534 035</u>	<u>589 800</u>
	<u>Compensation received for agency activities</u>	
	The Municipality received the following compensation for acting as an agent:	
	Agency fees - note 34	4 390 080
	Commission - note 35	4 155 961
	Total	173 182
	<u>4 554 061</u>	<u>4 329 143</u>
<b>60</b>	<b>EVENTS AFTER REPORTING DATE</b>	
	The following events after reporting date are noted:	
	<ul style="list-style-type: none"> <li>- Council Approved an overdraft of R 25 million from 1 July 2024 in terms of Section 45 (1)(a) of MFMA.</li> <li>- Disposals of Property, Plant and Equipment which are already accounted for as on 30 June 2024, were approved by Council on 27 August 2024.</li> <li>- Determination of upper limits of salaries, allowances and benefits of different members of municipal councils (Gazette no. No. 51407) were gazetted on 17 October 2024 for implementation effective from 1 July 2023. The financial impact is estimated at R279 998.</li> </ul>	
<b>61</b>	<b>IN-KIND DONATIONS AND ASSISTANCE</b>	
	The Municipality received donations as disclosed in note 23.	
<b>62</b>	<b>PRIVATE PUBLIC PARTNERSHIPS (PPP's)</b>	
	The Municipality did not enter into any PPP's in the current and prior year.	
<b>63</b>	<b>CONTINGENT LIABILITIES</b>	
	The Municipality were not exposed to any contingent liabilities at year end.	
<b>64</b>	<b>RELATED PARTIES</b>	
	All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.	
	Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given.	

# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

<i>Figures in Rand</i>	2024	2023
------------------------	------	------

### 64 RELATED PARTIES (CONTINUED)

#### 64.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### 64.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 36 and 37.

#### 64.3 Current Employee Benefits

The Municipality has the following accrued leave obligation towards management personnel at year-end:

L Phillips	- Municipal Manager	110 999	-
ER Alfred	- Chief Financial Officer	178 451	54 696
RF Saul	- Head: Community Services	29 951	-
L Phillips	- Head: Community Development Services	-	174 542
<b>Total</b>		<b>319 400</b>	<b>229 239</b>

### 65 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

Section 45 of the Municipal Supply Chain Management regulations requires the disclosure of particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. The following transactions are disclosed in this regard:

Company Name	Related Party	Service Capacity	Relationship	Amount	Amount
Sunfox	A Michinon	Senior Clerk / Cashier	Daughter	23 732	18 265
PR Civils	M Koopman	General Assistant	Husband	-	16 979 461
BFI Traders and Services N7	J Ovis	Manager Community Service	Father	13 124	11 310
BFI Traders and Services N7	C Ovis	Public Participation clerk	Father	-	-
<b>Total</b>				<b>36 855</b>	<b>17 009 036</b>

### 66 FINANCIAL SUSTAINABILITY

#### 66.1 Financial Indicators

The following financial indicators were assessed:

Cash available for working capital requirements (positive balance)	-	-
Current Ratio (norm - at least 2:1)	0.49 : 1	0.43 : 1
Cash coverage ratio (norm - 3 months or more)	0 months	0 months
Creditors days (norm - 30 days or less)	223 days	259 days
Debtors collection rate (95% or more)	81.77%	85.11%
Operating surplus / (deficit)	(335 889)	(60 152 505)

When analysing the results of the ratio's it can be concluded that Municipality's financial position has regressed which is indicative of the strained cash flow position the Municipality finds itself.

The extremely high cost associated with the delivery of basic services and infrastructure needs to communities due to the vast distances between several towns coupled with the social-economic profile (high unemployment rate) of the local communities resulted in a serious risk for Matzikama Municipality's going concern.

Taking the above in mind the Municipality will therefore balance service delivery and operations based on revenue collections and ensure that grant funding is spent within the prescribed timeframes as agreed with National Treasury.



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Figures in Rand

2024

2023

### 66 FINANCIAL SUSTAINABILITY (CONTINUED)

#### 66.2 Other Indicators

Contingent Liabilities are disclosed in note 63. The Municipality has no financial exposure relating to contingent liabilities and therefore does pose any threat to the going concern assumption.

The Municipality is not aware of any events after reporting date which may pose a threat to the going concern assumption.

#### 66.3 Future Budget

When analysing the 2025/26 MTREF (Medium Term Revenue and Expenditure Framework) budget which was approved by Council in 2023/24, the projected financial indicators are as follow:

	2024/25	2025/26	2026/27
Cash available for working capital requirements (positive balance)	25 102 604	47 319 834	70 823 389
Current Ratio (norm - at least 2:1)	0.97 : 1	1.29 : 1	1.57 : 1
Cash coverage ratio (norm - 3 months or more)	0.67 months	1.21 months	1.69 months
Creditors days (norm - 30 days or less)	91 days	94 days	86 days
Debtors collection rate (95% or more)	87%	87%	87%
Operating surplus / (deficit)	27 825 140	25 165 201	16 935 009

Although the above-mentioned ratio's are still below the required norms, there is a projected improvement.

#### 66.4 Going concern assessment

The above-mentioned indicators may indicate that the going concern assumption of the Municipality may be in serious doubt, as the Municipality is grant dependant. The amounts promulgated in the DORA have a serious impact on the level of services that the Municipality can render and it may well raise doubt about the future financial sustainability of the Municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this Municipality have been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

### 67 B-BBEE PERFORMANCE

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

### 68 NON-LIVING RESOURCES

Other than land, the Municipality identified aquifers in the Matzikama municipal area as the only non-living resources of which the water is being extracted with the use of boreholes in the following towns:

- Bitterfontein
- Klawer



# MATZIKAMA LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

Figures in Rand

2024

2023

### 69 SEGMENT REPORTING

#### 69.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 79 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Sportfields, halls, parks, housing, cemeteries and library services
3	Tourism	Promote tourism in area
4	Public Safety	Traffic control, fire fighting and animal control
5	Town Planning and Building Control	Town planning and building control
6	Roads and Stormwater	Construction and maintenance of roads and storm water
7	Electricity Services	Supply of electricity services
8	Water Services	Supply of water services
9	Sewerage and Sanitation Services	Supply of sewerage services
10	Refuse Services	Refuse removal

#### 69.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

#### 69.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

#### 69.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

# MATZIKAMA LOCAL MUNICIPALITY

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

### 69 SEGMENT REPORTING (CONTINUED)

69.5 Specific Segment Reporting	Governance and administration R	Community Services R	Tourism R	Public Safety R	Town Planning and Building Control R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage and Sanitation Services R	Refuse Services R	Total R
<b>2024</b>											
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	<b>168 367 804</b>	<b>16 974 289</b>	-	<b>10 266 785</b>	-	<b>25 734 258</b>	<b>9 765 767</b>	<b>15 406 579</b>	<b>1 134 976</b>	<b>1 339 343</b>	<b>248 989 801</b>
Property Rates	51 341 376	-	-	-	-	-	-	-	-	-	51 341 376
Government Grants and Subsidies - Operating	79 939 553	8 182 543	-	-	-	6 753 377	2 061 572	1 823 098	-	-	98 760 143
Public Contributions and Donations - Operating	-	329 572	-	-	-	-	-	-	-	-	329 572
Government Grants and Subsidies - Capital	449 517	8 450 540	-	-	-	18 980 881	5 769 592	12 155 293	-	-	45 805 823
Contributed Assets	62 505	-	-	-	-	-	186 453	-	-	-	248 957
Availability Charges	-	-	-	-	-	-	1 748 151	1 428 188	1 134 976	127 409	4 438 723
Fines, Penalties and Forfeits	-	11 633	-	10 266 785	-	-	-	-	-	-	10 278 418
Fair Value Adjustment Gains	23 662 757	-	-	-	-	-	-	-	-	1 211 935	24 874 692
Debt Forgiveness	11 710 418	-	-	-	-	-	-	-	-	-	11 710 418
Other Income (Non-Exchange)	1 201 678	-	-	-	-	-	-	-	-	-	1 201 678
<b>External Revenue from Exchange Transactions</b>	<b>8 228 099</b>	<b>3 828 528</b>	-	<b>5 887 288</b>	<b>502 377</b>	<b>14 876</b>	<b>149 728 015</b>	<b>40 758 467</b>	<b>34 437 065</b>	<b>36 785 184</b>	<b>280 169 900</b>
Service Charges	-	-	-	-	-	-	148 812 286	37 332 282	30 502 452	32 531 590	249 178 610
Rental of Facilities and Equipment	1 453 969	360 714	-	-	-	870	-	-	-	-	1 815 553
Interest Earned - external investments	1 728 706	-	-	-	-	-	-	-	-	-	1 728 706
Interest Earned - outstanding debtors	4 009 378	-	-	-	-	-	915 729	3 426 186	3 791 108	4 221 519	16 363 919
Licences and Permits	-	-	-	978 813	2 480	7 837	-	-	-	32 075	1 021 206
Agency Services	-	-	-	4 390 080	-	-	-	-	-	-	4 390 080
Other Income (Exchange)	1 036 045	3 467 814	-	518 394	499 897	6 170	-	-	143 504	-	5 671 825
<b>TOTAL REVENUE</b>	<b>176 595 903</b>	<b>20 802 817</b>	-	<b>16 154 073</b>	<b>502 377</b>	<b>25 749 134</b>	<b>159 493 782</b>	<b>56 165 046</b>	<b>35 572 041</b>	<b>38 124 528</b>	<b>529 159 701</b>
<b>EXPENDITURE</b>											
Employee Related Costs	57 465 266	34 357 098	862 129	11 149 810	4 500 735	20 033 429	12 052 416	11 598 915	4 622 624	17 375 004	174 017 426
Remuneration of Councillors	8 238 021	-	-	-	-	-	-	-	-	-	8 238 021
Debt Impairment	8 758 109	-	-	7 816 892	-	-	1 787 050	10 321 316	11 395 286	11 782 000	51 860 653
Depreciation and Amortisation	914 109	2 071 296	-	-	807	7 482 964	1 582 840	4 342 891	5 792 456	1 332 691	23 520 054
Impairments	237 104	-	-	-	-	123	-	139 559	1 176 591	-	1 553 377
Finance Charges	20 915 555	-	-	-	-	363 617	7 875	-	644 685	7 038 556	28 970 288
Bulk Purchases	-	-	-	-	-	-	132 569 826	8 997 886	-	-	141 567 713
Contracted Services	5 396 052	159 419	-	750 482	49 105	-	521 357	779 248	499 413	750 244	8 905 319
Transfers and Grants	93 036	389 645	1 478 939	-	-	-	-	-	-	40 768	2 002 388
Other Expenditure	16 195 954	1 571 986	1 075	728 580	138 772	5 788 371	7 370 167	5 166 228	3 184 148	1 987 654	42 132 935
Loss on disposal of Non-Monetary Assets	-	-	-	-	-	672 635	-	-	-	-	672 635
<b>Total Expenditure</b>	<b>118 213 207</b>	<b>38 549 445</b>	<b>2 342 143</b>	<b>20 445 763</b>	<b>4 689 418</b>	<b>34 341 139</b>	<b>155 891 532</b>	<b>41 346 043</b>	<b>27 315 204</b>	<b>40 306 917</b>	<b>483 440 810</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>58 382 697</b>	<b>(17 746 627)</b>	<b>(2 342 143)</b>	<b>(4 291 691)</b>	<b>(4 187 041)</b>	<b>(8 592 005)</b>	<b>3 602 251</b>	<b>14 819 003</b>	<b>8 256 837</b>	<b>(2 182 389)</b>	<b>45 718 891</b>
Less: Government Grants and Subsidies - Capital	(449 517)	(8 450 540)	-	-	-	(18 980 881)	(5 769 592)	(12 155 293)	-	-	(45 805 823)
Less: Contributed Assets	(62 505)	-	-	-	-	-	(186 453)	-	-	-	(248 957)
<b>NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>57 870 675</b>	<b>(26 197 168)</b>	<b>(2 342 143)</b>	<b>(4 291 691)</b>	<b>(4 187 041)</b>	<b>(27 572 885)</b>	<b>(2 353 794)</b>	<b>2 663 710</b>	<b>8 256 837</b>	<b>(2 182 389)</b>	<b>(335 889)</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>1 059 680</b>	<b>10 776 426</b>	-	<b>25 913</b>	<b>8 737</b>	<b>18 881 871</b>	<b>7 316 121</b>	<b>13 362 199</b>	<b>983 809</b>	-	<b>52 414 756</b>

# MATZIKAMA LOCAL MUNICIPALITY

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

69 SEGMENT REPORTING (CONTINUED)

69.5 Specific Segment Reporting	Governance and administration R	Community Services R	Tourism R	Public Safety R	Town Planning and Building Control R	Roads and Stormwater R	Electricity Services R	Water Services R	Sewerage and Sanitation Services R	Refuse Services R	Total R
<b>2023</b>											
<b>REVENUE</b>											
<b>External Revenue from Non-Exchange Transactions</b>	<b>139 505 671</b>	<b>11 072 681</b>	-	<b>9 793 350</b>	<b>580</b>	<b>35 446 931</b>	<b>3 723 609</b>	<b>10 458 118</b>	<b>1 099 650</b>	<b>289 869</b>	<b>211 390 459</b>
Property Rates	49 549 692	-	-	-	-	-	-	-	-	-	49 549 692
Government Grants and Subsidies - Operating	73 266 394	7 890 077	-	-	-	6 073 461	544 500	1 192 990	-	-	88 967 422
Government Grants and Subsidies - Capital	-	2 565 111	-	-	-	28 814 097	-	7 953 267	-	-	39 332 475
Contributed Assets	-	605 003	-	-	-	-	1 564 341	-	-	-	2 169 344
Availability Charges	-	-	-	-	-	-	1 614 768	1 311 860	1 099 650	118 043	4 144 322
Fines, Penalties and Forfeits	-	12 489	-	9 793 350	580	559 373	-	-	-	-	10 365 793
Fair Value Adjustment Gains	13 679 997	-	-	-	-	-	-	-	-	171 826	13 851 823
Other Income (Non-Exchange)	3 009 587	-	-	-	-	-	-	-	-	-	3 009 587
<b>External Revenue from Exchange Transactions</b>	<b>11 078 384</b>	<b>3 438 650</b>	-	<b>5 542 555</b>	<b>675 265</b>	<b>8 610</b>	<b>134 271 189</b>	<b>28 059 671</b>	<b>23 488 342</b>	<b>23 347 550</b>	<b>229 910 215</b>
Service Charges	-	-	-	-	-	-	134 271 189	28 059 671	23 466 573	23 307 158	209 104 591
Rental of Facilities and Equipment	1 546 148	437 618	-	-	-	-	-	-	-	-	1 983 766
Interest Earned - external investments	1 418 787	-	-	-	-	-	-	-	-	-	1 418 787
Interest Earned - outstanding debtors	7 592 133	-	-	-	-	-	-	-	-	-	7 592 133
Licences and Permits	-	-	-	944 260	3 090	8 610	-	-	-	40 392	996 352
Agency Services	-	-	-	4 155 961	-	-	-	-	-	-	4 155 961
Other Income (Exchange)	521 315	3 001 033	-	442 334	672 175	-	-	-	21 769	-	4 658 626
<b>TOTAL REVENUE</b>	<b>150 584 055</b>	<b>14 511 331</b>	-	<b>15 335 905</b>	<b>675 845</b>	<b>35 455 541</b>	<b>137 994 798</b>	<b>38 517 789</b>	<b>24 587 992</b>	<b>23 637 419</b>	<b>441 300 674</b>
<b>EXPENDITURE</b>											
Employee Related Costs	58 430 654	33 529 962	824 387	11 354 660	4 907 787	19 619 710	10 919 080	12 023 042	5 426 989	15 396 753	172 433 024
Remuneration of Councillors	7 561 198	-	-	-	-	-	-	-	-	-	7 561 198
Debt Impairment	11 552 273	-	-	7 671 115	-	-	2 227 549	8 457 962	7 887 115	6 729 549	44 525 563
Depreciation and Amortisation	1 038 840	1 932 740	402	-	785	7 688 693	1 732 862	3 619 613	6 268 396	1 432 536	23 714 868
Impairments	89 497	-	-	-	-	718	30 273	267 297	1 871 908	-	2 259 693
Finance Charges	20 967 057	-	-	-	-	446 618	31 171	-	638 378	6 083 223	28 166 446
Bulk Purchases	-	-	-	-	-	-	121 620 623	7 641 559	-	-	129 262 183
Contracted Services	4 145 188	230 827	-	1 168 155	6 500	-	674 360	1 439 215	-	840 007	8 504 252
Transfers and Grants	203 068	139 013	1 404 500	-	-	-	-	-	-	-	1 746 581
Other Expenditure	15 740 309	1 910 711	301	732 571	129 945	6 553 111	6 642 188	4 589 500	3 201 402	1 633 447	41 133 483
Loss on disposal of Non-Monetary Assets	644 068	-	-	-	-	-	-	-	-	-	644 068
<b>Total Expenditure</b>	<b>120 372 152</b>	<b>37 743 253</b>	<b>2 229 591</b>	<b>20 926 501</b>	<b>5 045 017</b>	<b>34 308 851</b>	<b>143 878 106</b>	<b>38 038 186</b>	<b>25 294 188</b>	<b>32 115 515</b>	<b>459 951 360</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>30 211 903</b>	<b>(23 231 922)</b>	<b>(2 229 591)</b>	<b>(5 590 596)</b>	<b>(4 369 172)</b>	<b>1 146 690</b>	<b>(5 883 308)</b>	<b>479 602</b>	<b>(706 195)</b>	<b>(8 478 096)</b>	<b>(18 650 686)</b>
Less: Government Grants and Subsidies - Capital	-	(2 565 111)	-	-	-	(28 814 097)	-	(7 953 267)	-	-	(39 332 475)
Less: Contributed Assets	-	(605 003)	-	-	-	-	(1 564 341)	-	-	-	(2 169 344)
<b>NET OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>30 211 903</b>	<b>(26 402 036)</b>	<b>(2 229 591)</b>	<b>(5 590 596)</b>	<b>(4 369 172)</b>	<b>(27 667 407)</b>	<b>(7 447 649)</b>	<b>(7 473 665)</b>	<b>(706 195)</b>	<b>(8 478 096)</b>	<b>(60 152 504)</b>
<b>CAPITAL EXPENDITURE FOR THE YEAR</b>	<b>1 566 775</b>	<b>5 845 010</b>	-	<b>126 178</b>	-	<b>19 393 602</b>	<b>3 589 253</b>	<b>17 310 626</b>	<b>717 353</b>	-	<b>48 548 797</b>



# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2024

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2023	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2024
<b><u>ANNUITY LOANS</u></b>							
DBSA	WC12007362.1	11.79%	2031	6 126 855	-	(652 365)	5 474 490
DBSA	12007652	12.15%	2027	3 508 692	-	(761 088)	2 747 604
Standard Bank	514952	10.08%	2024	1 846 968	-	(1 846 968)	-
<b>Total Annuity Loans</b>				<b>11 482 515</b>	<b>-</b>	<b>(3 260 421)</b>	<b>8 222 094</b>
<b><u>FINANCE LEASE LIABILITIES - PRINTERS</u></b>							
Konica Minolta - Printers	4434638	14.19%	2026/02/28	492 103	-	(163 237)	328 866
SkyMetro - Printers	SLA	23.00%	2026/02/28	589 157	-	(180 350)	408 807
<b>Total Finance Lease Liabilities - Printers</b>				<b>1 081 260</b>	<b>-</b>	<b>(343 587)</b>	<b>737 673</b>
<b>Total Long-Term Liabilities</b>				<b>12 563 775</b>	<b>-</b>	<b>(3 604 008)</b>	<b>8 959 767</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2024

	OPENING BALANCE R	GRANTS RECEIVED R	GRANTS REPAID R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER TRANSFERS R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>							
Equitable Share	-	76 264 000	-	(76 264 000)	-	-	-
Financial Management Grant (FMG)	-	1 771 000	-	(1 669 309)	(101 691)	-	-
Municipal Infrastructure Grant (MIG)	-	23 062 999	-	(4 082 118)	(18 980 881)	-	-
Expanded Public Works Programme (EPWP)	-	2 859 000	-	(2 859 000)	-	-	-
Water Services Infrastructure Grant (WSIG)	1 099 546	11 000 000	-	(1 578 031)	(10 521 515)	-	-
Regional Bulk Infrastructure Grant (RBIG)	20 000 000	-	(20 000 000)	-	-	-	-
Integrated National Electrification Programme (INEP)	-	8 325 000	-	(765 689)	(5 769 592)	(644 833)	1 144 886
<b>Total</b>	<b>21 099 546</b>	<b>123 281 999</b>	<b>(20 000 000)</b>	<b>(87 218 147)</b>	<b>(35 373 679)</b>	<b>(644 833)</b>	<b>1 144 886</b>
<b>PROVINCIAL GOVERNMENT</b>							
Community Development Workers (CDW)	5 310	94 000	(5 310)	(94 000)	-	-	-
Libraries, Archives and Museums	616 627	8 044 348	-	(8 088 543)	(572 432)	-	-
Western Cape Financial Management Support Grant	295 975	-	-	(295 976)	-	-	-
Municipal Capacity Building Grant	737 555	50 000	(334 779)	(430 926)	-	-	21 850
Municipal Service Delivery and Capacity Building Grant	-	1 500 000	-	(1 027 711)	-	(172 289)	300 000
Human Settlements	22	10 526 134	-	-	(7 878 109)	-	2 648 047
Transport, Education and Training SETA	-	288 158	-	(288 158)	-	-	-
Sport And Recreational Facilities	800 000	-	(800 000)	-	-	-	-
Municipal Interventions Grant	-	1 277 000	-	(52 174)	(347 826)	-	877 000
Municipal Financial Recovery Services Grant	-	999 908	-	(999 908)	-	-	-
Water Resilience Grant	-	3 172 000	-	(245 067)	(1 633 778)	-	1 293 155
Maintenance of Main Roads	-	19 534	-	(19 534)	-	-	-
<b>Total</b>	<b>2 455 489</b>	<b>25 971 082</b>	<b>(1 140 089)</b>	<b>(11 541 996)</b>	<b>(10 432 144)</b>	<b>(172 289)</b>	<b>5 140 052</b>
<b>DISTRICT MUNICIPALITY</b>							
West Coast District Municipality (COVID 19 Relief)	42 580	-	-	-	-	-	42 580
<b>Total</b>	<b>42 580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42 580</b>
<b>ALL SPHERES OF GOVERNMENT</b>							
	<b>23 597 615</b>	<b>149 253 081</b>	<b>(21 140 089)</b>	<b>(98 760 143)</b>	<b>(45 805 823)</b>	<b>(817 122)</b>	<b>6 327 518</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATEd OUTCOME 2023 R
<b>FINANCIAL PERFORMANCE</b>						
Property rates	51 651 632	(103 404)	51 548 228	51 341 376	(206 852)	49 549 692
Service charges	277 636 040	(15 950 473)	261 685 567	249 178 610	(12 506 957)	211 020 803
Investment revenue	1 580 286	(94 618)	1 485 668	1 728 706	243 038	1 418 787
Transfers and subsidies - operational	98 089 015	4 230 858	102 319 873	99 089 715	(3 230 158)	88 967 422
Other own revenue	49 202 021	33 245 129	82 447 150	70 056 095	(12 391 055)	48 842 150
<b>Total Operating Revenue (excluding capital transfers)</b>	<b>478 158 994</b>	<b>21 327 492</b>	<b>499 486 486</b>	<b>471 394 502</b>	<b>(28 091 984)</b>	<b>399 798 855</b>
Employee costs	181 696 913	(4 714 494)	176 982 419	173 058 810	(3 923 609)	171 536 470
Remuneration of councillors	7 975 855	625 498	8 601 353	8 238 021	(363 332)	7 561 198
Depreciation & asset impairment	53 989 192	25 894 981	79 884 173	76 934 085	(2 950 088)	70 499 868
Finance charges	15 290 987	14 108 724	29 399 711	28 970 288	(429 423)	28 166 446
Inventory consumed and bulk purchases	158 933 319	(6 277 293)	152 656 026	148 792 250	(3 863 776)	138 837 164
Transfers and subsidies	2 165 059	302 054	2 467 113	2 002 388	(464 725)	1 746 581
Other expenditure	48 036 224	13 340 637	61 376 861	45 444 968	(15 931 893)	41 603 633
<b>Total Expenditure</b>	<b>468 087 549</b>	<b>43 280 107</b>	<b>511 367 656</b>	<b>483 440 810</b>	<b>(27 926 846)</b>	<b>459 951 360</b>
<b>Surplus/(Deficit)</b>	<b>10 071 445</b>	<b>(21 952 615)</b>	<b>(11 881 170)</b>	<b>(12 046 308)</b>	<b>(165 138)</b>	<b>(60 152 504)</b>
Transfers and subsidies - capital (monetary allocations)	37 300 985	13 229 327	50 530 312	45 805 823	(4 724 489)	39 332 475
Transfers and subsidies - capital (in-kind - all)	-	11 912 696	11 912 696	11 959 376	46 680	2 169 344
<b>Surplus/(Deficit) for the year</b>	<b>47 372 430</b>	<b>3 189 408</b>	<b>50 561 838</b>	<b>45 718 891</b>	<b>(4 842 947)</b>	<b>(18 650 686)</b>
<b>CAPITAL EXPENDITURE &amp; FUNDS SOURCES</b>						
<b>Capital expenditure</b>	<b>51 648 038</b>	<b>7 470 023</b>	<b>59 118 061</b>	<b>52 414 756</b>	<b>(6 703 305)</b>	<b>48 548 797</b>
Transfers recognised - capital	37 300 985	13 431 023	50 732 008	45 389 780	(5 342 228)	41 501 819
Borrowing	6 747 826	(6 747 826)	-	-	-	1 200 983
Internally generated funds	7 599 227	786 826	8 386 053	7 024 976	(1 361 077)	5 845 996
<b>Total sources of capital funds</b>	<b>51 648 038</b>	<b>7 470 023</b>	<b>59 118 061</b>	<b>52 414 756</b>	<b>(6 703 305)</b>	<b>48 548 797</b>
<b>CASH FLOWS</b>						
Net cash from (used) operating	70 256 696	(33 407 165)	36 849 531	35 705 642	(1 143 889)	43 332 737
Net cash from (used) investing	(39 763 750)	(7 268 327)	(47 032 077)	(48 184 100)	(1 152 023)	(41 341 377)
Net cash from (used) financing	(44 882 658)	40 788 608	(4 094 050)	(3 604 008)	490 042	(3 820 705)
Net Cash Movement for the year	(14 389 711)	113 115	(14 276 596)	(16 082 466)	(1 805 871)	(1 829 345)
Cash/cash equivalents at beginning of year	20 391 970	(1 882 847)	18 509 123	18 509 123	-	20 338 468
<b>Cash/cash equivalents at the year end</b>	<b>6 002 259</b>	<b>(1 769 731)</b>	<b>4 232 528</b>	<b>2 426 657</b>	<b>(1 805 871)</b>	<b>18 509 123</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>REVENUE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	-	8 800 000	8 800 000	2 162 847	(6 637 153)	8 457 079
Finance and administration	150 515 207	23 545 567	174 060 774	173 197 478	(863 296)	141 006 244
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	9 649 501	1 743 627	11 393 128	9 682 663	(1 710 465)	8 594 851
Sport and recreation	4 295 624	(435 581)	3 860 043	3 241 695	(618 348)	3 399 103
Public safety	11 673 334	(427 257)	11 246 077	10 279 080	(966 997)	9 798 300
Housing	101 494	9 215 135	9 316 629	7 878 459	(1 438 170)	2 517 378
<b>Economic and environmental services</b>						
Planning and development	1 684 647	114 938	1 799 585	1 737 955	(61 630)	1 796 576
Road transport	34 249 779	(1 129 204)	33 120 575	31 624 127	(1 496 448)	40 993 145
<b>Trading services</b>						
Energy sources	189 007 489	(14 570 445)	174 437 044	159 493 782	(14 943 262)	137 994 798
Water management	50 253 599	7 168 111	57 421 710	56 165 046	(1 256 664)	38 517 789
Waste water management	34 234 239	5 123 216	39 357 455	35 572 041	(3 785 414)	24 587 992
Waste management	29 795 066	7 321 408	37 116 474	38 124 528	1 008 054	23 637 419
<b>Total Revenue - Standard</b>	<b>515 459 979</b>	<b>46 469 515</b>	<b>561 929 494</b>	<b>529 159 701</b>	<b>(32 769 793)</b>	<b>441 300 674</b>
<b>EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	17 086 452	7 814 176	24 900 628	15 189 234	(9 711 394)	15 328 014
Finance and administration	82 686 896	16 356 517	99 043 413	95 001 987	(4 041 426)	95 374 965
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	28 383 440	(68 434)	28 315 006	28 897 777	582 771	27 959 058
Sport and recreation	10 086 783	(777 823)	9 308 960	7 980 483	(1 328 477)	7 726 928
Public safety	18 117 244	4 130 527	22 247 771	20 445 763	(1 802 008)	20 926 501
Housing	2 295 419	(94 341)	2 201 078	1 671 184	(529 894)	2 057 267
Health	-	-	-	-	-	-
<b>Economic and environmental services</b>						
Planning and development	15 639 437	(2 066 589)	13 572 848	12 711 404	(861 444)	14 714 190
Road transport	34 770 621	3 171 815	37 942 436	34 341 139	(3 601 297)	34 308 851
<b>Trading services</b>						
Energy sources	166 968 201	(6 289 563)	160 678 638	155 891 532	(4 787 106)	143 878 106
Water management	36 782 096	6 396 167	43 178 263	41 346 043	(1 832 220)	38 038 186
Waste water management	22 521 788	5 666 741	28 188 529	27 315 204	(873 325)	25 294 188
Waste management	30 184 435	8 976 640	39 161 075	40 306 917	1 145 842	32 115 515
<b>Other</b>	2 564 737	64 274	2 629 011	2 342 143	(286 868)	2 229 591
<b>Total Expenditure - Standard</b>	<b>468 087 549</b>	<b>43 280 107</b>	<b>511 367 656</b>	<b>483 440 810</b>	<b>(27 926 846)</b>	<b>459 951 360</b>
<b>Surplus/(Deficit) for the year</b>	<b>47 372 430</b>	<b>3 189 408</b>	<b>50 561 838</b>	<b>45 718 891</b>	<b>(4 842 947)</b>	<b>(18 650 686)</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>						
<b>REVENUE</b>						
Vote 1 - Municipal Manager	-	8 800 000	8 800 000	2 162 847	(6 637 153)	8 457 079
Vote 2 - Development & Planning	1 293 929	25 486	1 319 415	502 969	(816 446)	-
Vote 3 - Financial Services	149 535 796	23 131 774	172 667 570	172 434 898	(232 672)	-
Vote 4 - Technical Services	302 318 283	(3 080 407)	299 237 876	278 214 989	(21 022 887)	-
Vote 5 - Community Services	62 082 958	17 178 869	79 261 827	75 081 418	(4 180 409)	-
Vote 6 - Corporate Services	229 013	413 793	642 806	762 580	119 774	-
Vote 2 - Financial Services	-	-	-	-	-	139 284 142
Vote 3 - Corporate Management	-	-	-	-	-	23 977 535
Vote 4 - Development Planning	-	-	-	-	-	8 441 108
Vote 5 - Technical Services	-	-	-	-	-	261 140 810
<b>Total Revenue by Vote</b>	<b>515 459 979</b>	<b>46 469 515</b>	<b>561 929 494</b>	<b>529 159 701</b>	<b>(32 769 793)</b>	<b>441 300 674</b>
<b>EXPENDITURE</b>						
Vote 1 - Municipal Manager	18 015 245	8 201 901	26 217 146	16 855 379	(9 361 767)	16 923 867
Vote 2 - Development & Planning	17 804 738	(2 483 185)	15 321 553	13 883 197	(1 438 356)	-
Vote 3 - Financial Services	50 086 105	18 673 508	68 759 613	65 562 524	(3 197 089)	-
Vote 4 - Technical Services	264 630 129	10 436 544	275 066 673	263 651 004	(11 415 669)	-
Vote 5 - Community Services	87 764 234	10 352 861	98 117 095	96 457 752	(1 659 343)	-
Vote 6 - Corporate Services	29 787 098	(1 901 522)	27 885 576	27 030 954	(854 622)	-
Vote 2 - Financial Services	-	-	-	-	-	72 017 451
Vote 3 - Corporate Management	-	-	-	-	-	68 253 851
Vote 4 - Development Planning	-	-	-	-	-	22 095 431
Vote 5 - Technical Services	-	-	-	-	-	280 660 760
<b>Total Expenditure by Vote</b>	<b>468 087 549</b>	<b>43 280 107</b>	<b>511 367 656</b>	<b>483 440 810</b>	<b>(27 926 846)</b>	<b>459 951 360</b>
<b>Surplus/(Deficit) for the year</b>	<b>47 372 430</b>	<b>3 189 408</b>	<b>50 561 838</b>	<b>45 718 891</b>	<b>(4 842 947)</b>	<b>(18 650 686)</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>REVENUE AND EXPENDITURE</b>						
<b>REVENUE BY SOURCE</b>						
<b>Exchange Revenue</b>						
Service Charges - Electricity	180 682 489	(18 567 726)	162 114 763	148 812 286	(13 302 477)	135 885 957
Service Charges - Water	39 253 599	(2 820 900)	36 432 699	37 332 282	899 583	29 371 531
Service Charges - Waste Water Management	27 970 743	2 425 121	30 395 864	30 502 452	106 588	22 338 114
Service Charges - Waste Management	29 729 209	3 013 032	32 742 241	32 531 590	(210 651)	23 425 201
Sale of Goods and Rendering of Services	5 073 621	(102 111)	4 971 510	4 208 104	(763 406)	3 870 511
Agency Services	4 973 541	(206 463)	4 767 078	4 390 080	(376 998)	4 155 961
Interest Earned from Receivables (Exchange)	9 239 200	3 576 746	12 815 946	12 822 099	6 153	7 592 133
Interest Earned from Current and Non Current Assets	1 580 286	(94 618)	1 485 668	1 728 706	243 038	1 418 787
Rental from Fixed Assets	3 231 951	(1 187 200)	2 044 751	1 815 553	(229 198)	1 983 766
Licences and Permits	65 857	(27 000)	38 857	32 075	(6 782)	40 392
Operational Revenue	9 106 181	(1 082 900)	8 023 281	2 633 870	(5 389 411)	3 797 702
<b>Non-Exchange Revenue</b>						
Property Rates	51 651 632	(103 404)	51 548 228	51 341 376	(206 852)	49 549 692
Fines, Penalties and Forfeits	11 703 434	(443 257)	11 260 177	10 278 418	(981 759)	10 365 793
Licences or permits	1 091 740	(75 000)	1 016 740	989 130	(27 610)	955 960
Transfers and Subsidies - Operational	98 089 015	4 230 858	102 319 873	99 089 715	(3 230 158)	88 967 422
Interest Earned from Receivables (Non-Exchange)	1 053 000	2 490 335	3 543 335	3 541 821	(1 514)	-
Operational Revenue (Non-Exchange)	2 263 496	2 210 779	4 474 275	4 438 723	(35 552)	2 228 110
Gains on disposal of Assets	1 400 000	-	1 400 000	-	(1 400 000)	-
Other Gains	-	28 091 200	28 091 200	24 906 220	(3 184 980)	13 851 823
<b>Total Revenue (excl capital transfers)</b>	<b>478 158 994</b>	<b>21 327 492</b>	<b>499 486 486</b>	<b>471 394 502</b>	<b>(28 091 984)</b>	<b>399 798 855</b>
<b>EXPENDITURE BY TYPE</b>						
Employee Related Costs	181 696 913	(4 714 494)	176 982 419	173 058 810	(3 923 609)	171 536 470
Remuneration of Councillors	7 975 855	625 498	8 601 353	8 238 021	(363 332)	7 561 198
Bulk Purchases - Electricity	141 302 660	(9 535 709)	131 766 951	132 569 826	802 875	121 620 623
Inventory Consumed	17 630 659	3 258 416	20 889 075	16 222 424	(4 666 651)	17 216 541
Debt Impairment	30 549 016	22 718 184	53 267 200	51 860 653	(1 406 547)	44 525 563
Depreciation and Amortisation	23 440 176	3 176 797	26 616 973	25 073 432	(1 543 541)	25 974 305
Interest	15 290 987	14 108 724	29 399 711	28 970 288	(429 423)	28 166 446
Contracted Services	13 023 777	(124 607)	12 899 170	8 905 319	(3 993 851)	8 504 252
Transfers and Subsidies	2 165 059	302 054	2 467 113	2 002 388	(464 725)	1 746 581
Operational Costs	35 012 447	4 965 244	39 977 691	35 866 418	(4 111 273)	32 394 239
Losses on Disposal of Assets	-	-	-	672 635	672 635	644 324
Other Losses	-	8 500 000	8 500 000	596	(8 499 404)	60 818
<b>Total Expenditure</b>	<b>468 087 549</b>	<b>43 280 107</b>	<b>511 367 656</b>	<b>483 440 810</b>	<b>(27 926 846)</b>	<b>459 951 360</b>
<b>Surplus/(Deficit)</b>	<b>10 071 445</b>	<b>(21 952 615)</b>	<b>(11 881 170)</b>	<b>(12 046 308)</b>	<b>(165 138)</b>	<b>(60 152 504)</b>
Transfers and Subsidies - Capital (monetary allocations)	37 300 985	13 229 327	50 530 312	45 805 823	(4 724 489)	39 332 475
Transfers and Subsidies - Capital (in-kind)	-	11 912 696	11 912 696	11 959 376	46 680	2 169 344
<b>Surplus/(Deficit) for the year</b>	<b>47 372 430</b>	<b>3 189 408</b>	<b>50 561 838</b>	<b>45 718 891</b>	<b>(4 842 947)</b>	<b>(18 650 686)</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>CAPITAL EXPENDITURE</b>						
<b>CAPITAL EXPENDITURE (MUNICIPAL VOTE)</b>						
<b>Multi-year expenditure</b>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Development & Planning	-	-	-	-	-	-
Vote 3 - Financial Services	-	-	-	-	-	-
Vote 4 - Technical Services	6 521 449	1 395 587	7 917 036	5 851 429	(2 065 607)	-
Vote 5 - Community Services	8 708 193	1 344 227	10 052 420	10 052 421	1	-
Vote 6 - Corporate Services	-	-	-	-	-	-
Vote 2 - Financial Services	-	-	-	-	-	-
Vote 3 - Corporate Management	-	-	-	-	-	-
Vote 4 - Development Planning	-	-	-	-	-	-
Vote 5 - Technical Services	-	-	-	-	-	28 741 820
<b>Total Multi-year expenditure</b>	<b>15 229 642</b>	<b>2 739 814</b>	<b>17 969 456</b>	<b>15 903 849</b>	<b>(2 065 607)</b>	<b>28 741 820</b>
<b>Single-year expenditure</b>						
Vote 1 - Municipal Manager	-	-	-	-	-	-
Vote 2 - Development & Planning	-	10 000	10 000	8 737	(1 263)	-
Vote 3 - Financial Services	-	135 691	135 691	133 732	(1 959)	-
Vote 4 - Technical Services	28 795 060	10 462 060	39 257 120	34 780 835	(4 476 285)	-
Vote 5 - Community Services	7 623 336	(6 760 161)	863 175	724 005	(139 170)	-
Vote 6 - Corporate Services	-	882 619	882 619	863 598	(19 021)	-
Vote 2 - Financial Services	-	-	-	-	-	1 542 103
Vote 3 - Corporate Management	-	-	-	-	-	201 313
Vote 4 - Development Planning	-	-	-	-	-	11 488
Vote 5 - Technical Services	-	-	-	-	-	18 052 072
<b>Total Single-year expenditure</b>	<b>36 418 396</b>	<b>4 730 209</b>	<b>41 148 605</b>	<b>36 510 907</b>	<b>(4 637 698)</b>	<b>19 806 977</b>
<b>Total Capital Expenditure by Vote</b>	<b>51 648 038</b>	<b>7 470 023</b>	<b>59 118 061</b>	<b>52 414 756</b>	<b>(6 703 305)</b>	<b>48 548 797</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>CAPITAL EXPENDITURE (CONTINUED)</b>						
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>						
Executive and council	-	-	-	-	-	-
Finance and administration	-	1 090 275	1 090 275	1 059 680	(30 595)	1 566 775
Internal audit	-	-	-	-	-	-
<b>Community and public safety</b>						
Community and social services	-	757 035	757 035	634 241	(122 794)	138 402
Sport and recreation	11 740 224	(1 581 664)	10 158 560	10 142 185	(16 375)	5 706 608
Public safety	-	-	-	-	-	126 178
Housing	-	-	-	-	-	-
<b>Economic and environmental services</b>						
Planning and development	-	10 000	10 000	8 737	(1 263)	-
Road transport	13 044 901	5 889 842	18 934 743	18 907 784	(26 959)	19 393 602
<b>Trading services</b>						
Energy sources	7 808 130	2 885 217	10 693 347	7 316 121	(3 377 226)	3 589 253
Water management	12 853 478	3 370 424	16 223 902	13 362 199	(2 861 703)	17 310 626
Waste water management	1 610 000	(359 801)	1 250 199	983 809	(266 390)	717 353
Waste management	4 591 305	(4 591 305)	-	-	-	-
<b>Other</b>	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>51 648 038</b>	<b>7 470 023</b>	<b>59 118 061</b>	<b>52 414 756</b>	<b>(6 703 305)</b>	<b>48 548 797</b>
<b>FUNDING SOURCES</b>						
National Government	37 300 985	(457 768)	36 843 217	34 708 679	(2 134 538)	35 463 017
Provincial Government	-	13 687 095	13 687 095	10 432 144	(3 254 951)	3 869 458
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	201 696	201 696	248 957	47 261	2 169 344
<b>Transfers recognised - capital</b>	<b>37 300 985</b>	<b>13 431 023</b>	<b>50 732 008</b>	<b>45 389 780</b>	<b>(5 342 228)</b>	<b>41 501 819</b>
Borrowing	6 747 826	(6 747 826)	-	-	-	1 200 983
Internally generated funds	7 599 227	786 826	8 386 053	7 024 976	(1 361 077)	5 845 996
<b>Total Capital Funding</b>	<b>51 648 038</b>	<b>7 470 023</b>	<b>59 118 061</b>	<b>52 414 756</b>	<b>(6 703 305)</b>	<b>48 548 797</b>

# MATZIKAMA LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2024

	ORIGINAL BUDGET 2024 R	BUDGET ADJUSTMENTS 2024 R	FINAL BUDGET 2024 R	ACTUAL OUTCOME 2024 R	BUDGET VARIANCE 2024 R	RESTATED OUTCOME 2023 R
<b>CASH FLOWS</b>						
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	47 002 985	(2 156 027)	44 846 958	48 374 142	3 527 184	45 682 779
Service charges	252 233 910	(25 161 553)	227 072 357	218 805 985	(8 266 373)	187 083 457
Other revenue	28 761 538	(1 892 027)	26 869 512	14 497 816	(12 371 696)	16 990 302
Government - operating	98 089 015	2 862 742	100 951 757	82 868 988	(18 082 769)	99 116 658
Government - capital	37 300 985	13 053 393	50 354 378	45 805 823	(4 548 555)	39 332 475
Interest	10 946 188	3 755 064	14 701 252	1 495 383	(13 205 869)	1 398 999
<b>Payments</b>						
Suppliers and employees	(395 604 707)	(26 473 360)	(422 078 066)	(371 144 203)	50 933 864	(333 598 754)
Finance charges	(6 308 159)	2 906 655	(3 401 504)	(2 995 904)	405 600	(10 926 598)
Transfers and grants	(2 165 059)	(302 054)	(2 467 113)	(2 002 388)	464 725	(1 746 581)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>70 256 696</b>	<b>(33 407 165)</b>	<b>36 849 531</b>	<b>35 705 642</b>	<b>(1 143 889)</b>	<b>43 332 737</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	11 884 288	-	11 884 288	3 981 699	(7 902 589)	3 837 093
<b>Payments</b>						
Capital assets	(51 648 038)	(7 268 327)	(58 916 365)	(52 165 799)	6 750 566	(45 178 470)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(39 763 750)</b>	<b>(7 268 327)</b>	<b>(47 032 077)</b>	<b>(48 184 100)</b>	<b>(1 152 023)</b>	<b>(41 341 377)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Borrowing long term/refinancing	6 747 826	(6 747 826)	-	-	-	-
<b>Payments</b>						
Repayment of borrowing	(51 630 484)	47 536 434	(4 094 050)	(3 604 008)	490 042	(3 820 705)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(44 882 658)</b>	<b>40 788 608</b>	<b>(4 094 050)</b>	<b>(3 604 008)</b>	<b>490 042</b>	<b>(3 820 705)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(14 389 711)</b>	<b>113 116</b>	<b>(14 276 596)</b>	<b>(16 082 466)</b>	<b>(1 805 871)</b>	<b>(1 829 345)</b>
Cash/cash equivalents at the year begin:	20 391 970	(1 882 847)	18 509 123	18 509 123	-	20 338 468
Cash/cash equivalents at the year end:	6 002 259	(1 769 731)	4 232 528	2 426 657	(1 805 870)	18 509 123