2024

Annual Financial Statements

30 June 2024

WC022 – WITZENBERG MUNICIPALITY

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998), with demarcation code WC 022.

JURISDICTION

The Witzenberg Municipality includes the following areas:

Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

HJ Kritzinger

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPAL BANKERS

ABSA Bank
Standard Bank, Ceres
First National Bank

WITZENBERG MUNICIPALITY

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act (Act no 89 of 1991)
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004), as amended
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Municipal Regulations on Standard Chart of Accounts
Municipal Budget and Reporting Regulations
SALBC Leave Regulations
Remuneration of Public Office Bearers Act
Workman's Compensation Act

WITZENBERG MUNICIPALITY

COUNCILLORS OF THE WITZENBERG MUNICIPALITY

Position	Surname	Party	Seat type	Date From	Date To
Executive Mayor	Alderman Smit, HJ *	DA	Ward 5	22/11/2021	17/10/2023
Executive Mayor	Robyn KA	GOOD	PR	17/10/2023	14/12/2023
Executive Mayor	Abrahams TE	DA	PR	14/12/2023	Present
Deputy Executive Mayor	Laban, G *	WA	PR	24/07/2023	18/04/2024
Deputy Executive Mayor	Nel JF	ICOSA	PR	18/04/2024	Present
Speaker	Sidego, EM *	DA	Ward 11	24/05/2022	17/10/2023
Speaker	Heradien, P *	ICOSA	PR	17/10/2023	14/12/2023
Speaker	Sidego, EM *	DA	Ward 11	14/12/2023	Present
Mayoral Committee Member	Alderman Visagie, JJ *	DA	Ward 4	02/12/2021	17/10/2023
Mayoral Committee Member	Fredericks JP	VF+	PR	02/12/2021	17/10/2023
Mayoral Committee Member	Daniels, P	DA	Ward 2	10/07/2023	17/10/2023
Mayoral Committee Member	Alderman Adams, K *	DA	Ward 6	10/06/2022	17/10/2023
Mayoral Committee Member	Swartz IL	EFF	PR	17/10/2023	14/12/2023
Mayoral Committee Member	Alexander WJ	PA	PR	17/10/2023	14/12/2023
Mayoral Committee Member	Mouton JS	ANC	PR	17/10/2023	14/12/2023
Mayoral Committee Member	Zalie J	ANC	Ward 7	17/10/2023	14/12/2023
Mayoral Committee Member	Alderman Smit, HJ *	DA	Ward 5	14/12/2023	Present
Mayoral Committee Member	Alderman Adams, K *	DA	Ward 6	14/12/2023	Present
Mayoral Committee Member	Fredericks JP	VF+	PR	14/12/2023	Present
Mayoral Committee Member	Daniels, P	DA	Ward 2	14/12/2023	Present
MPAC Chairperson	Hardnek LA	WP	PR	23/02/2022	Present
Councillor	Alderman Smit, HJ *	DA	Ward 5	17/10/2023	14/12/2023
Councillor	Alderman Adams, K *	DA	Ward 6	17/10/2023	14/12/2023
Councillor	Alderman Visagie, JJ *	DA	Ward 4	17/10/2023	Present
Councillor	Sidego, EM *	DA	Ward 11	17/10/2023	14/12/2023
Councillor	Fredericks JP	VF+	PR	17/10/2023	14/12/2023
Councillor	Laban, G *	WA	PR	09/11/2021	24/07/2023
Councillor	Laban, G *	WA	PR	18/04/2024	Present
Councillor	Heradien, P *	ICOSA	PR	09/11/2021	17/10/2023
Councillor	Heradien, P *	ICOSA	PR	14/12/2023	19/12/2023
Councillor	Phatsoane, N *	ANC	PR	09/11/2021	Present
Councillor	Swart, D *	DA	Ward 3	09/11/2021	Present
Councillor	Ndaba MJ	ANC	Ward 9	09/11/2021	Present
Councillor	Mouton JS	ANC	PR	09/11/2021	17/10/2023
Councillor	Mouton JS	ANC	PR	14/12/2023	Present
Councillor	Gili AL	ANC	Ward 1	09/11/2021	Present
Councillor	Zalie J	ANC	Ward 7	09/11/2021	17/10/2023
Councillor	Zalie J	ANC	Ward 7	14/12/2023	Present
Councillor	Yisa K	ANC	Ward 12	09/11/2021	Present
Councillor	Nogcinisa N	ANC	PR	09/11/2021	Present
Councillor	Franse GJ	DA	Ward 8	09/11/2021	Present
Councillor	De Bruin S	DA	Ward 10	09/11/2021	Present
Councillor	Swartz IL	EFF	PR	09/11/2021	17/10/2023
Councillor	Swartz IL	EFF	PR	14/12/2023	Present

WITZENBERG MUNICIPALITY

COUNCILLORS OF THE WITZENBERG MUNICIPALITY CONTINUED

Councillor	Cloete JJ	PA	PR	09/11/2021	04/09/2023
Councillor	Daniels, P	DA	Ward 2	21/04/2022	10/07/2023
Councillor	Daniels, P	DA	Ward 2	17/10/2023	14/12/2023
Councillor	Robyn KA	GOOD	PR	02/06/2023	17/10/2023
Councillor	Robyn KA	GOOD	PR	14/12/2023	Present
Councillor	Abrahams TE	DA	PR	10/07/2023	14/12/2023
Councillor	Alexander WJ	PA	PR	18/09/2023	17/10/2023
Councillor	Alexander WJ	PA	PR	14/12/2023	Present
Councillor	Nel JF	ICOSA	PR	19/12/2023	18/04/2024

Councillors indicated with an * were re-elected during the November 2021 elections.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements 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.

D NASSON
Accounting Officer

29/11/2024
Date

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2024 R	Restated 2023 R
ASSETS			
Current Assets		**380,735,284**	**353,604,859**
Cash and Cash Equivalents	**2**	187,244,734	226,801,723
Trade and other Receivables from Exchange Transactions	**3**	123,373,108	81,514,811
Receivables from non-exchange transactions	**4**	31,639,044	19,423,931
Inventory	**5**	27,361,611	16,829,525
Unpaid Conditional Government Grants and Receipts	**6**	11,116,787	9,034,870
Non-Current Assets		**1,149,836,262**	**1,099,045,295**
Property, Plant and Equipment	**8**	1,106,308,855	1,054,811,289
Intangible Assets	**9**	1,057,688	1,355,569
Investment Property	**10**	41,919,719	42,328,437
Heritage assets	**11**	550,000	550,000
Total Assets		**1,530,571,546**	**1,452,650,154**
LIABILITIES			
Current Liabilities		**143,974,895**	**171,423,813**
Trade and Other Payables Exchange Transactions	**12**	85,602,703	103,354,463
Consumer Deposits	**13**	9,739,379	12,158,284
Vat Payable	**7**	4,566,285	5,467,964
Provisions	**14**	3,630,749	3,446,295
Current Employee benefits	**15**	31,980,319	30,617,652
Unspent Conditional Government Grants and Receipts	**6**	4,861,951	13,535,211
Unspent Public Contributions	**16**	2,311,887	2,316,495
Current Portion of Borrowings	**17**	1,281,622	527,449
Non-Current Liabilities		**124,035,689**	**113,386,481**
Non-Current Provisions	**18**	52,330,759	45,969,231
Employee benefits	**19**	71,704,930	67,417,250
Total Liabilities		**268,010,584**	**284,810,294**
Net Assets		**1,262,560,962**	**1,167,839,860**
Capital Replacement Reserve	**20**	11,166,357	12,539,508
Accumulated Surplus		1,251,394,605	1,155,300,352
Total Net Assets and Liabilities		**1,530,571,546**	**1,452,650,154**

WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/2024 (Actual) R	2022/2023 (Restated) R	2022/2023 Correction of error R	2022/2023 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**321,434,096**	**321,636,831**	**(10,356,969)**	**331,993,802**
Taxation Revenue		**108,398,811**	**103,712,510**	**1**	**103,712,511**
Property rates	**21**	101,316,650	98,265,911	1	98,265,912
Property Rates - penalties imposed and collection charges		4,091,476	2,821,620	-	2,821,620
Availability Charges		2,990,685	2,624,979	-	2,624,979
Transfer Revenue		**213,035,285**	**217,924,321**	**(10,356,970)**	**228,281,291**
Fines, Penalties and Forfeits		20,634,347	8,856,622	-	8,856,622
Licences or Permits		1,182,781	1,145,124	-	1,145,124
Surcharges and Taxes		9,121,659	10,100,465	120,953	9,979,512
Government Grants and Subsidies - Capital	**22**	38,779,842	67,395,390	(196,323)	67,591,713
Government Grants and Subsidies - Operating	**22**	141,212,199	127,007,108	(10,281,600)	137,288,708
Public Contributions and Donations		2,104,457	3,419,612	-	3,419,612
Revenue from Exchange Transactions		**644,925,367**	**554,171,617**	**22,299,548**	**531,872,069**
Service Charges	**23**	528,791,552	437,257,041	-	437,257,041
Rental from Fixed Assets		5,038,019	4,785,785	-	4,785,785
Interest earned - External investments		22,018,748	14,390,399	-	14,390,399
Interest Income on Overdue Accounts		28,557,417	22,715,389	-	22,715,389
Agency Services	**24**	4,738,934	4,611,149	-	4,611,149
Operational Revenue	**25**	2,576,922	8,628,291	1,050,000	7,578,291
Sales of Goods and Rendering of services	**26**	14,952,920	14,981,692	9,145,217	5,836,475
Construction contracts		33,460,159	-	-	-
Gain on Adjustment of Provision		1,986,710	36,906,815	12,104,331	24,802,484
Gain on Actuarial Valuations	**18**	2,803,986	9,895,056	-	9,895,056
Total Revenue		**966,359,463**	**875,808,448**	**11,942,579**	**863,865,871**
EXPENDITURE					
Employee related costs	**27**	238,876,962	220,603,630	177	220,603,453
Remuneration of Councillors	**28**	11,679,538	11,067,396	-	11,067,396
Debt impairment gain/loss	**29**	(72,354,971)	54,996,576	-	54,996,576
Inventory Consumed		23,244,557	18,510,540	6,330	18,504,210
Depreciation and Amortisation	**30**	34,132,830	33,563,087	1,659,914	31,903,173
Finance Charges	**31**	13,827,042	18,310,597	14,639	18,295,958
Bulk Purchases	**32**	324,085,574	279,960,011	-	279,960,011
Contracted Services	**33**	89,144,618	50,714,064	25,063	50,689,001
Transfers and Subsidies: Operational Expenditure	**34**	2,928,366	2,207,898	-	2,207,898
Operational Cost	**35**	44,699,367	44,386,299	5,167	44,381,132
Rent on Land		38,769	43,479	-	43,479
Operating Leases		1,106,870	1,024,885	-	1,024,885
Bad Debts Written Off		159,168,262	9,945,876	-	9,945,876
Loss on disposal of assets		946,676	838,215	-	838,215
Impairment loss	**36**	110,098	1,167,269	-	1,167,269
Inventories: Write-down		3,802	-	-	-
Total Expenditure		**871,638,360**	**747,339,822**	**1,711,290**	**745,628,532**
NET SURPLUS / (LOSS) FOR THE YEAR		**94,721,103**	**128,468,626**	**10,231,289**	**118,237,339**

WITZENBERG MUNICIPALITY

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

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
Balance at 1 JULY 2022		**12,539,508**	**1,026,431,060**	**1,038,970,568**
Correction of error	**37.10**	-	400,664	400,664
Restated Balance at 1 JULY 2022		**12,539,508**	**1,026,831,724**	**1,039,371,232**
Transfers to/from Accumulated		-	-	-
Property, Plant and Equipment purchased		-	-	-
Net Surplus for the year previously reported		-	118,237,339	118,237,339
Correction of error			10,231,289	10,231,289
Balance at 30 JUNE 2023		**12,539,508**	**1,155,300,352**	**1,167,839,860**
Transfers to/from Accumulated		43,832,167	(43,832,167)	-
Property, Plant and Equipment purchased		(45,205,317)	45,205,317	-
Net Surplus for the year		-	94,721,103	94,721,103
Balance at 30 JUNE 2024		**11,166,358**	**1,251,394,605**	**1,262,560,963**

WITZENBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023/2024 R	Restated 2022/2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates and other Taxes		102,509,333	101,069,529
Sales of goods and services		494,504,686	426,360,916
Government Grants		171,336,713	197,858,434
Interest		48,344,009	32,945,425
Payments			
Employee and Councillor costs		(250,644,332)	(230,379,160)
Suppliers		(529,507,451)	(368,472,204)
Finance charges		(132,222)	(140,627)
Cash generated by operations	**39**	**36,410,736**	**159,242,313**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**8**	(75,911,673)	(84,944,369)
Purchase of Intangible Assets	**9**	(330,870)	(72,384)
Proceeds on Disposal of Property, Plant and Equipment		-	8,491,700
Net Cash from Investing Activities		**(76,242,543)**	**(76,525,053)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		-	(1,404,850)
Increase in Consumer Deposits		274,818	609,675
Net Cash from Financing Activities		**274,818**	**(795,175)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(39,556,989)**	**81,922,085**
Cash and Cash Equivalents at the beginning of the year		226,801,723	144,879,638
Cash and Cash Equivalents at the end of the year	**2**	187,244,734	226,801,723
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(39,556,989)**	**81,922,085**

WITZENBERG MUNICIPALITY

REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration	Total
Segment Revenue	R	R	R	R	R
External revenue from non-exchange transactions	164,825,675	20,660,793	20,026,757	111,829,396	317,342,620
External revenue from exchange transactions	51,501,156	6,506,677	529,078,544	2,472,129	589,558,506
Interest revenue	313,343	-	28,122,238	26,232,061	54,667,642
Revenue from transactions with other segments	-	-	-	-	-
Total Revenue	216,640,173	27,167,470	577,227,539	140,533,586	961,568,768
Segment Expenditure					
Employee related costs	83,986,027	33,108,010	56,446,640	65,336,284	238,876,962
Remuneration of Councillors	-	-	-	11,684,674	11,684,674
Bulk Purchases	19,500	-	324,066,074	-	324,085,574
Depreciation and Amortisation	4,746,794	8,460,257	16,054,273	4,871,506	34,132,830
Impairment and Bad debt	3,952,287	-	92,604,428	-9,743,424	86,813,290
Other Expenditure	51,817,465	13,058,171	63,630,585	46,478,233	174,984,453
Internal charges	5,001,391	138,523	-8,190,779	3,050,866	0
Total Expenditure	149,523,463	54,764,961	544,611,221	121,678,138	870,577,783
Gains & Losses	-	-28,427	1,283,709	2,474,837	3,730,120
Surplus/deficit for the year	**67,116,710**	**(27,625,917)**	**33,900,027**	**21,330,285**	**94,721,104**

REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Community and public safety	Economic and environmental services	Trading Services	Governance and Administration	Total
Segment Revenue	R	R	R	R	R
External revenue from non-exchange transactions	138,624,284	37,899,408	31,427,246	110,864,273	318,815,211
External revenue from exchange transactions	17,642,587	6,752,714	441,895,725	3,972,931	470,263,958
Interest revenue	103,259	-	22,493,452	17,330,697	39,927,408
Revenue from transactions with other segments	-	-	0	-	0
Total Revenue	156,370,130	44,652,123	495,816,422	132,167,902	829,006,577
Segment Expenditure					
Employee related costs	75,634,038	29,262,312	55,982,698	59,724,580	220,603,628
Remuneration of Councillors	-	-	-	11,320,701	11,320,701
Bulk Purchases	9,310	-	279,950,701	-	279,960,011
Depreciation and Amortisation	4,888,191	8,270,599	15,961,751	4,442,546	33,563,087
Impairment and Bad debt	4,992,731	-	55,391,281	4,558,441	64,942,453
Other Expenditure	13,477,196	17,181,890	57,712,571	46,572,800	134,944,457
Internal charges	6,713,506	123,736	-9,473,519	2,636,277	0
Total Expenditure	105,714,971	54,838,538	455,525,484	129,255,344	745,334,337
Gains & Losses	-	-	35,927,904	8,868,483	44,796,387
Surplus/deficit for the year	**50,655,159**	**(10,186,415)**	**76,218,843**	**11,781,041**	**128,468,628**

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

The four key business units comprise of:
• Community and public safety which includes community and social services, sport and recreation, public safety and housing services;
• Economic and environmental services which includes planning and development, road transport and environmental protection services;
• Trading services which includes energy sources, water management, waste water management and waste management services;
• Governance and Administration which includes executive and council, finance and administration and internal audit.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor financial performance geographically and does not at present have reliable separate financial information.

WITZENBERG MUNICIPALITY

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

	Actual 2023/2024 R	Approved budget 2023/2024 R	Adjustments 2023/2024 R	Final budget 2023/2024 R	Difference between final budget and actual
ASSETS					
Current Assets	**380,735,284**	**296,094,171**	**65,191,667**	**361,285,838**	**5%**
Cash	187,244,734	199,596,900	20,207,234	219,804,134	-15%
Consumer debtors	155,012,152	44,956,959	29,554,721	74,511,680	108%
Other debtors	11,116,787	45,607,940	(6,388,837)	39,219,103	-72%
Inventory	27,361,611	4,483,912	2,791,760	7,275,672	276%
VAT	-	995,749	17,770,319	18,766,068	-100%
Other current assets		452,711	1,256,470	1,709,181	-100%
Non-Current Assets	**1,149,836,262**	**1,185,439,153**	**(78,526,139)**	**1,106,913,014**	**4%**
Investment Property	41,919,719	41,358,375	(6,794)	41,351,581	1%
Property, Plant and Equipment	1,106,308,855	1,141,745,629	(78,835,652)	1,062,909,977	4%
Heritage Assets	550,000	550,000	-	550,000	
Intangible Assets	1,057,688	1,785,149	316,307	2,101,456	-50%
Total Assets	**1,530,571,546**	**1,481,533,324**	**(13,334,472)**	**1,468,198,852**	**4%**
LIABILITIES					
Current Liabilities	**143,974,895**	**154,205,452**	**50,463,866**	**204,669,318**	**-30%**
Borrowings	1,281,622	2,050,293	(1,381,591)	668,702	92%
Consumer Deposits	9,739,379	11,548,609	609,675	12,158,284	-20%
Trade and Other Payable Exchange Transactions	92,776,541	92,015,705	11,275,603	103,291,308	-10%
Trade and other payables from non-exchange transactions		7,163,152	(3,281,792)	3,881,360	-100%
Provisions	35,611,068	37,979,001	1,793,004	39,772,005	-10%
VAT	4,566,285	3,448,692	41,448,967	44,897,659	-90%
Non-Current Liabilities	**124,035,689**	**304,135,690**	**(169,708,477)**	**134,427,213**	**-8%**
Borrowings	-	9,474,915	(10,628,454)	(1,153,539)	-100%
Provisions	124,035,689	294,660,775	(159,080,023)	135,580,752	-9%
Total Liabilities	**268,010,584**	**458,341,142**	**(119,244,611)**	**339,096,531**	**-21%**
Net Assets	**1,262,560,962**	**1,023,192,182**	**105,910,139**	**1,129,102,321**	**12%**
Accumulated Surplus	1,251,394,605	1,010,652,674	105,910,139	1,116,562,813	12%
Reserve	11,166,357	12,539,508	-	12,539,508	-11%
Total Net Assets and Liabilities	**1,530,571,546**	**1,481,533,324**	**(13,334,472)**	**1,468,198,852**	**4%**

The MSCOA chart of accounts are used for all financial transactions. The compilation of budget information from the MSCOA data strings continues to remain a challenge. The adjustments as per the above report is mainly in respect of corrections made to the budgeted statement of financial position.

WITZENBERG MUNICIPALITY

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

	Actual 2023/2024 R	Approved budget 2023/2024 R	Adjustments 2023/2024 R	Final budget 2023/2024 R	Difference between final budget and actual
Operating Revenue					
Property rates	101,316,650	105,352,774	-	105,352,774	-4%
Service charges - electricity revenue	371,995,811	399,102,173	-	399,102,173	-7%
Service charges - water revenue	49,080,938	53,000,000	-	53,000,000	-7%
Service charges - sanitation revenue	76,097,584	33,059,123	15,000,000	48,059,123	58%
Service charges - refuse revenue	34,607,904	32,053,921	-	32,053,921	8%
Rental from Fixed Assets	5,038,019	4,647,901	-	4,647,901	8%
Interest earned - External investments	22,018,748	12,454,296	8,683,521	21,137,817	4%
Interest Income on Overdue Accounts	32,648,893	27,069,048	-	27,069,048	21%
Fines, Penalties and Forfeits	20,634,347	11,194,097	(1)	11,194,096	84%
Licences or Permits	1,182,781	2,327,171	-	2,327,171	-49%
Agency Services	4,738,934	4,461,156	-	4,461,156	6%
Transfers and Subsidies	152,438,315	158,793,100	26,128,703	184,921,803	-18%
Other revenue	50,990,001	14,266,607	-116,081	14,150,526	260%
Gains	4,790,696	-	-	-	0%
Total Revenue (excluding capital transfers and contributions)	**927,579,621**	**857,781,367**	**49,696,142**	**907,477,509**	**2%**
Operating Expenditure by Nature					
Employee related costs	247,405,452	258,263,828	3,715,122	261,978,950	6%
Remuneration of Councillors	11,679,538	12,079,347	(6,139)	12,073,208	3%
Impairment	-72,354,971	64,474,852	-	64,474,852	212%
Depreciation and Amortisation	34,132,830	54,368,569	-	54,368,569	37%
Finance Charges	5,298,552	9,535,039	-	9,535,039	44%
Bulk Purchases	324,085,574	360,544,315	(400,931)	360,143,384	10%
Other materials	23,244,557	18,512,439	6,411,559	24,923,998	7%
Contracted Services	89,144,618	71,316,516	20,888,086	92,204,602	3%
Transfers and Subsidies: Operational Expenditure	2,928,366	2,252,543	762,965	3,015,508	3%
Other Expenditure	205,013,267	55,150,921	(891,777)	54,259,144	-278%
Losses	1,060,576	6,238,403	-	6,238,403	83%
Total expenditure	**871,638,359**	**912,736,772**	**30,478,885**	**943,215,657**	**8%**
Surplus/(Deficit)	**55,941,262**	**(54,955,405)**	**19,217,257**	**(35,738,148)**	**-257%**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38,779,842	46,920,869	1,167,063	48,087,932	19%
Surplus/ (Deficit) for the year	**94,721,104**	**(8,034,536)**	**20,384,320**	**12,349,784**	**667%**
Operating expenditure by vote					
Budget and Treasury Office	31,419,429	69,134,692	(466,720)	68,667,972	54%
Civil services	596,392,689	609,598,189	3,534,712	613,132,901	3%
Community and social services	113,832,304	88,721,501	29,500,257	118,221,758	4%
Corporate Services	101,719,782	116,838,949	(2,355,091)	114,483,858	11%
Executive and Council	28,274,155	28,443,441	265,727	28,709,168	2%
Total operating expenditure by vote	**871,638,359**	**912,736,772**	**30,478,885**	**943,215,657**	**8%**

WITZENBERG MUNICIPALITY

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

	Actual 2023/2024 R	Approved budget 2023/2024 R	Adjustments 2023/2024 R	Final budget 2023/2024 R	Difference between final budget and actual
Capital expenditure by vote					
Budget and Treasury Office	403,028	180,000	228,238	408,238	1%
Civil services	70,603,898	65,620,100	12,006,912	77,627,012	9%
Community and social services	4,378,088	3,757,783	707,152	4,464,935	2%
Corporate Services	6,398,593	3,706,522	3,340,545	7,047,067	9%
Total capital expenditure	**81,783,607**	**73,264,405**	**16,282,847**	**89,547,252**	**9%**
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property Rates and other Taxes	102,509,333	91,169,861	-	91,169,861	12%
Service charges	494,504,686	469,831,584	114,611,263	584,442,847	-15%
Government Grants	171,336,713	212,057,000	21,844,149	233,901,149	-27%
Interest	48,344,009	33,582,526	14,624,339	48,206,865	0%
Payments					
Suppliers and employees	(780,151,783)	(983,456,261)	97,559,415	(885,896,846)	12%
Finance charges	(132,222)	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	**36,410,736**	**(176,815,290)**	**248,639,166**	**71,823,876**	**49%**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
Capital assets	(76,242,543)	(68,014,405)	(7,702,149)	(75,716,554)	-1%
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(76,242,543)**	**(68,014,405)**	**(7,702,149)**	**(75,716,554)**	**-1%**
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase (decrease) in consumer deposits	274,818	0	0	0	-
Payments					
Repayment of borrowing	0	(2,740,000)	0	(2,740,000)	100%
NET CASH FROM/(USED) FINANCING ACTIVITIES	**274,818**	**(2,740,000)**	**-**	**(2,740,000)**	**110%**

WITZENBERG MUNICIPALITY

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

Explanation of Material Statement of Financial Position Variances

Cash	-15%	Repayment of incorrect Grant Received
Consumer Debtors	108%	Increase in demand for industrial effluent services .
Other Debtors	-72%	Improvement in spending of grants
Inventory	276%	Increase in electrical inventory levels to mitigate exposure to lead times
Property, Plant and Equipment	4%	Underspending of Capital Budget
Trade and Other Payable Exchange Transactions	-10%	Effective management of Payables and Accruals
VAT	-90%	Decreased consumption of municipal services due to load shedding
Borrowings	-100%	Budgeted loans not taken up in current financial year.
Provisions	-9%	Recalculation of rehabilitation cost of landfill sites

Explanation of Material Statement of Financial Performance Variances

Service charges - electricity revenue	-7%	Decreased consumption due to load shedding

Explanation of Material Cash Flow Statement Variances

Service charges	-15%	Decline in debt collection
Receipts- Government Grant	-27%	Expenditure not incurred for all grant funding received.
Financing activities	110%	Budgeted loans not taken up in current financial year.

Reconciliation of budget surplus with the surplus in the statement of financial performance

Net surplus per the statement of financial performance		94,721,103
Adjusted for:		
Property rates	Decrease in anticipated revenue due to interim valuations not realised.	4,036,124
Service charges - sanitation revenue	Increase in demand for industrial effluent services.	(28,038,461)
Interest Income on Overdue Accounts	Increase in outstanding debt.	(5,579,845)
Fines, Penalties and Forfeits	Employment of additional traffic officers, increased fines issued.	(9,440,251)
Government Grants and Subsidies - Capital	Expenditure not incurred for all grant funding received.	9,308,090
Government Grants and Subsidies - Operating	Allocation for RDP houses now in other revenue and not grants.	32,483,488
Other revenue	Allocation for RDP houses now in other revenue and not grants.	(36,839,475)
Employee related costs	Vacancies not filled.	(14,573,498)
Impairment	Reversal of impairment for debt written off.	(136,829,823)
Depreciation and Amortisation	Depreciation less than expected - recalculation of rehabilitation cost.	(20,235,739)
Finance Charges	Adjustment in Provisions.	(4,236,487)
Bulk Purchases	Bulk purchases less than expected due to load shedding.	(36,057,810)
Contracted Services	Decrease in usage of consultants.	(3,059,984)
Other Expenditure	Irrecoverable Debts written off.	150,754,123
Gain	Gain on landfill and post employee benefits provisions.	(4,790,696)
Service charges - electricity revenue	Decreased consumption due to load shedding.	27,106,362
Losses	Budgeted actuarial loss on provisions not realised.	(5,177,827)
Licences or Permits	Decrease in number of Licences and permits issued.	1,144,390
Service charges - refuse revenue	Increase in debits raised for dumping at landfill site.	(2,553,983)
Other Items		209,984
Budgeted Surplus/ (Deficit) for the year		**12,349,784**

Explanation of Material Cash Flow Variances

Property Rates and other Taxes	12%	Implementation of new general valuation resulting in increased revenue
Service charges	-15%	Decrease in collection percentage
Suppliers and employees	12%	Vacant positions not filled

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and of other factors allowable in terms of the Municipal Finance Management Act

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

The standards are summarised as follows:

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

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

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. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made based on 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. In general, materiality is determined as 1% of total expenditure.

1.6. RESERVES

Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.7. LEASES

1.7.1. Municipality as Lessee

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2. Municipality as Lessor

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

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

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

1.9. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.10. PROVISIONS

1.10.1. GENERAL PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits 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. 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 (for example in the case of obligations for the rehabilitation of land).

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

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.

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.10.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined based on a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

1.11. EMPLOYEE BENEFITS

1.11.1. Post-Retirement Medical obligations

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

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

1.11.2. Long Service awards

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

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

1.11.3. Accrued Leave Pay

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

1.11.4. Staff Bonuses

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

1.11.5. Performance bonuses

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

1.11.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity 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 charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.11.7. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

1.11.8. ***Short-term employee benefits***

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions.
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

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

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay because of the unused entitlement that has accumulated at the reporting date.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

1.12.2. Subsequent Measurement – Cost Model

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

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

1.12.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		***Years***
Infrastructure		**Other**	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	10-75	Furniture and equipment	3-30
Other	10-15	Landfill sites	10-15
		Markets	30
Community		Other	3-30
Recreational Facilities	5-30	Other vehicles	2-67
Sport fields & Stadia	10-20	Plant and Equipment	3-32
Halls	5-100	Specialist vehicles	6-38
Libraries	10-30		
Parks and gardens	10-30		
Other assets	5-30		
Cemeteries	5-30		
Finance lease assets			
Office equipment	3-5		

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

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

1.12.4. De-recognition

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

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

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.13. INTANGIBLE ASSETS

1.13.1. *Initial Recognition*

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

An asset meets the identifiable criterion in the definition of an intangible asset when it:

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

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

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

the municipality intends to complete the intangible asset for use or sale;
it is technically feasible to complete the intangible asset;
the municipality has the resources to complete the project; and
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

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

1.13.2. Subsequent Measurement – Cost Model

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

1.13.3. Amortisation and Impairment

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

Intangible Assets	**Years**
Computer Software	5
Computer Software Licenses	5

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1.13.4. De-recognition

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

1.14. INVESTMENT PROPERTY

1.14.1. Initial Recognition

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

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

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, or the sale of an asset in the ordinary course of operations.

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

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

The cost of self-constructed investment property is the cost at date of completion.

1.14.2. Subsequent Measurement – Cost Model

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

1.14.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	99 - 100

1.14.4. De-recognition

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

1.15. HERITAGE ASSETS

1.15.1. Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and

- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.15.2. *Subsequent Measurement*

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.
The class of heritage assets are carried at its cost less any accumulated impairment losses.

1.15.3. *Impairment*

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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 the impairment is recognised in the Statement of Financial Performance.

1.15.4. De-recognition

The carrying amount of a heritage asset is derecognised:
- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.16.1. Cash-generating assets

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

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

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

1.16.2. Non-cash-generating assets

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

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

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

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

Depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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.

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

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

1.17. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments include capital items only.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

1.18. INVENTORIES

1.18.1. Initial Recognition

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

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

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

Housing inventory is low cost houses still in process of construction or completed and not yet transferred. These houses are entirely funded by the National Department of Human Settlements, through the Western Cape Department of Human Settlements.

In terms of GRAP standards a municipality can either be regarded to be the "developer", "principal" or "agent when executing the delivery of houses.

When the municipality is acting as the "developer" or "principal" all costs are recognized as inventory up to the point of transfer to the allocated beneficiaries, where after the cost is expensed through the statement of financial performance.

When the municipality is acting as the "agent all transfers received by the Western Cape Department of Human Settlements is recorded initially as a liability in the statement of financial position. Any payments or costs pertaining to human settlement housing activities are debited against the liability.

1.18.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

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

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

1.19. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.20.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.20.2. Subsequent Measurement

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

1.20.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.20.2.2. Payables and Annuity Loans

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

1.20.2.3. Cash and Cash Equivalents

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.20.2.4. Non-Current Investments

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20.3. De-recognition of Financial Instruments

1.20.3.1. Financial Assets

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

the rights to receive cash flows from the asset have expired; or
the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

1.20.3.2. Financial Liabilities

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

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

1.20.4. Offsetting of Financial Instruments

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

1.21. REVENUE

1.21.1. 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.

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 proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

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

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

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

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

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

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

The charging of revenue in the public sector is frequently regulated by legislation, regulation, or similar means. Due to the statutory nature of this revenue, the amount of revenue charged may be subject to a review, objection, or appeal process which may result in changes to revenue already recognised. These adjustments to revenue can result in changes in accounting estimates or errors which will be disclosed in terms of applicable GRAP standard.

1.21.2. Revenue from Exchange Transactions

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

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

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

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 recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

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

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

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

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

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.21.3. Grants, Transfers and Donations (Non-Exchange 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 raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.22. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.23. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. 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 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. CONTINGENT LIABILITIES

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 entity. 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 measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.27. PRESENTATION OF BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements. The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June. NO other entities is included in the budget.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities 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.

Impairment of Receivables

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

Provisions and contingent liabilities

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

1.29. 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 as part of receivables or payables in the Statement of Financial Position.

1.30. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.31. AMENDED DISCLOSURE POLICY

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. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

1.32 AGENCY FEES AND PAYABLES

An agent is an entity that has been directed by 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.

The municipality is collecting motor vehicle licence fees, motor registration and drivers licence fees on behalf of the Department of Transport and Public Works. Hence the municipality receives commission on the collection of monies. The municipality acts as an agent for the Department of Transport and Public Works, without any significant judgement to be applied. There was no changes in the terms and condition of the arrangement for the reporting year.

Only the portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recognised by the municipality.

Liabilities arising from principal-agent arrangements are included as part of payables in the Statement of Financial Position.

1.33 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.

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.

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.

Impairment and collectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

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.

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.

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.

Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the outstanding amount based on the interest rate of the asset. Interest is not levied on Fines issued. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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1.34 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.

1.35 CONSTRUCTION CONTRACTS AND RECEIVABLES

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality participates as a non-accredited municipality in the national housing programme. The municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the Western Cape Department of Human Settlements. The municipality assesses the terms and conditions of each contract concluded with the Western Cape Department of Human Settlements to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, the municipality considers whether it is a contractor.

The binding arrangements entered into with the Western Cape Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the department through a housing grant or subsidy.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as inventory until the houses are handed over when the municipality retains the risks and rewards associated with ownership of the low cost houses. On handover of the houses, the cost per house handed over is recognised as an expense in the period in which it was handed over.

The expenses are recognised in the period they are incurred when the municipality does not retain the risks and rewards associated with ownership of the low-cost houses during the construction period.

1.36 Standards, amendments to standard and interpretation issued but not yet effective

In the current year the municipality has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective. The following GRAP standards have been issued but are not yet effective during the current reporting period and the municipality did not early adopt these GRAP standards or interpretation.

GRAP 104 (Revised 2019) - Financial Instruments: The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

GRAP 103 on Heritage assets (amended): The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

Management has considered all the above mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance, budget statement or cash flow of the municipality.

1.37 Non-living Resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets in the financial statements of the Municipality. Non-Living resources are disclosed in terms of the applicable GRAP standard in the notes to the annual financial statements

1.38 Segment Reporting

Definition

A segment is an activity—
a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
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.

Identification

Segments are identified by the way in which information is reported to management for purposes of assessing performance as well as allocating resources to the various activities undertaken. Monthly management accounts and/or budget documentation usually reflect the segments reported to management.

It is prudent to note the following:

- activities performed by administrative units and functional departments which do not on its own give rise to future economic benefits or service potential, are not regarded as segments.
- post-employment benefit plans are expressly excluded from the scope of the standard of GRAP on segment reporting (i.e. GRAP 18), and thus is not regarded as a segment.

Measurement

The measure reported to management for the purpose of making decisions regarding the allocation of resources to a segment and assessing its performance, is the amount of each segment item reported in the financial statements. Amounts are allocated to reported segment surplus or deficit, assets or liabilities on a reasonable basis. When allocating revenue and expenses, only adjustments and eliminations included in the measures of the segment's surplus or deficit used by management, are reported for that segment. Only assets and liabilities included in the measures of the segment's assets and liabilities used by management, are reported for that segment. In cases where only one measure is used by management to assess segment performance and to allocate resources, segment surplus or deficit as well as segment assets and liabilities are reported in terms of that measure. In cases where more than one measure is used by management to assess segment performance and to allocate resources, segment surplus or deficit as well as segment assets and liabilities are reported in terms of what management believes are consistent with those used in measuring the corresponding amounts in the entity's financial statements.

Significant Judgements:

The municipality is structured in terms of core functions mandated in legislation. Information regarding progress in the performance of mandated functions, is reported to management for the purpose of evaluating segment performance and the allocation of resources to various activities in lieu of strategic objectives. Where more than one set of segments has been identified, management may report such information separately or as a matrix. In addition, management may choose to adopt a primary and secondary reporting structure with limited disclosures made about secondary segments.

The segment information has been prepared on the accrual basis of accounting in accordance with the historical cost convention, unless specified otherwise.

General information - Organisation and aggregation of segments

GRAP 18 permits the aggregation of two or more segments into a single segment where segments have similar economic characteristics and share a majority of the following:

a) the nature of the goods and/or services delivered;
b) the type or class of customer or consumer to which goods and services are delivered;
c) the methods used to distribute the goods or provide the services; or
d) the nature of the regulatory environment that applies to the segment.

In accordance with section 153 of the Constitution of South Africa, the municipality's administration, budget and planning processes are structured to give priority to the basic needs of the community, as well as to promote the social and economic development of the community. Management has thus decided to organise segments around the nature of goods and/or services delivered in accordance with the objects of local government as stipulated in section 152(1) of the Constitution. *General information - Goods and/or services delivered per segment* The goods and/or services delivered per segment are aligned with the local government matters listed in Schedules 4B and 5B of the Constitution. Where the number of reportable segments identified had increased to more than ten, management applied judgement regarding the practical limit of reportable segments.

The below indicates the final reportable segments-.

- Community and public safety
- Economic and environmental services
- Trading Services

Entity wide disclosures - Geographical information

The geographical information relevant for decision making purposes is not included as part of the reportable segment information as the information us not reported and available in geographical format within the municipal jurisdiction.

Restatement of segment reporting figures of earlier periods There have been no changes to the structure of the internal organization that resulted in the composition of reportable segments to change. Thus there was no need for segment reporting figures of earlier periods to be restated.

Transitional provisions

As per government gazette 41595 dated 26th April 2018, the standard of GRAP on Segment reporting became effective for municipalities from 1st April 2020. The standard of GRAP on Segment reporting has been fully complied with, apart from any transitional provisions that management may have decided to take advantage of as indicated below.

- On initial adoption of GRAP 18, comparative segment information need not be presented.
- The requirements of GRAP 18 does not apply to items that have not been recognised and/or measured in accordance with the other standards of GRAP as a result of transitional provisions under those Standards.

1.39 EXPENSES

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

	2024	2023
2 CASH AND CASH EQUIVALENTS	**R**	**R**
Assets		
Cash at Bank (Current Account)	187,235,262	226,792,468
Cash on Hand	9,472	9,255
Total Cash and Cash Equivalents - Assets	**187,244,734**	**226,801,723**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Cash book balance at beginning of year	226,792,468	144,870,308
Cash book balance at end of year	187,235,262	226,792,468

The municipality has the following bank accounts:

Primary Bank Account: First National Bank - Account Number 62748215979		
Bank statement balance at beginning of year	226,125,084	144,482,216
Bank statement balance at end of year	185,423,957	226,125,084
ABSA Bank Limited - Account Number 350000011		
Bank statement balance at beginning of year	359,019	584,503
Bank statement balance at end of year	88,854	359,019

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	68,708,576	50,520,002
Water	94,828,531	147,482,345
Property Rental Debtors	2,309,457	3,049,451
Waste Management	59,184,847	88,678,672
Waste Water Management	99,389,832	91,826,289
Service Charges	1,150,217	1,493,629
Prepayments and Advances	3,187,720	2,757,056
Contracts	5,128,890	5,128,890
Land Sale Debtors	1,106,706	1,106,706
Total Receivables from Exchange Transactions	**334,994,777**	**392,043,040**
Less: Provision for Impairment	(211,621,669)	(310,528,230)
Total Net Receivables from Exchange Transactions	**123,373,108**	**81,514,811**

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.

Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):

Accrued Income Electricity (Including VAT)	32,281,230	25,055,681
Accrued Income Water (Including VAT)	4,739,628	5,123,764
Accrued Income Waste Water (Including VAT)	39,790,216	14,208,517
Accrued Income Waste Management (Including VAT)	297,505	-

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing		
Accrued Income Electricity	32,281,230	25,055,681
Current (0 - 30 days)	21,837,397	14,664,995
31 - 60 Days	2,269,338	1,142,768
61 - 90 Days	1,480,603	981,422
+ 90 Days	10,840,007	8,675,136
Total	**68,708,576**	**50,520,002**

	2024	2023
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	**R**	**R**
(Water): Ageing		
Accrued Income Water	4,739,628	5,123,764
Current (0 - 30 days)	4,241,233	3,399,302
31 - 60 Days	1,967,389	2,475,554
61 - 90 Days	1,969,155	2,138,063
+ 90 Days	81,911,127	134,345,662
Total	**94,828,532**	**147,482,345**
(Housing): Ageing		
Current (0 - 30 days)	90,815	67,042
31 - 60 Days	65,262	55,821
61 - 90 Days	49,583	45,399
+ 90 Days	2,103,797	2,881,190
Total	**2,309,457**	**3,049,451**
(Waste Management): Ageing		
Accrued Income Waste Management	297,505	-
Current (0 - 30 days)	3,016,552	2,989,209
31 - 60 Days	1,566,418	1,779,503
61 - 90 Days	1,511,436	1,649,547
+ 90 Days	52,792,937	82,260,414
Total	**59,184,848**	**88,678,673**
(Waste Water): Ageing		
Accrued Income Waste Water	39,790,216	14,208,517
Current (0 - 30 days)	2,539,511	2,366,340
31 - 60 Days	1,614,930	1,381,153
61 - 90 Days	1,351,028	1,217,082
+ 90 Days	54,094,147	72,653,198
Total	**99,389,833**	**91,826,289**
(Service Charges): Ageing		
Current (0 - 30 days)	7,879	6,579
31 - 60 Days	16,087	19,568
61 - 90 Days	23,378	13,322
+ 90 Days	1,102,874	1,454,160
Total	**1,150,217**	**1,493,629**
(Prepayments and Advances): Ageing		
+ 90 Days	3,187,720	2,757,056
Total	**3,187,720**	**2,757,056**
(Contract): Ageing		
+ 90 Days	5,128,890	5,128,890
Total	**5,128,890**	**5,128,890**
(Land Sales): Ageing		
+ 90 Days	1,106,706	1,106,706
Total	**1,106,706**	**1,106,706**
(Total): Ageing		
Accrued Income	77,108,580	44,387,962
Current (0 - 30 days)	31,733,387	23,493,466
31 - 60 Days	7,499,424	6,854,367
61 - 90 Days	6,385,183	6,044,835
+ 90 Days	212,268,204	311,262,411
Total	**334,994,778**	**392,043,042**
Reconciliation Provision for Impairment		
Opening Balance	(310,528,229)	(250,470,971)
Recognised	(74,442,878)	(61,208,885)
Reversal (Write-off)	173,349,439	1,151,627
Balance at end of year	**(211,621,668)**	**(310,528,229)**

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

		2024	2023
4	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**	**R**	**R**
	Property Rates		
	Outstanding balance	54,881,440	46,952,464
	Provision for impairment	(43,309,400)	(36,766,151)
	Carrying Value	**11,572,040**	**10,186,313**
	Electricity Availability		
	Outstanding balance	2,506,530	2,147,543
	Provision for impairment	(2,382,081)	(2,049,009)
	Carrying Value	**124,450**	**98,534**
	Water Availability		
	Outstanding balance	2,298,110	2,008,924
	Provision for impairment	(2,203,236)	(1,904,199)
	Carrying Value	**94,874**	**104,725**
	Waste Management Availability		
	Outstanding balance	1,102,068	974,684
	Provision for impairment	(1,055,844)	(883,696)
	Carrying Value	**46,224**	**90,987**
	Waste Water Availability		
	Outstanding balance	1,351,875	1,214,384
	Provision for impairment	(1,290,678)	(1,148,506)
	Carrying Value	**61,197**	**65,878**
	Fines		
	Outstanding balance	21,640,260	14,020,210
	Provision for impairment	(3,138,950)	(6,851,900)
	Carrying Value	**18,501,310**	**7,168,310**
	Other Receivables	**1,238,949**	**1,709,182**
	Deposits	224,615	224,615
	Other receivables	1,014,334	1,484,567
	Total Net Receivables from Non-Exchange Transactions	**31,639,044**	**19,423,931**

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

	2024	2023
Current (0 - 30 days)	4,251,207	3,684,642
31 - 60 Days	991,836	970,095
61 - 90 Days	754,212	681,491
+ 90 Days	48,884,186	41,616,215
Total	**54,881,440**	**46,952,442**

(Electricity Availability): Ageing

	2024	2023
Current (0 - 30 days)	85,579	73,845
31 - 60 Days	57,247	48,860
61 - 90 Days	51,928	43,870
+ 90 Days	2,311,777	1,980,968
Total	**2,506,530**	**2,147,543**

(Water Availability): Ageing

	2024	2023
Current (0 - 30 days)	67,333	68,835
31 - 60 Days	39,613	46,123
61 - 90 Days	36,674	42,191
+ 90 Days	2,154,489	1,851,774
Total	**2,298,110**	**2,008,924**

(Waste Management Availability): Ageing

	2024	2023
Current (0 - 30 days)	40,376	56,499
31 - 60 Days	22,943	40,841
61 - 90 Days	20,893	39,025
+ 90 Days	1,017,856	838,318
Total	**1,102,068**	**974,684**

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS CONTINUED	2024 R	2023 R
(Waste Water Availability): Ageing		
Current (0 - 30 days)	43,166	44,455
31 - 60 Days	25,685	28,986
61 - 90 Days	23,341	26,349
+ 90 Days	1,259,683	1,114,594
Total	**1,351,875**	**1,214,384**
(Total): Ageing		
Current (0 - 30 days)	4,487,660	3,928,277
31 - 60 Days	1,137,324	1,134,905
61 - 90 Days	887,047	832,926
+ 90 Days	55,627,990	47,401,869
Total	**62,140,022**	**53,297,977**
Reconciliation Provision for Impairment		
Opening Balance	(49,603,460)	(49,575,967)
Recognised	(12,457,793)	(8,762,143)
Reversal (Write-off)	8,681,065	8,734,650
Balance at end of year	**(53,380,188)**	**(49,603,460)**

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

5 INVENTORY

Consumables	2,590,811	2,503,966
Materials and Supplies	24,754,889	13,976,757
Water	15,911	348,802
Total Inventory	**27,361,611**	**16,829,525**
Inventory written down due to losses as identified during the annual stores counts.	**3,802**	**-**
Inventory recognised as an expense during the year	**19,497,310**	**16,089,360**

No inventories is pledged as security for liabilities

No inventory is caried at fair value less cost to sell.

No inventory was writen down to net realisable value.

	2024	2023
6 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	**R**	**R**
Unspent Grants	4,861,951	13,535,211
National Government Grants	1,202,087	5,741,406
Provincial Government Grants	265,421	3,424,478
District Municipality	3,394,443	4,369,327
Less: Grants spend but not yet received	11,116,787	9,034,870
National Government Grants	198,128	858,317
Provincial Government Grants	10,834,594	8,146,274
District Municipality	84,065	30,279
Total Conditional Grants and Receipts	**(6,254,836)**	**4,500,341**

Please refer to Note 22 for more information on specific grants.

7 STATUTORY RECEIVABLES

Statutory receivables of the municipality are classified as follows in accordance with the principles of GRAP 108,

As of 30 June 2024, total statutory receivables of R 71955415 (2023: R 55504710) were impaired and provided for.

The amount of the allowance for impairment was R 46448350 as of 30 June 2024 (2023: R43618051).

	2024	2023
Reconciliation of statutory receivables		
Gross balance of statutory receivables	71,955,415	55,504,710
Provision for impairment	(46,448,350)	(43,618,051)
Netto statutory receivables	**25,507,065**	**11,886,659**
Gross balance		
Fines	21,640,260	14,020,210
Property rates	54,881,440	46,952,464
VAT	(4,566,285)	(5,467,964)
Total	**71,955,415**	**55,504,710**
Reconciliation of Provision for impairment		
Opening Balance	(49,603,460)	(49,575,967)
Recognised	(12,457,793)	(8,762,143)
Reversal (Write-off)	8,681,065	8,734,650
Balance at end of year	**(53,380,188)**	**(49,603,460)**
The total amount of the Provision for impairment consists of:		
Fines	(3,138,950)	(6,851,900)
Property rates	(43,309,400)	(36,766,151)
Total	**(46,448,350)**	**(43,618,051)**
Net balance		
Fines	18,501,310	7,168,310
Property rates	11,572,040	10,186,313
VAT	(4,566,285)	(5,467,964)
Total	**25,507,065**	**11,886,659**
Interest charged	4,091,476	2,821,620
Property Rates: Ageing		
Current (0 - 30 days)	4,251,207	3,684,642
31 - 60 Days	991,836	970,095
61 - 90 Days	754,212	681,491
+ 90 Days	48,884,186	41,616,215
Total	**54,881,440**	**46,952,442**

Statutory receivables arises from the following legislation:
Property Rates- Municipal Property Rates Act (Act no 60 of 2014)
Fines- Criminal Procedures Act (Act no 51 of 1977)
Value Added Tax Act (Act no 89 of 1991)

No receivables from statutory receivables were pledged as security.

		2024	2023
7	**STATUTORY RECEIVABLES CONTINUED**	R	R

Credit quality of statutory receivables

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 non-exchange receivables on initial recognition is not deemed necessary.

There are no statutory receivables which were restricted.

Property rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also new buildings.

Basic rate	2024	2023
Residential	0.600c/R	1.054c/R
Commercial	1.650c/R	1.903c/R
Industrial	1.650c/R	1.903c/R
Bona Fide Agricultural	0.150c/R	0.151c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual

rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
- Residential - The first R150 000 on the valuation is exempted.

Balances past due not impaired:	2024 %	2024 R	2023 %	2023 R
Non-Exchange Receivables				
Fines	85.49%	18,501,310	51.13%	7,168,310
Property rates	21.09%	11,572,040	21.69%	10,186,313
VAT	100.00%	(4,566,285)	100.00%	(5,467,964)
	35.45%	**25,507,065**	**21.42%**	**11,886,659**

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2024 %	2024 R	2023 %	2023 R
Non-Exchange Receivables				
Fines	6.76%	3,138,950	15.71%	6,851,900
Property rates	93.24%	43,309,400	84.29%	36,766,151
	100.00%	**46,448,350**	**100.00%**	**43,618,051**

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2024 %	2024 R	2023 %	2023 R
Residential	67.61%	43,835,208	61.48%	26,815,380
Commercial	28.44%	18,440,414	33.67%	14,684,206
Other	3.95%	2,560,129	4.86%	2,118,466
	100.00%	**64,835,750**	**100.00%**	**43,618,051**

VAT PAYABLE	2024 R	2023 R
VAT Payable	21,797,907	15,580,883
	21,797,907	**15,580,883**
VAT RECEIVABLE		
VAT input in suspense	17,231,622	10,112,919
	17,231,622	**10,112,919**
NET VAT RECEIVABLE/(PAYABLE)	**(4,566,285)**	**(5,467,964)**

VAT is receivable/payable on the cash basis.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 30 JUNE 2024

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community Assets R	Leased Assets R	Other Assets R	Total R
Carrying value at 1 July 2023	74,012,280	82,389,361	763,082,704	76,242,322	503,692	46,362,258	1,042,592,617
Cost	74,012,280	98,341,878	1,003,267,271	95,001,698	3,345,298	106,591,269	1,380,559,694
Accumulated Impairment	-	(361,350)	(2,907,658)	(1,085,670)	-	(809,940)	(5,164,618)
Accumulated Depreciation	-	(15,591,167)	(237,276,909)	(17,673,706)	(2,841,606)	(59,419,071)	(332,802,459)
Acquisitions	-	17,003	55,905,210	3,306,265	1,460,108	22,224,260	82,912,846
Transfers	-	-	(839,346)	311,241	-	(101,403)	(629,508)
Cost	-	-	(839,346)	311,241	-	(101,403)	(629,508)
Impairment	-	-	-	-	-	200,581	200,581
Impairment	-	-	-	-	-	(77,972)	(77,972)
Reversals	-	-	-	-	-	278,553	278,553
Depreciation	-	(1,133,578)	(23,129,381)	(2,554,866)	(679,002)	(5,912,605)	(33,409,432)
Carrying value of disposals	-	(30,950)	(32,126)	-	(10,972)	(566,905)	(640,953)
Cost	-	(352,235)	(640,475)	-	(3,345,298)	(1,461,362)	(5,799,370)
Accumulated Impairment	-	278,553	-	-	-	(278,553)	-
Accumulated Depreciation	-	42,731	608,349	-	3,334,326	1,173,011	5,158,417
Carrying value at 30 June 2024	74,012,280	81,241,836	794,987,061	77,304,962	1,273,826	62,206,186	1,091,026,151
Cost	74,012,280	98,006,646	1,057,692,660	98,619,204	1,460,108	127,252,764	1,457,043,662
Accumulated Impairments	-	(82,796)	(2,907,658)	(1,085,670)	-	(887,913)	(4,964,037)
Accumulated Depreciation	-	(16,682,014)	(259,797,941)	(20,228,572)	(186,282)	(64,158,665)	(361,053,474)

CHANGE IN ACCOUNTING ESTIMATES

Change in Useful lives

The municipality has reassessed the useful lives of Property plant and equipment and Intangible Asset which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

Movement in depreciation and amortisation	2024 R	2025 R	2026 R	2027 R
Before change in estimate	-	-	-	-
After change in estimate	780,148	780,148	780,148	780,148
Net effect	780,148	780,148	780,148	780,148

CAPITALISED RESTORATION COST	2024
Net Carrying amount at 1 July	**12,218,671**
Cost	61,235,271
Accumulated Depreciation	(49,016,599)
Adjustment for the period	3,366,362
Depreciation for the year	(302,330)
Net Carrying amount at 30 June	**15,282,703**
Cost	64,601,632
Accumulated Depreciation	(49,318,930)
Total Property, Plant and Equipment	**1,106,308,854**

8.1.1 Work in Progress included in the Carrying Value of Property Plant & Equipment

	Land R	Buildings R	Infrastructure R	Community R	Leased Assets R	Other Assets R	Total R
Original Cost		575,838	21,584,111	1,107,275		1,000,000	24,267,224

	Total R
8.1.2 Expenditure incurred for repairs and maintaining property plant and equipment	23,172,254

8.1.3 No assets are pledged as security

8.1.4 No assets were in construction or development and consequently halted.

8.1.5 No assets took significantly long to complete.

PROPERTY, PLANT AND EQUIPMENT CONTINUED

8.2 30 JUNE 2023

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2022	74,218,280	84,009,075	707,375,313	72,973,007	880,728	51,122,459	990,578,862
Cost	74,218,280	98,778,878	925,198,970	89,328,819	3,345,298	104,543,062	1,295,413,307
Accumulated Impairment	-	(361,350)	(2,383,480)	(1,085,670)	-	(697,179)	(4,527,679)
Accumulated Depreciation	-	(14,408,453)	(215,440,177)	(15,270,142)	(2,464,570)	(52,723,424)	(300,306,766)
Acquisitions	-	-	76,929,364	6,782,808	-	2,846,062	86,558,234
Transfers	-	-	1,547,848	(1,257,765)	-	(999,563)	(709,480)
Cost	-	-	1,547,848	(1,109,929)	-	(814,056)	(376,137)
Accumulated Impairment	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	(147,836)	-	(185,507)	(333,343)
Impairment	-	-	(524,178)	-	-	(170,799)	(694,977)
Impairment	-		(524,178)	-	-	(170,799)	(694,977)
Reversals	-		-	-	-	-	-
Depreciation	-	(1,245,369)	(21,891,073)	(2,255,728)	(377,037)	(6,564,034)	(32,333,241)
Carrying value of disposals	(206,000)	(374,344)	(282,186)	-	-	55,749	(806,781)
Cost	(206,000)	(437,000)	(336,527)	-	-	(56,182)	(1,035,709)
Accumulated Impairment	-	-	-	-	-	58,038	58,038
Accumulated Depreciation	-	62,656	54,341	-	-	53,893	170,890
Carrying value at 30 June 2023	74,012,280	82,389,362	763,155,088	76,242,322	503,691	46,289,874	1,042,592,617
Cost	74,012,280	98,341,878	1,003,339,655	95,001,698	3,345,298	106,518,886	1,380,559,695
Accumulated Impairments	-	(361,350)	(2,907,658)	(1,085,670)	-	(809,940)	(5,164,618)
Accumulated Depreciation	-	(15,591,166)	(237,276,909)	(17,673,706)	(2,841,607)	(59,419,072)	(332,802,460)

CAPITALISED RESTORATION COST

Net Carrying amount at 1 July	**35,106,752**
Cost	80,422,274
Accumulated Depreciation	(45,315,522)
Adjustment for the period	(22,010,560)
Depreciation for the year	(877,520)
Net Carrying amount at 30 June	**12,218,671**
Cost	58,411,713
Accumulated Depreciation	(46,193,042)
Total Property, Plant and Equipment	**1,054,811,288**

8.2.1 Work in Progress included in the Carrying Value of Property Plant & Equipment

	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Original Cost		558,835	62,491,229	1,297,630	-	-	64,347,694

	Total R
8.2.2 Expenditure incurred for repairs and maintaining property plant and equipment	27,039,159

8.2.3 No assets are pledged as security

8.2.4 No assets were in construction or development and consequently halted.

8.2.5 No assets took significantly long to complete.

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

U Mnqanqeni - 30 November 2024

		2024	2023
9	**INTANGIBLE ASSETS**	**R**	**R**
	Computer Software		
	Net Carrying amount at 1 July	**1,355,569**	**1,359,152**
	Cost	2,941,080	5,760,942
	Accumulated Amortisation	(1,585,511)	(4,401,790)
	Acquisitions	330,870	72,384
	Amortisation	(12,349)	(75,967)
	Disposals/Transfers Out	547,012	2,892,246
	Disposals	(1,163,414)	(2,892,246)
	Net Carrying amount at 30 June	**1,057,688**	**1,355,569**
	Cost	2,108,536	2,941,080
	Accumulated Amortisation	(1,050,848)	(1,585,511)
	Work in Progress included in the Carrying Value of Asset	330,870	

No intangible assets are pledged as security

No intangible assets were in construction or development and consequently halted.

No intangible assets took significantly long to complete.

		2024	2023
10	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**42,328,437**	**43,077,087**
	Cost	46,980,339	46,980,339
	Accumulated Depreciation	(4,179,611)	(3,903,252)
	Accumulated Impairment	(472,291)	-
	Transfers to/from Cost	-	-
	Transfers to/from Accumulated Depreciation	-	-
	Depreciation for the year	(408,718)	(276,359)
	Impairment	-	(472,291)
	Net Carrying amount at 30 June	**41,919,719**	**42,328,437**
	Cost	46,980,339	46,980,339
	Accumulated Depreciation	(4,588,329)	(4,179,611)
	Accumulated Impairment	(472,291)	(472,291)

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.

	2024	2023
Revenue derived from the rental of investment property	3,340,182	3,414,238
Repair and maintenance expenditure incurred on properties generating revenue	**186,762**	**201,865**
Total Operating expenditure incurred on properties generating revenue	**13,821,547**	**12,105,989**
Operating expenditure incurred on properties not generating revenue	**975,546**	**927,181**

		2024	2023
11	**HERITAGE ASSETS**	**R**	**R**
	Net Carrying amount at 1 July	**550,000**	**550,000**
	Cost	550,000	550,000
	Net Carrying amount at 30 June	**550,000**	**550,000**
	Cost	550,000	550,000

Heritage assets are carried at its cost less any accumulated impairment losses

No repairs and maintenance were effected on the heritage assets.

None of the heritage assets are pledge as security.

12 TRADE AND OTHER PAYABLES EXCHANGE TRANSACTIONS

	2024	2023
Payables and Accruals	14,382,900	40,895,529
Control, Clearing and Interface	473,325	336,670
Electricity Bulk Purchase	43,777,206	39,158,873
Unallocated Deposits	1,082,349	1,189,657
Retentions	13,632,275	12,861,128
Agency Fees Payable	(1,126)	(376)
Advance Payments	10,280,765	6,924,297
Employee cost and councillor remuneration	1,975,009	1,988,685
Total Trade Payables	**85,602,703**	**103,354,463**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

13 CONSUMER DEPOSITS

	2024	2023
Water and Electricity	8,018,410	7,594,161
Rental Properties	406,885	972,083
Wayleave	133,817	-
Posters	30,906	28,514
Building Plans	1,149,361	3,563,526
Total Consumer Deposits	**9,739,379**	**12,158,284**

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amounts.

14 CURRENT PROVISIONS

	2024	2023
Current Portion of Rehabilitation of Landfill-sites - Note 18	3,630,749	3,446,295
Total Provisions	**3,630,749**	**3,446,295**

		2024	2023
15	**CURRENT EMPLOYEE BENEFITS**	**R**	**R**
	Current Portion of Post Employment Health Care Benefits- Note 19	3,050,995	2,588,000
	Current Portion of Long-Service Provisions - Note 19	1,704,000	1,956,000
	Current Portion of Ex-gratia Pension Provisions - Note 19	7,100	6,460
	Staff Leave	20,423,714	19,652,655
	Performance Bonuses	803,207	777,548
	Staff Bonuses	5,991,303	5,636,989
	Total Current Employee Benefits	**31,980,319**	**30,617,652**

The movement in current employee benefits are reconciled as follows:

Staff Leave

	2024	2023
Opening Balance	19,652,655	18,927,318
Contribution for the year	2,522,067	1,893,035
Expenditure incurred	(1,751,008)	(1,167,698)
Balance at end of year	**20,423,714**	**19,652,655**

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.

Performance Bonuses

	2024	2023
Opening Balance	777,548	743,747
Contribution for the year	803,207	788,704
Expenditure incurred	(777,548)	(754,904)
Balance at end of year	**803,207**	**777,547**

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of their performance.

Staff Bonuses

	2024	2023
Opening Balance	5,636,989	5,393,148
Contribution for the year	10,639,544	9,750,369
Expenditure incurred	(10,285,229)	(9,506,528)
Balance at end of year	**5,991,304**	**5,636,989**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

16 UNSPENT PUBLIC CONTRIBUTIONS

	2024	2023
Essen Belgium	3,684	1,116,991
Perdekraal	1,171,804	414,101
Nedbank	1,136,399	785,403
Total Unspent Public Contributions	**2,311,887**	**2,316,495**

Reconciliation of public contributions

China - Water meters

	2024	2023
Opening balance	-	7,183
Conditions met - Transferred to revenue	-	(7,183)
Closing balance	**-**	**-**

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

UNSPENT PUBLIC CONTRIBUTIONS CONTINUED	**2024 R**	**2023 R**
Essen Belgium		
Opening balance	1,116,990	3,179,030
Receipts	679,910	1,350,389
Conditions met - Transferred to revenue	(1,793,216)	(3,412,428)
Closing balance	**3,684**	**1,116,991**

A twining agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

Perdekraal		
Opening balance	414,101	-
Receipts	1,130,300	588,300
Conditions met - Transferred to revenue	(372,597)	(174,199)
Closing balance	**1,171,804**	**414,101**

Funds donated for alien conservation

Nedbank		
Opening balance	785,403	-
Receipts	952,545	1,111,303
Conditions met - Transferred to revenue	(601,549)	(325,900)
Closing balance	**1,136,399**	**785,403**

Funds donated for the rehabilitation and restoration of rivers.

17 BORROWINGS

Finance Lease Liability	1,281,622	527,449
	1,281,622	**527,449**
Less Current portion of Non-current	**(1,281,622)**	**(527,449)**
Finance Lease Liability	(1,281,622)	(527,449)

The obligations under annuity loans are scheduled below: **Minimum annuity payments**

Amounts payable under annuity loans:

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2024.

The obligations under finance leases are scheduled below: **Minimum lease payments**

Amounts payable under finance leases:

Payable within one year	-	547,662
	-	547,662
Less: Future finance obligations	-	(20,212)
Present value of lease obligations	**-**	**527,450**

		2024	2023
18	**NON-CURRENT PROVISIONS**	**R**	**R**
	Provision for Rehabilitation of Landfill-sites	52,330,759	45,969,231
	Total Non-current Provisions	**52,330,759**	**45,969,231**

Landfill Sites

	2024	2023
Opening Balance	49,415,526	98,557,432
Unwinding of Interest	5,166,330	9,775,470
Adjustment for the period	1,379,652	(58,917,376)
Total provision 30 June	**55,961,508**	**49,415,526**
Less: Transfer of Current Portion to Current Provisions - Note 14	(3,630,749)	(3,446,295)
Balance 30 June	**52,330,759**	**45,969,231**
Discount rate	5.25 - 12.49 %	6.13 - 11.75 %
Inflation Rate	5.02%	5.17%

The Rehabilitation cost of all landfill sites was prepared by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. An appropriate discount rate was used to determine the present value of the future landfill rehabilitation liability The total obligation at year-end can be attributed to the following sites:

2024

Location	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Ceres	2003	4,184,795	4,038,151
Prince Alfred's Hamlet	2045	71,240,342	67,594,259
Op-die- Berg	2034	10,533,459	10,001,054
Tulbagh	2035	33,067,977	31,377,930
Wolseley	2043	41,996,226	39,868,880
		161,022,799	**152,880,274**

2023

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Ceres	2003	4,363,482	4,256,490
Prince Alfred's Hamlet	2045	226,499,965	285,223,128
Op-die- Berg	2034	20,306,976	12,818,000
Tulbagh	2035	65,677,557	66,182,285
Wolseley	2043	119,728,149	123,480,115
		436,576,129	**491,960,018**

19	**EMPLOYEE BENEFITS**		
	Post-employment Health Care Benefits	59,764,000	57,306,000
	Long Service Awards	11,921,000	10,090,000
	Ex-Gratia Pension Benefits	19,930	21,250
	Total Non-current Employee Benefit Liabilities	**71,704,930**	**67,417,250**

Post-employment Health Care Benefits

Opening Balance	59,894,000	61,635,000
Contribution for the year	1,981,000	2,107,000
Interest Cost	7,283,000	7,136,000
Expenditure for the year	(2,375,737)	(2,285,339)
Actuarial Loss/(Gain)	(3,967,268)	(8,698,661)
Total post retirement Health Care benefits 30 June	**62,814,995**	**59,894,000**
Less: Transfer of Current Portion - Note 15	(3,050,995)	(2,588,000)
Balance 30 June	**59,764,000**	**57,306,000**

		2024	2023
19	**EMPLOYEE BENEFITS CONTINUED**	**R**	**R**

Long Service Awards

	2024 R	2023 R
Opening Balance	12,046,000	12,176,763
Contribution for the year	913,000	963,000
Interest Cost	1,243,000	1,262,000
Expenditure for the year	(1,739,612)	(1,158,579)
Actuarial Loss/(Gain)	1,162,612	(1,197,184)
Total long service 30 June	**13,625,000**	**12,046,000**
Less: Transfer of Current Portion - Note 15	(1,704,000)	(1,956,000)
Balance 30 June	**11,921,000**	**10,090,000**

Ex-Gratia Pension

	2024 R	2023 R
Opening Balance	27,710	33,618
Interest Cost	2,490	2,800
Expenditure for the year	(3,840)	(9,498)
Actuarial Loss/(Gain)	670	790
Total Ex-Gratia 30 June	**27,030**	**27,710**
Less: Transfer of Current Portion - Note 15	(7,100)	(6,460)
Balance 30 June	**19,930**	**21,250**

TOTAL NON-CURRENT EMPLOYEE BENEFITS

	2024 R	2023 R
Balance 1 July	71,967,710	73,845,381
Contribution for the year	2,894,000	3,070,000
Interest cost	8,528,490	8,400,800
Expenditure for the year	(4,119,189)	(3,453,416)
Actuarial Loss/(Gain)	(2,803,986)	(9,895,055)
Total employee benefits 30 June	**76,467,025**	**71,967,710**
Less: Transfer of Current Portion - Note 15	(4,762,095)	(4,550,460)
Balance 30 June	**71,704,930**	**67,417,250**

The actuarial valuation was performed, as at 30 June 2024,by Chanan Weiss from ARCH Actuarial Consulting CC (Registration 1998/023194/23), using the projected unit credit method. ARCH Actuarial Consulting CC is not connected to the municipality.

19.1 Post-employment Health Care Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2024	2023
In-service (employee) members	247	238
In-service (employee) non-members	254	253
Continuation members (e.g. Retirees, widows, orphans)	48	51
Total Members	**549**	**542**

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

	2024 R	2023 R
In-service (employee) members	32,852,000	30,550,000
In-service (employee) non-members	3,062,000	2,863,000
Continuation members	26,869,000	26,481,000
Total Liability	**62,783,000**	**59,894,000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	**2022 R**	**2021 R**	**2020 R**
In-service (employee) members	32,044,000	30,183,000	26,345,000
In-service (employee) non-members	2,585,000	2,345,000	
Continuation members	27,006,000	30,738,000	28,373,000
Total Liability	**61,635,000**	**63,266,000**	**54,718,000**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Keyhealth.
LA Health
Hosmed and
Samwumed.

19.1 EMPLOYEE BENEFITS CONTINUED **2024** **2023**

The employees of the municipality and their dependants are currently entitled to a subsidy of 70% of the medical scheme contributions after they retire or in the case of death. This percentage is reduced if an employee did not complete a required service period before retirement. Widow(er)s and orphans of in-service members are entitled to a subsidy of 60% of the contribution payable. Upon a member's death-in retirement, the surviving dependants will continue to receive the same benefits.

The post-employment subsidies are not limited to a maximum Rand value/subsidy and as a result the following risks should be noted:
•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 DBO: The risk that the DBO 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 DBO for the Municipality.

Key actuarial assumptions used:

i) Rate of interest

	2024	2023
Discount rate	12.20%	12.42%
Health Care Cost Inflation Rate	7.69%	8.03%
Net Effective Discount Rate	4.19%	4.06%

The discount rate are derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

iii) Normal retirement age

The normal retirement ages are 65 (for males) and 65 (for females). It has been assumed that male in-service members will retire at age 62 and female in-service members will retire at age 59, on average, which then implicitly allows for expected rates of ill-health and early retirement.

	2024	2023
Continuation of membership at retirement	70%	70%
Proportion assumed married at retirement	60%	60%
Proportion of eligible current non-member employees joining the scheme by retirement	15%	15%

The amounts recognised in the Statement of Financial Position are as follows:	**2024 R**	**2023 R**
Present value of fund obligations	62,814,995	59,894,000
Net liability/(asset)	**62,814,995**	**59,894,000**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2024	2023
Present value of fund obligation at the beginning of the year	59,894,000	61,635,000
Total expenses	6,888,263	6,957,661
Current service cost	1,981,000	2,107,000
Interest Cost	7,283,000	7,136,000
Benefits Paid	(2,375,737)	(2,285,339)
Amendments	-	-
Actuarial (gains)/losses	(3,967,268)	(8,698,661)
Present value of fund obligation at the end of the year	62,814,995	59,894,000
Less: Transfer of Current Portion - Note 15	(3,050,995)	(2,588,000)
Balance 30 June	**59,764,000**	**57,306,000**

EMPLOYEE BENEFITS CONTINUED

Sensitivity Analysis on the Accrued Liability at 30 June 2024

Assumption	members liability	members liability	Total liability (R'000)
Central Assumptions	35,914,000	26,869,000	62,783,000

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members	Continuation members	Total liability (R'000)	% change
Central assumptions		35,914,000	26,869,000	62,783,000	
Health care inflation	1%	38,215,000	28,811,000	67,026,000	7
Health care inflation	-1%	32,746,000	25,000,000	57,746,000	-8
Mortality rate	20%	34,551,000	25,163,000	59,714,000	-5
Mortality rate	-20%	37,486,000	28,971,000	66,457,000	6

19.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	501	491

i) Rate of interest

Discount rate	11.05%	11.20%
General Salary Inflation (long-term)	6.20%	6.52%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.56%	4.39%

	2024 R	2023 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	13,625,000	12,046,000
Net liability	**13,625,000**	**12,046,000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2022 R	2021 R	2020 R
Present value of fund obligations	12,176,763	12,156,000	10,253,000
Net liability	**12,176,763**	**12,156,000**	**10,253,000**

	2024 R	2023 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	12,046,000	12,176,763
Total expenses	416,388	1,066,421
Current service cost	913,000	963,000
Interest Cost	1,243,000	1,262,000
Benefits Paid	(1,739,612)	(1,158,579)
Actuarial (gains)/losses	1,162,612	(1,197,184)
Present value of fund obligation at the end of the year	13,625,000	12,046,000
Less: Transfer of Current Portion - Note 15	(1,704,000)	(1,956,000)
Balance 30 June	**11,921,000**	**10,090,000**

Sensitivity Analysis on the Accrued Liability at 30 June 2024

Assumption	Change	Liability	% change
Central assumptions		13,625,000	
General salary inflation	1.00%	14,362,000	5%
General salary inflation	-1.00%	12,949,000	-5%
Withdrawal rates	20%	13,108,000	-4%
Withdrawal rates	-20%	14,185,000	4%

EMPLOYEE BENEFITS CONTINUED

19.3 Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefits plans are defined benefit plans.

	2024	2023
As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.	13	14

i) Rate of interest

	2024	2023
Discount rate	9.79%	10.14%

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

	2024 R	2023 R
Present value of fund obligations	27,030	27,710
Net liability	**27,030**	**27,710**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2022 R	2021 R	2020 R
Present value of fund obligations	33,618	32,082	62,213
Net liability	**33,618**	**32,082**	**62,213**

EMPLOYEE BENEFITS CONTINUED

Reconciliation of present value of fund obligation:

	2024 R	2023 R
Present value of fund obligation at the beginning of the year	27,710	33,618
Total expenses	(1,350)	(6,698)
Interest Cost	2,490	2,800
Benefits Paid	(3,840)	(9,498)
Actuarial (gains)/losses	670	790
Present value of fund obligation at the end of the year	27,030	27,710
<u>**Less:**</u> Transfer of Current Portion - Note	(7,100)	(6,460)
Balance 30 June	**19,930**	**21,250**

Sensitivity Analysis on the Accrued Liability at 30 June 2024

Assumption	**Change**	**(R'000)**	**% change**
Central assumptions		27,030	
Discount rates	+1%	26,430	-5.0%
Discount rates	-1%	29,070	5.0%
Average retirement age	+1 year	25,550	-8.0%
Average retirement age	11 year	29,750	7.0%

EMPLOYEE BENEFITS CONTINUED	2024 R	2023 R

19.4 Retirement funds

CAPE JOINT PENSION FUND

The contribution rate of the defined benefit scheme is 27%; 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2023 disclosed an actuarial valuation amounting to R1 338 791 000 (30 June 2022: R1 391 841 000), with a surplus of R226 285 000 (2022: R144 158 000), with a funding level of 120.3% (30 June 2022: 111.6%).

	2024 R	2023 R
Contributions paid recognised in the Statement of Financial Performance	445,247	415,032

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The fund is a DB plan, and its last statutory valuation at 1 July 2021 revealed a deficit of R2,08 million and a funding level of 85,5%, having deteriorated since its previous statutory valuation at 1 July 2018, which indicated a deficit of R601,2 million and a funding level of 96%. That was prior to the approval of a scheme of arrangement (SOA) between the fund and all participating employers. The SOA requires all participating employers to contribute an additional 2% per annum over the next five to six years to restore the fund to financial soundness. Due to its further deterioration as a result of poor investment returns over the valuation period, the fund is required under section 18 of the Pension Funds Act to submit an updated SOA to the Financial Sector Conduct Authority (FSCA) to outline how the funding position will be addressed and restored.

	2024 R	2023 R
Contributions paid recognised in the Statement of Financial Performance	312,527	282,900

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

	2024 R	2023 R
Cape Joint Retirement Fund	30,201,649	27,684,024
Municipal Councillors Pension Fund	140,993	195,206
Municipal Workers Retirement Fund:	115,890	155,234
SAMWU National Provident Fund	4,395,265	4,442,493
	34,853,797	**32,476,957**

The valuation results are dependent on the expected average retirement ages (EARAs) instead of the normal retirement age (NRAs).

Witzenberg's own recent employee-retirement history will be too small a sample to be solely relied on in setting these assumptions. Nevertheless, this recent experience seems to be in line with the EARAs used in the 2020 valuation.

If there is concern that the change in NRA for females will affect their EARA, then we recommend that the retirement-experience be monitored for several years after the change.

Consolidated Retirement Fund (Previously Cape Joint Retirement Fund:

The most recent statutory valuation performed as at 30 June 2023 revealed that the assets of the fund amounted to R42 710 035 000 (30 June 2022: R36 502 914 000), with funding levels of 120.1% and 100.2% (30 June 2022: 131.6% and 100.4%) for the Pensions Account and the Share Account respectively. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

	2024	2023
	R	R

20 NET ASSET RESERVES

	2024	2023
Capital Replacement Reserve	11,166,357	12,539,508
Total Net Asset Reserves	**11,166,357**	**12,539,508**

21 PROPERTY RATES

Actual

	2024	2023
Rates Levied	112,194,626	107,295,940
Business	19,963,699	28,595,800
Rural	25,294,570	17,769,583
Industrial Properties	11,521,095	11,481,496
Residential Properties	35,901,266	33,021,595
Public Service Purposes	16,820,067	14,265,001
Vacant Land	2,240,512	2,162,465
Public Service Infrastructure	453,417	-
Less: Revenue Forgone	(10,877,976)	(9,030,029)
Total Assessment Rates	**101,316,650**	**98,265,911**

Valuations - 1 JULY

Land and Buildings

	2024	2023
Residential Property	6,491,034,100	4,199,874,800
Commercial Property	1,545,653,500	1,025,883,200
Industrial Property	715,373,000	615,645,000
Informal Property	42,216,400	36,977,000
Agricultural Purposes	13,201,202,100	12,778,278,420
State - National/ Provincial Services	1,020,100,200	836,766,800
Public Service Infrastructure	27,481,000	10,040,500
Vacant Property	64,173,000	157,014,100
Total Valuation	**23,107,233,300**	**19,660,479,820**

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4-6 years. The last valuation came into effect on 1 July 2023. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates:		
Residential	0.600c/R	1.054c/R
Commercial	1.650c/R	1.903c/R
Industrial	1.650c/R	1.903c/R
Bona Fide Agricultural	0.150c/R	0.151c/R

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

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R150 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22	TRANSFERS AND SUBSIDIES	2024 R	2023 R
	Unconditional Grants	**135,729,000**	**121,667,821**
	Equitable Share	135,729,000	121,667,821
	Conditional Grants	**44,263,041**	**72,734,677**
	Grants and donations	44,263,041	72,734,677
	Total Government Grants and Subsidies	**179,992,041**	**194,402,498**
	Government Grants and Subsidies - Capital	38,779,842	67,395,390
	Government Grants and Subsidies - Operating	141,212,199	127,007,108
		179,992,041	**194,402,498**

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

22.1 Equitable share

	2024	2023
Grants received	135,729,000	121,667,821
Conditions met - Operating	(135,729,000)	(121,667,821)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

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.

22.2 Local Government Financial Management Grant (FMG)

	2024	2023
Opening balance	45	-
Grants received	1,550,000	1,550,000
Conditions met - Operating	(1,550,045)	(1,549,955)
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**45**

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).

22.3 Expanded Public Works Programme

	2024	2023
Opening balance	(80,676)	-
Grants received	3,247,000	2,237,000
Conditions met - Operating	(3,364,452)	(2,317,676)
Conditions still to be met/(Grant expenditure to be recovered)	**(198,128)**	**(80,676)**

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED	2024 R	2023 R

22.4 Municipal Infrastructure Grant (MIG)

Opening balance	1,111,284	1,273,038
Grants received	24,309,000	25,091,000
Conditions met - Operating	-	(954,000)
Conditions met - Capital	(24,292,562)	(23,025,716)
Write off / Transfers	(1,068,126)	(1,273,038)
Conditions still to be met/(Grant expenditure to be recovered)	**59,596**	**1,111,284**

The grant was used to upgrade infrastructure in previously disadvantaged areas.

22.5 Regional Bulk Infrastructure Grant (RBIG)

Opening balance	1,600,377	(2,160,011)
Grants received	-	19,239,000
Conditions met - Capital	-	(15,478,612)
Write off / Transfers	(1,051,722)	-
Conditions still to be met/(Grant expenditure to be recovered)	**548,655**	**1,600,377**

The grant was used to upgrade infrastructure in previously disadvantaged areas.

22.6 Housing Grants

Opening balance	-	2,993,067
Grants received	33,460,159	-
Conditions met - Operating	(37,953,798)	-
Write off / Transfers	-	(2,993,067)
Conditions still to be met/(Grant expenditure to be recovered)	**(4,493,639)**	**-**

Housing grants was utilised for the development of erven and the erection of top structures.

22.7 Integrated National Electrification Grant

Opening balance	(777,641)	3,873,783
Grants received	900,000	-
Conditions met - Capital	-	(777,641)
Write off / Transfers	-	(3,873,783)
Conditions still to be met/(Grant expenditure to be recovered)	**122,359**	**(777,641)**

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

22.8 Library services

Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

The allocation received for the library services are no longer regarded as a Grant received, but is regarded as Sale of Goods and rendering of services, please refer to the correction of error notes.

22.9 Other Grants

Opening balance	4,963,445	800,635
Grants received	20,771,075	46,960,001
Conditions met - Operating	(6,448,501)	(7,601,762)
Conditions met - Capital	(15,028,718)	(34,549,389)
Write off / Transfers	(4,239,093)	(646,038)
Conditions still to be met/(Grant expenditure to be recovered)	**18,208**	**4,963,447**

Various grants were received from other spheres of government of which the material ones are: RBIG R9.3 million and Essen R2.2 million, etc.

22.10 Total Grants

Opening balance	6,816,834	6,780,512
Grants received	219,966,234	216,744,822
Conditions met - Operating	(185,045,796)	(134,091,214)
Conditions met - Capital	(39,321,280)	(73,831,358)
Write off / Transfers	(6,358,941)	(8,785,926)
Conditions still to be met/(Grant expenditure to be recovered)	**(3,942,949)**	**6,816,836**

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	4,861,951	13,535,211
Unspent Public Contributions	2,311,887	2,316,495
Unpaid Conditional Government Grants and Receipts	(11,116,787)	(9,034,870)
	(3,942,949)	**6,816,836**

23	SERVICE CHARGES	2024 R	2023 R
	Electricity	378,800,500	315,186,370
	Water	48,726,580	48,092,820
	Refuse removal	42,658,528	38,680,258
	Sewerage and Sanitation Charges	84,582,439	57,691,958
		554,768,047	459,651,406
	Less: Revenue Forgone	(25,976,495)	(22,394,365)
	Total Service Charges	**528,791,552**	**437,257,041**

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

24 AGENCY SERVICES

Agent for the Western Cape Department of Transport and Public Works

The municipality is collecting motor vehicle licence fees, motor registration and drivers licence fees on behalf of the Department of Transport and Public Works. Hence the municipality receives and commission on the collection of monies. The municipality act as an agent for the Department of Transport and Public Works, without any significant judgement to be applied. There were no changes in the terms and condition of the arrangement for the reporting year. The amounts as per note is inclusive of VAT - The amount retained as per the statement of financial performance is exclusive of VAT

Reconciliation of amounts payable to the WC Department of Transport and Public Works	2024	2023
Opening Balance	411,713	343,176
Funds collected	31,461,835	30,733,537
Retained	(5,401,997)	(5,200,774)
Paid	(26,091,562)	(25,464,226)
Payable to principal	**379,988**	**411,713**

Agent for the National Department of Justice

The municipality act as agent for the National Department of Justice, where it collects contempt of court fines imposed for non-appearance in court iof traffic fine offenders. The amounts collected are trivial. The municipality does not derive any revenue from this function.

Reconciliation of amounts payable to the Department of Justice	2024	2023
Opening Balance	77,701	78,601
Funds collected	195,000	190,500
Retained	-	-
Paid	(257,100)	(191,400)
Payable to principal	**15,601**	**77,701**

Principal arrangements: Financial Services

Agent for the Witzenberg Municipality: Ontec Systems (Pty) Ltd

The municipality has a service provider Ontec who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. No penalties are payable if the contract with the agent is terminated.

	2024	2023
Commission received by the agent	**1,441,714**	**-**

Agent for the Witzenberg Municipality: Syntell (Pty) Ltd
The municipality has a service provider Syntell who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. No penalties are payable if the contract with the agent is terminated

	2024	2023
Commission received by the agent	**386,400**	**2,517,962**

Agent for the Witzenberg Municipality: Easy Pay (Pty) Ltd
The municipality has a service provider EasyPay who acts as agent for the municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

	2024	2023
Commission received by the agent	**224,724**	**245,076**

Agent for the Witzenberg Municipality: South African Post Office Ltd (Pay a Bill)

The municipality has a service provider South African Post Office Ltd (Pay-a-bill) who acts as agent for the municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

Commission received by the agent	**1,840**	**5,114**

Agent for the Witzenberg Municipality: Pay AT Services (Pty) Ltd

The municipality has a service provider Pay-at who acts as agent for the municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

Commission received by the agent	**223,605**	**237,452**

25 OPERATIONAL REVENUE

Insurance Refund	1,045,097	2,823,204
Collection Charges	(713)	(1,958)
Breakages and Losses Recovered	4,334	3,831
Merchandising, Jobbing and Contracts	85,616	4,511,430
Other	1,442,588	1,291,782
Total Operational Revenue	**2,576,922**	**8,628,289**

26 SALES OF GOODS AND RENDERING OF SERVICES

Application Fees for Land Usage	100,139	157,410
Building Plan Approval	1,210,267	1,558,811
Camping Fees	2,732,095	2,733,295
Cemetery and Burial	142,264	178,086
Development Charges	469,143	484,559
Entrance Fees	562,533	485,053
Library Service	9,340,870	9,145,217
Other	395,610	239,261
Total Sales of Goods and Rendering of services	**14,952,921**	**14,981,692**

27 EMPLOYEE RELATED COSTS

Salaries and Wages	150,170,505	135,690,150
Bargaining Council Levy	75,462	71,863
Bonuses	11,442,751	10,539,073
Contributions For Pensions	22,385,217	20,732,849
Contributions For Medical Aids	9,834,039	8,938,750
Contributions For UIF	1,170,980	1,103,232
Group Life Insurance	4,737,984	4,715,982
Housing Benefits and Allowances	1,199,705	1,453,878
Leave Reserve	2,522,067	1,893,035
Long service awards	913,000	963,000
Overtime	17,339,446	16,955,701
Standby Allowance	5,927,235	7,046,126
Post Employment Health Care Benefits	1,981,000	2,107,000
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	9,177,571	8,392,991
Total Employee Related Costs	**238,876,962**	**220,603,630**

KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on fixed term contracts.

27 **EMPLOYEE RELATED COSTS CONTINUED**

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2024 R	2023 R
Remuneration of the Municipal Manager		
Annual Remuneration	1,315,913	1,291,947
Performance Bonus	225,221	218,663
Travelling Allowance	108,000	108,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	258,503	274,435
Travelling Expenses	-	4,804
Other Allowance	91,200	92,041
Total	**1,998,837**	**1,989,889**
Remuneration of the Director Technical Services		
Annual Remuneration	827,560	862,382
Performance Bonus	184,109	178,747
Travelling Allowance	549,117	510,814
Contributions to UIF, Medical, Pension Funds and Bargaining Council	2,395	3,093
Travelling Expenses	43,429	42,062
Other Allowance	91,200	91,200
Total	**1,697,810**	**1,688,298**
Remuneration of the Director Corporate Services		
Annual Remuneration	1,186,207	1,182,728
Performance Bonus	184,109	178,747
Travelling Allowance	192,000	192,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	2,395	3,093
Travelling Expenses	8,346	10,666
Leave encashment	178,849	-
Other Allowance	135,543	142,019
Total	**1,887,450**	**1,709,253**
Remuneration of the Director Financial Services		
Annual Remuneration	752,310	787,934
Performance Bonus	184,109	178,747
Travelling Allowance	466,534	180,000
Housing Allowance	33,239	281,470
Contributions to UIF, Medical, Pension Funds and Bargaining Council	126,989	125,468
Travelling Expenses	36,785	27,438
Other Allowance	91,200	
Total	**1,691,166**	**1,581,057**

28 REMUNERATION OF COUNCILLORS

	2024	2023
	R	R
Executive Mayor		
Annual Remuneration	862,993	716,805
Pension fund contributions	39,303	129,025
Medical aid contributions	18,824	60,084
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	58,396	89,965
Total	**979,517**	**995,879**
Deputy Mayor		
Annual Remuneration	560,895	557,284
Pension fund contributions	100,961	94,863
Medical aid contributions	10,416	-
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	78,463	46,415
Total	**750,735**	**698,563**
Speaker		
Annual Remuneration	638,121	614,445
Pension fund contributions	109,881	109,399
Medical aid contributions	6,893	19,357
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	59,108	54,152
Total	**814,003**	**797,353**
Mayoral Committee Members (4)		
Annual Remuneration	2,275,509	2,305,139
Pension fund contributions	378,896	334,514
Medical aid contributions	2,892	-
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	313,921	389,245
Total	**2,971,218**	**3,028,897**
Section 79 Committee Chairman		
Annual Remuneration	384,398	319,869
Pension fund contributions	62,753	57,576
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	49,587	51,949
Total	**496,738**	**429,394**
Ordinary Councillors (15)		
Annual Remuneration	4,285,515	3,805,732
Pension fund contributions	646,769	659,035
Medical aid contributions	14,648	7,934
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	716,793	644,610
Total	**5,663,725**	**5,117,310**
Total Councillors' Remuneration	**11,675,937**	**11,067,396**

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

Each councillor received a regulation 11 (cell phone allowance) and 12 (mobile data bundles) benefit. However the regulation 12 benefits is utilised for the contract procured by the municipality for data and regulation 11 is paid to the councillor to obtain their own contract.

Where applicable, councillor who qualify also received an regulation 10 (Out of pocket expenses) payment.

		2024	2023
29	**PROVISION FOR IMPAIRMENT**	**R**	**R**
	Receivables from exchange transactions: Contributions - Note 3	97,217,740	56,120,710
	Receivables from exchange transactions: Reversals - Note 3	(173,349,439)	(1,151,627)
	Receivables from non-exchange transactions: Contributions - Note 4	12,457,793	8,762,143
	Receivables from non-exchange transactions: Reversals - Note 4	(8,681,065)	(8,734,650)
	Total Contribution to Debt Impairment	**(72,354,970)**	**54,996,576**

30	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	33,409,433	32,333,241
	Investment Property	408,718	276,359
	Intangible Assets	12,349	75,967
	Capitalised restoration cost	302,330	877,520
	Total Depreciation and Amortisation	**34,132,830**	**33,563,087**

31	**FINANCE CHARGES**		
	Borrowing	-	78,556
	Finance leases	132,222	55,771
	Ex-Gratia Pension	2,490	2,800
	Post Employment Health Care Benefits	7,283,000	7,136,000
	Long service awards	1,243,000	1,262,000
	Non-current Provision	5,166,330	9,775,470
	Total finance charges	**13,827,042**	**18,310,597**

32	**BULK PURCHASES**		
	Electricity	324,085,574	279,960,011
	Total Bulk Purchases	**324,085,574**	**279,960,011**

33	**CONTRACTED SERVICES**		
	Construction Cost	33,460,159	-
	Tracing agents and debt collection	25,608	15,510
	Legal Cost	958,028	279,016
	Electrical	4,614,757	2,295,569
	Maintenance: Building and Facilities	574,596	646,604
	Traffic Fines Management	67,249	123,667
	Maintenance of Unspecified Assets	3,564,368	3,154,037
	Business and Advisory	2,332,011	4,387,866
	Security Services	23,674,140	14,399,039
	Infrastructure and Planning	15,467,854	21,761,514
	Other	4,405,849	3,651,242
		89,144,619	**50,714,064**

The construction cost is the building of RDP houses funded by Province

34	**TRANSFERS AND SUBSIDIES: OPERATIONAL EXPENDITURE**		
	Sport	112,707	10,000
	Public Schools	269,003	91,500
	Bursaries (Non-Employee)	671,454	460,675
	Bursaries (Employee)	50,765	-
	Witzenberg Security Forum	726,737	745,723
	Tourism	1,097,700	900,000
	Total Transfers and Subsidies: Operational Expenditure	**2,928,366**	**2,207,898**

The transfer to Eskom is for upgrading of the electricity network feeding the Ceres area to increase the available electricity.

		2024	2023
		R	R
35	**OPERATIONAL COST**		
	Advertising, Publicity and Marketing	772,797	1,099,134
	Bank Charges, Facility and Card Fees	413,813	771,696
	Commission	2,136,024	2,613,571
	Communication	3,126,915	3,269,507
	External Audit Fees	3,754,262	3,775,793
	External Computer Service	3,716,100	3,751,681
	Hire Charges	4,969,829	4,241,660
	Insurance Underwriting	1,831,181	3,177,631
	Learnerships and Internships	768,373	814,506
	Levies Paid - Water Resource Management Charges	1,862,537	405,491
	Licences	620,491	397,508
	Printing, Publications and Books	343,857	345,045
	Professional Bodies, Membership and Subscription	2,714,140	2,020,626
	Remuneration to Ward Committee	1,373,000	1,385,000
	Signage	1,109,022	646,560
	Workmen's Compensation Fund	2,101,537	2,070,566
	Transport Provided as Part of Departmental Activities	55,759	39,343
	Travel and Subsistence	897,087	1,000,084
	Uniform and Protective Clothing	1,373,993	1,443,365
	Wet Fuel	10,246,671	10,629,617
	Other	511,978	487,915
	Total Operational cost	**44,699,366**	**44,386,299**
36	**(IMPAIRMENT LOSS) / REVERSAL OF IMPAIRMENT**		
	Investment Property	-	472,291
	Property Plant & Equipment	110,098	694,977
	Total Impairments	**110,098**	**1,167,268**

		2023 R
37	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
37.01	**Inventory**	
	Balance previously reported	**11,534,198**
	Correction of major spare parts Note 37.03	559,052
	Inventory incorrectly recognised as Work in Progress	4,736,275
	Balance now reported	**16,829,525**
37.02	**Statutory Receivables: VAT**	
	Balance previously reported	**11,338,540**
	Correction VAT on Library services 2021/2022	(6,173,609)
	Correction VAT on Library services 2022/2023	(321,783)
	Correction of VAT claimed on Traffic Services	(36,736)
	Reconciliation of input VAT	(10,274,378)
	Balance now reported	**(5,467,965)**
37.03	**Property, Plant and Equipment**	
	Balance previously reported	**1,031,639,722**
	Correction of major spare parts Note 37.01	(559,052)
	Reclassification of Asset Categories to align to Asset Register_Infrastracture Cost-Transferred	82,348
	Reclassification of Asset Categories to align to Asset Register_Community Assets Cost- Transferred	(414)
	Reclassification of Asset Categories to align to Asset Register_Other Assets Cost- Transferred	(67,363)
	Reclassification of Asset Categories to align to Asset Register_Infrastracture Acc Dep-Transferred	260,734
	Reclassification of Asset Categories to align to Asset Register_Community Assets Acc Dep- Transferred	(147,836)
	Reclassification of Asset Categories to align to Asset Register_Other Assets Acc Dep- Transferred	(185,507)
	Reclassification of Asset Categories to align to Asset Register_Other Assets Acc Imp- Transferred	58,038
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Infrastracture Acc Dep	(190,713)
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Other Assets Acc Dep	(105,635)
	Incorrect Disposal of Other assets	(29,003)
	Incorrect Depreciation Charge_Other Assets	548
	Depreciation _ Review Of Remaining Useful ives 2022-2023 _Other Assets	(621,178)
	Depreciation _ Review Of Remaining Useful ives 2022-2023_Infrastructure	(158,970)
	Adjustment to Accumulated Depreciation as a result of Review_Other Assets	3,105,417
	Adjustment to Accumulated Depreciation as a result of Review_Infrastructure	794,769
	Deemed disposals of historic transfers done (Land)	(2,268,841)
	Deemed disposals of historic transfers done (Buildings)	(2,887,170)
	Recognition of Land & Buildings not previously recognised (Land)	4,713,055
	Recognition of Land & Buildings not previously recognised (Buildings)	5,379,945
	Recognition of Land & Buildings not previously recognised (Community Assets)	8,516,000
	Recalculation of Asset and Provision for rehabilitation of landfill sites before 30 June 2022	363,574
	Recalculation of Asset and Provision for rehabilitation of landfill sites 2022/2023 financial year	11,855,098
	Inventory incorrectly recognised as PPE	(4,736,275)
	Balance now reported	**1,054,811,290**
37.04	**Work in Progress included in the Carrying Value of Property Plant & Equipment**	
	Balance previously reported	**70,804,769**
	Inventory incorrectly recognised as Work in Progress	(4,736,275)
	Recognition of Major Spare parts	(1,720,800)
	Balance now reported	**64,347,694**
37.05	**Intangible Assets**	
	Balance previously reported	**2,111,695**
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Intangibles Acc Amortisation	(765,107)
	Depreciation _ Review Of Remaining Useful lives 2022-2023_Intangibles	(2,245)
	Adjustment to Accumulated Depreciation as a result of Review_Intangibles	11,226
	Balance now reported	**1,355,569**
37.06	**Investment Property**	
	Balance previously reported	**42,093,437**
	Deemed disposals of historic transfers done (Investment Property)	(392,000)
	Recognition of Land & Buildings not previously recognised (Investment Property)	627,000
	Balance now reported	**42,328,437**
37.07	**Current Provisions**	
	Balance previously reported	**-**
	Reclassification from non-current Provision	3,446,295
	Balance now reported	**3,446,295**

		2023
	CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED	R
37.08	**Non-Current Provisions**	
	Balance previously reported	**48,748,187**
	Recalculation of Asset and Provision for rehabilitation of landfill sites before 30 June 2022	24,413
	Recalculation of Asset and Provision for rehabilitation of landfill sites 2022/2023 financial year	642,926
	Reclassification to current Provision	(3,446,295)
	Balance now reported	**45,969,231**
37.09	**Unspent Conditional Government Grants and Receipts**	
	Balance previously reported	
	Correction of Error - Revenue Recognition on Grants	**13,819,180**
	Correction of error: VAT on Transfers recognised - Note 37.11	(283,969)
	Balance now reported	**13,535,211**
37.10	**Accumulated Surplus as at 30 June 2022**	
	Balance previously reported	**1,026,431,060**
	Adjustment to Accumulated Depreciation as a result of Review_Other Assets	3,105,417
	Adjustment to Accumulated Depreciation as a result of Review_Infrastructure	794,769
	Adjustment to Accumulated Depreciation as a result of Review_Intangibles	11,226
	Deemed disposals of historic transfers done (Investment Property)	(392,000)
	Deemed disposals of historic transfers done (Land)	(2,268,841)
	Recognition of Land & Buildings not previously recognised (Land)	4,713,055
	Recognition of Land & Buildings not previously recognised (Buildings)	5,379,945
	Recognition of Land & Buildings not previously recognised (Community Assets)	8,516,000
	Recognition of Land & Buildings not previously recognised (Investment Property)	627,000
	Deemed disposals of historic transfers done (Buildings)	(2,887,170)
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Infrastracture Acc Dep	(190,713)
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Intangibles Acc Amortisation	(765,107)
	2021-22_Incorrect Reversal of Depreciation Asset Disposed_Other Assets Acc Dep	(105,635)
	Incorrect Disposal of Other assets	(29,003)
	Incorrect Depreciation Charge_Other Assets	548
	Recalculation of Asset and Provision for rehabilitation of landfill sites	(8,498,784)
	Recalculation of Depreciation on Asset for rehabilitation of landfill sites	8,837,945
	Correction VAT on Library services 2021/2022	(6,173,609)
	Reconciliation of input VAT	(10,274,378)
	Balance now reported	**1,026,831,724**
37.11	**Accumulated Surplus as at 30 June 2023**	
	Balance previously reported	**1,144,668,399**
	Corrections for previous financial years, listed in Note 37.1	400,664
	Correction of Error - Revenue Recognition on Grants	283,969
	Depreciation & Amortization	(782,393)
	Recalculation of Asset and Provision for rehabilitation of landfill sites 2022/2023 financial year	11,212,172
	Correction VAT on Library services 2022/2023	(445,722)
	Correction of VAT claimed on Traffic Services	(36,736)
	Balance now reported	**1,155,300,354**
37.12	**Repairs and Maintenance: Investment Property**	
	Balance previously reported	**664,169**
	Recalculation of Repairs and Maintenance	(462,304)
	Balance now reported	**201,865**
37.13	**CASH FLOW STATEMENT: Receipts from Property Rates and other Taxes**	
	Balance previously reported	**100,948,577**
	Correction of error: VAT on Transfers recognised	120,952
	Balance now reported	**101,069,529**

CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED

		2023 R
37.14	**CASH FLOW STATEMENT: Receipts from sales of goods and services**	
	Balance previously reported	**416,447,675**
	Amount previously recognised as grant revenue, allocation received for library services	9,913,241
	Balance now reported	**426,360,916**
37.15	**CASH FLOW STATEMENT: Receipts from Government Grants**	
	Balance previously reported	**208,496,387**
	Correction of error: VAT on Transfers recognised	(120,952)
	Reversal of recognition of Grant Revenue Library services	(10,517,001)
	Balance now reported	**197,858,434**
37.16	**CASH FLOW STATEMENT: Payments to suppliers**	
	Balance previously reported	**(368,893,451)**
	Correction of major spare parts Note 37.01	559,052
	Incorrect allocation of expenditure	(137,805)
	Balance now reported	**(368,472,204)**
37.17	**CASH FLOW STATEMENT: Purchase of Property, Plant and Equipment**	
	Balance previously reported	**(85,185,097)**
	Adjustment of mayor spare parts	559,052
	Correction of prior year error	(318,324)
	Balance now reported	**(84,944,369)**
37.18	**CASH FLOW STATEMENT: Proceeds on Disposal, Property, Plant and Equipment**	
	Balance previously reported	**8,549,738**
	Reclassification of Asset Categories to align to Asset Register_Other Assets Acc Imp- Transferred	(58,038)
	Balance now reported	**8,491,700**
37.19	**UNAUTHORISED EXPENDITURE**	
	Balance previously reported	**8,933,855**
	Recalculation of Depreciation on Asset for rehabilitation of landfill sites	(8,933,855)
	Balance now reported	**-**
37.20	**COMMITMENTS**	
	Balance previously reported	**39,936,623**
	Operational project incorrectly classified as capital	(680,012)
	Balance now reported	**39,256,611**
37.21	**CONTINGENT LIABILITY**	
	Balance previously reported	**12,437,198**
	VAT on allocation received for library services now disclosed as a payable	(6,495,391)
	Possible Penalties and interest on VAT on Library Grant	1,208,809
	Claims resolved in prior year removed from list	(1,286,779)
	Balance now reported	**5,863,837**
37.22	**VAT - [MFMA 125 (1)(c)]**	
	Balance previously reported	**7,406,142**
	Correction of VAT paid and outstanding amount	(9,075,771)
	Balance now reported	**(1,669,629)**

CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED

37.23 Regulation 45 - Details of awards made to close family members of persons in service of State

	2023 R Amount previously reported	2023 R Amount now reported
Williams Loodgieters	83,759	13,400
Witzenberg Concrete	5,969	-
SEW Plumbing	50,927	400,543
AJ Rankin Basson Sport BK	6,129	-
Vox Elektries	57,277	28,157
Neil Lyners and Associates (RF) (Pty) Ltd	1,783,651	1,474,000
WAB Print Media (Pty) Ltd	2,036	-
Motheo Construction	1,039,975	-
Amandla Construction	25,625,321	-
DAV General Dealer (Pty) Ltd	97,520	91,640
Zelp 707 (Pty) Ltd t/a Boland Isuzu	150,389	138,346
Poolux Beekeping	14,070	3,750
Ikapa Reticulation and Flow	19,887	2,760,837
Zutari (PTY) Ltd	-	10,583,262
Catherina Swartz	-	28,600
Actom	-	79,355

Amounts previously reported were the actual expenditure incurred during the financial year. Amounts now reported are the actual amount of the award made during the financial year.

In relation to the awards listed above, no changes were noted with regards to:

Member of company who has relationship with person in the service of the state
Relationship to person in the service of the state
Name of person in the service of the state
Employer and capacity of person in service of the state

38 CHANGE IN ACCOUNTING ESTMATE

Change in Useful lives

The municipality has reassessed the useful lives of Property plant and equipment and Intagible Asset which resulted in changes in depreciation and amortisation charges. The effect of the change in accounting estimate has resulted in the following movements for the current and future periods on the affected capital assets:

Movement in depreciation and amortisation	2024 R	2025 R	2026 R	2027 R
Before change in estimate	-	-	-	-
After change in estimate	728,853	728,853	728,853	728,853
Net effect	728,853	728,853	728,853	728,853

		2024	2023
39	**RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS**	R	R
	Surplus/(Deficit) for the year	94,721,103	128,468,626
	Adjustments for:		
	Depreciation	34,120,480	33,487,120
	Amortisation of Intangible Assets	12,349	75,967
	Gain / (loss) on disposal of assets	946,676	838,215
	Gain / (loss) on Adjustment of Provision	(1,986,710)	(36,906,815)
	Debt Impairment	(72,354,971)	54,996,576
	Stock Adjustments	3,802	-
	Contribution from/to provisions	5,166,330	9,775,470
	Contribution from/to employee benefits	(74,156)	619,562
	Interest cost - Employee Benefits	8,528,490	8,400,800
	Gain / (loss) on Actuarial Valuations	(2,803,986)	(9,895,056)
	(Impairment loss) / Reversal of impairment loss	110,098	1,167,269
	Finance lease: deemed loan expenditure	(705,936)	(491,891)
	Bad Debts Written Off	159,168,262	9,945,876
	Operating Surplus/(Deficit) before changes in working capital	224,851,831	200,481,719
	Changes in working capital	(189,070,602)	(29,976,439)
	Increase/(Decrease) in Trade and Other Payables	(22,818,843)	39,041,323
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(8,673,260)	(875,582)
	Increase/(Decrease) in Unspent Public Contributions	(4,608)	(869,718)
	Increase/(Decrease) in Taxes	(23,676,542)	17,777,062
	(Increase)/Decrease in Inventory	(14,259,030)	(11,653,199)
	(Increase)/Decrease in Trade and other receivables	(117,556,402)	(75,177,949)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(2,081,917)	1,781,624
	Cash generated/(absorbed) by operations	**35,781,229**	**170,505,280**

40	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 2	187,244,734	226,801,723
	Less:	9,428,236	13,535,211
	Unspent Committed Conditional Grants - Note 6	4,861,951	13,535,211
	VAT - Note 7	4,566,285	-
	Resources available for working capital requirements	**177,816,498**	**213,266,512**
	Allocated to:		
	Capital Replacement Reserve	11,166,357	12,539,508
	Employee Benefits Reserve	103,685,249	98,034,902
	Non-Current Provisions Reserve	52,330,759	45,969,231
	Shortfall in working capital requirements	**10,634,133**	**56,722,871**

41	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 17	1,281,622	527,449
	Used to finance property, plant and equipment - at cost	(1,281,622)	(527,449)
		-	-

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Irregular expenditure

Reconciliation of irregular expenditure:

	2024 R	2023 R
Opening balance	5,437,362	-
Irregular expenditure current year	5,891,802	5,437,362
Irregular expenditure awaiting further action	**11,329,164**	**5,437,362**

Incident	Disciplinary steps/criminal proceedings
Procurement less than R 30 000,00 (quotations) was audited by the AGSA and classified as irregular expenditure during the 2022-23 audit process, as no preference points calculations have been performed. The municipality is not in agreement with the view of the AGSA and National Treasury with their interpretation and proposed implementation of the Preferential Procurement Regulations of 2022.	The matter will be dealt with in terms of applicable laws and regulations.

42.2 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2024	2023
Opening balance	-	8,933,855
Correction of error - Recalculation of depreciation on asset for rehabilitation of landfill sites	-	(8,933,855)
Unauthorised expenditure awaiting authorisation	-	-

Unauthorised expenditure on operating votes are due to:

2021/2022: The depreciation expense of the deemed asset - Rehabilitation of landfill sites is more than budgeted due to increased cost of rehabilitation, higher inflation rates and higher interest rates.

The value of the asset, provision and depreciation was recalculated during the year, the recalculated expenditure for the vote is within the budget provision.The correction is in terms of the accounting standards.

The unauthorised expenditure has already been reported to council but no resolution has been taken to date.

The 2023 - 2024 annual financial statements including updated calculations to be submitted to MPAC and Council

43 MATERIAL LOSSES

43.1 Water distribution losses

	2024	2023
- Kilolitres purified	6,781,956	6,533,253
- Kilolitres sold	6,037,407	5,967,791
- Kilolitres lost during distribution	744,549	565,462
- Percentage lost during distribution	10.98%	8.66%
- Value of kilolitres lost during distribution	318,429	236,647
- The value of kilolitres lost is based on the treatment cost of water.		

The estimated consumption for public open spaces and informal houses are calculated on a conservative bases using baseline consumption estimations provided by the Department of Water Affairs.

43.2 Electricity distribution losses

	2024	2023
- Units purchased (Kwh)	163,626,748	178,330,154
- Units sold (Kwh)	146,752,984	159,920,014
- Units lost during distribution (Kwh)	16,873,764	18,410,140
- Percentage lost during distribution	10.3%	10.3%
- Value of units lost during distribution (Rand)	33,420,841	28,902,027

The electricity losses are in line with the guideline of the National Energy Regulator of South Africa of 10%

44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

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

Opening balance		
Council subscriptions	2,655,622	1,974,468
Amount paid - previous years	(2,655,622)	(1,974,468)
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

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

Opening balance	-	-
Current year audit fee	3,831,745	3,811,968
External Audit - Auditor-General	3,754,262	3,775,793
Audit Committee	77,483	36,175
Amount paid - current year	3,831,745	3,811,968
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

44.3 VAT - [MFMA 125 (1)(c)]

Opening balance	(1,669,629)	72,029
Amounts received - Output VAT - current year	(68,848,541)	(60,371,159)
Amounts claimed - Input VAT - current year	66,059,816	60,041,642
Amount paid - current year	(2,993,759)	(1,340,112)
Amount - previous year	1,669,629	(72,029)
Closing balance	**(5,782,484)**	**(1,669,629)**

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.

44.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	37,281,944	33,634,211
Amount paid - current year	(37,281,944)	(33,634,211)
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	53,492,854	49,228,165
Amount paid - current year	(53,492,854)	(49,228,165)
Balance unpaid (included in Payables from exchange transactions)	**-**	**-**

		2024 R	2023 R
44.6	**Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**		
	During the financial year the following Councillors were outstanding for more than 90 days at any instance		
	LA Hardneck	247	3,187
	GJ Franse	35,402	23,121
	FE Klazen (Term ended 15/05/2023)		17,218
	K Robyn	75,927	118,210
	B C Klaasen (Term ended 30/06/2023)		15,379
	Total Councillor Arrear Consumer Accounts	**111,576**	**177,115**
	BC Klaasen has lodged a dispute in terms of the municipal account		
	Councillors outstanding for more than 90 days as at 30 June 2024:		
	LA Hardneck	247	
	GJ Franse	35,402	23,121
	K Robyn	53,927	118,210
	Total Councillor Arrear Consumer Accounts at year end	**89,576**	**23,121**

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

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

2023/2024			**Type of deviation**		
	Amount	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	893,259	4	0	9	6
August	1,578,305	9	0	5	1
September	2,515,800	5	0	4	5
October	1,033,897	5	0	3	2
November	169,132	4	0	1	4
December	106,541	1	0	3	0
January	70,955	4	0	0	0
February	1,479,837	10	0	3	0
March	528,817	8	0	3	0
April	561,892	4	0	2	2
May	770,655	4	0	4	0
June	102,022	4	0	0	0
	9,811,113	62	0	37	20

2022/2023					
	Amount	**Single Supplier**	**Impossible**	**Impractical**	**Emergency**
July	410,506	3	0	2	1
August	2,151,491	12	0	3	5
September	171,256	8	0	1	3
October	354,319	5	0	1	3
November	1,509,585	3	0	0	1
December	2,129,012	9	0	3	0
January	151,632	8	0	3	0
February	1,457,458	6	0	4	1
March	2,537,740	10	0	3	2
April	529,948	4	0	3	0
May	101,289	6	0	2	1
June	574,197	3	0	5	4
	12,078,433	77	0	30	21

2024
R

44.8 ***Regulation 45 - Details of awards made to close family members of persons in service of State***

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of award
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	11,617
Siphakame Skills Development	N Vacu	Spouse	MR Vacu	Drakenstein Municipality	28,900
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	10,624
RJC Conservation Servises	R Prins	Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	366,000
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	14,600
Conlog (PTY) Ltd	L Moodley	Spouse	N Moodley	Department of Health	10,000,000
Neil Lyners and Associates (RF) (Pty) Ltd	N Lyners	Sibling	H Lyners	WCGTPW: Chief Engineer	200,570
WRP Consulting Engineers (PTY) Ltd	Pieter van Rooyen	Spouse	Zelmarie van Rooyen	Department of Public Works: Chief Town Planner	5,520
	Takalani Mamphitha	Spouse	Katlego Mamphitha	SABC: Systems Administrator	
Piston Power Chemicals (Pty) Ltd	Ujush Andhee	Spouse	Nadira Andhee	Educator: Department of Education KZN	184,474
Amandla Construction	W Frazenburg	Brother in Law	J Jacobs	National Government Employment & Labour	5,483,667
		Sister	U Frazenburg	National Government Deeds Office Kimberley	
		Brother	E Frazenburg	WC Government Education Eerste Rivier HS	
		Sister	J Frazenburg	WC Government Education Kleinvlei HS	
		Brother	B Frazenburg	City of Cape Town: Traffic Dept	
Actom	D Lubbe	Spouse	T Lubbe	WCED Teacher, Gauteng Education Department	146,627
Zutari (PTY) Ltd	RJ Ahlschlager	Spouse	RJ Ahlschlager	Special Investigating unit	5,758,219
DAV General Dealer (Pty) Ltd	D Lategan	Father	A Lategan	Witzenberg Municipality: Clerk	136,737
Leibrandt Training Academy	Nina Benjamin	Spouse	Heinrich Benjamin	SAPS Colonel	6,279
Zelp 707 (Pty) Ltd t/a Boland Isuzu	M Adams	Son	K Adams	Witzenberg Municipality: Member of Council	163,371
Adapt IT (Pty) Ltd	N Mbambo	Spouse	DMS Mbambo	SANRAL: Operations and Maintenance Manager	1,300,000
JVZ Construction	M Matthee	Spouse	R Matthee	Correctional Services	23,073,146

Regulation 45 - Details of awards made to close family members of persons in service of State - continued — **2023 R**

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of award
Williams Loodgieters	SR Williams	Spouse	R Williams	Dept. of Health: Nurse	13,400
Witzenberg Concrete	Derick Ontong	Spouse	Crystal Ontong	Ceres Sekonder, Teacher (WCED)	0
SEW Plumbing	SE Williams	Spouse	L Williams	Dept. of Health: Admin Officer	400,543
		Son	R Williams	Dept. of Health: Nurse	
AJ Rankin Basson Sport BK	J Wessels	Spouse	MJL Wessels	Witzenberg Municipality Social Worker	0
Vox Elektries	F Blom	Spouse	M Blom	SAPS: Officer	28,157
RJC Conservation Servises	R Prins	Son	Prins	Chief Professional Nurse: Wolseley Clinic Dep of Health	91,950
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	19,700
Neil Lyners and Associates (RF) (Pty) Ltd	N Lyners	Sibling	H Lyners	WCGTPW: Chief Engineer	1,474,000
WRP Consulting Engineers (PTY) Ltd	Pieter van Rooyen	Spouse	Zelmarie van Rooyen	Department of Public Works: Chief Town Planner	4,140
	Takalani Mamphitha	Spouse	Katlego Mamphitha	SABC: Systems Administrator	
WAB Print Media (Pty) Ltd	Wayne Brink	Spouse	Adelene Brink	Drakenstein Municipality	0
Piston Power Chemicals (Pty) Ltd	Ujush Andhee	Spouse	Nadira Andhee	Educator: Department of Education KZN	176,319
RJ Designs	R Jacobs		C Africa	Saldanha Bay Municipality Assistant Librarian	10,550
Amandla Construction	W Frazenburg	Brother in Law	J Jacobs	National Government Employment & Labour	0
		Sister	U Frazenburg	National Government Deeds Office Kimberley	
		Brother	E Frazenburg	WC Government Education Eerste Rivier HS	
		Sister	J Frazenburg	WC Government Education Kleinvlei HS	
		Brother	B Frazenburg	City of Cape Town: Traffic Department	
JPCE (Pty) Ltd	J Minnie	Spouse	J Minnie	City of Cape Town: Head Disaster Management	164,795
DAV General Dealer (Pty) Ltd	D Lategan	Father	A Lategan	Financial Intern: Witzenberg Municipality	91,640
Leibrandt Training	Nina Benjamin	Spouse	Heinrich Benjamin	SAPS Colonel	10,638
Zelp 707 (Pty) Ltd t/a Boland Isuzu	M Adams	Son	K Adams	Witzenberg Municipality: Member of Council	138,346
Ian Dickie & Co	M Samuels	Spouse	D Samuels	SAPS: Warrant Officer Supply Chain	247,945
Poolux Beekeping	S Poole	Son	E Poole	Western Cape Department of Education: Teacher	3,750
Ikapa Reticulation and Flow	R Davids	Daughter	CS Davids	Teacher: Department of Education	2,760,837
Zutari (PTY) Ltd	RJ Ahlschlager	Spouse	RJ Ahlschlager	Special Investigating unit	10,583,262
Catherina Swartz	C Swartz	Spouse	D Swartz	Councillor: Witzenberg Municipality	28,600
Actom	D Lubbe	Spouse	T Lubbe	WCED Teacher, Gauteng Education Department	79,355

45 COMMITMENTS

	2024	2023
Commitments in respect of expenditure:		**(Restated)**
	R	**R**
Approved and contracted for	33,613,270	39,256,611
Infrastructure	32,380,667	36,989,260
Community	815,103	2,267,351
Other Capital	417,500	-
Total	**33,613,270**	**39,256,611**

		2024	2023
46	**FINANCIAL RISK MANAGEMENT**	**R**	**R**

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2024	2023
0.5% Increase in interest rates	929,768	1,131,325
0.5% Decrease in interest rates	(929,768)	(1,131,325)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

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

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2024 %	2024 R	2023 %	2023 R
Exchange Receivables				
Electricity	84.82%	58,276,779	85.61%	43,249,170
Water	8.28%	7,856,398	5.21%	7,684,892
Housing Rentals	6.63%	153,183	3.88%	118,383
Refuse	7.58%	4,484,890	4.79%	4,243,673
Sewerage	43.35%	43,081,424	18.67%	17,144,809
Other	8.44%	97,104	5.44%	81,232
Contracts	100.00%	5,128,890	100.00%	5,128,890
Land Sales	100.00%	1,106,706	100.00%	1,106,706
	35.88%	**120,185,373**	**20.09%**	**78,757,755**

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

46 FINANCIAL RISK MANAGEMENT CONTINUED

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2024 %	2024 R	2023 %	2023 R
Exchange Receivables				
Electricity	4.93%	10,431,797	2.34%	7,270,832
Water	41.10%	86,972,133	45.02%	139,797,453
Housing Rentals	1.02%	2,156,274	0.94%	2,931,068
Refuse	25.85%	54,699,957	27.19%	84,434,999
Sewerage	26.61%	56,308,408	24.05%	74,681,480
Other	0.50%	1,053,113	0.45%	1,412,397
	100.00%	**211,621,669**	**100.00%**	**310,528,230**

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2024 %	2024 R	2023 %	2023 R
Residential	91.30%	193,212,663	95.55%	296,705,485
Commercial	4.31%	9,127,691	2.05%	6,360,948
Other	4.39%	9,281,329	2.40%	7,461,796
	100.00%	**211,621,669**	**100.00%**	**310,528,230**

Bad debts written off per debtor class:

Exchange Receivables				
Electricity	1.87%	(2,808,996)	14.05%	(161,855)
Water management	44.82%	(67,446,589)	34.69%	(399,491)
Housing Rentals	0.28%	(419,787)	0.56%	(6,481)
Waste management	29.25%	(44,022,184)	15.93%	(183,426)
Waste water management	23.50%	(35,360,011)	15.26%	(175,750)
Other	0.29%	(429,629)	19.50%	(224,624)
	100.00%	**(150,487,196)**	**100.00%**	**(1,151,626)**

Kindly note that these amounts are exclusive of VAT

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

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

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2024 R	2023 R
Receivables from exchange transactions	123,373,108	81,514,811
Cash and Cash Equivalents	187,235,262	226,792,468
Unpaid conditional grants and subsidies	11,116,787	9,034,870
	321,725,157	**317,342,149**

46 FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity Risk

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

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

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

2024	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Trade and Other Payables	58,633,431	-	-	-
Unspent conditional government grants and receipts	4,861,951	-	-	-
	63,495,382	**-**	**-**	**-**

2023	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Borrowing	547,662	-	-	-
Capital repayments	527,450	0	-	-
Interest	20,212	0	-	-
Trade and Other Payables	80,391,072	-	-	-
Unspent conditional government grants and receipts	13,535,211	-	-	-
	94,473,945	**-**	**-**	**-**

			2024	2023
47	**FINANCIAL INSTRUMENTS**		**R**	**R**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

			2024	2023
47.1	**Financial Assets**	**Classification**		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	123,373,108	81,514,811
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	11,116,787	9,034,870
	Bank Balances			
	Bank Balances	Financial instruments at amortised cost	187,235,262	226,792,468
			321,725,157	**317,342,149**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		321,725,157	317,342,149
	At amortised cost		**321,725,157**	**317,342,149**
47.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	14,382,900	40,895,529
	Retentions	Financial instruments at amortised cost	13,632,275	12,861,128
	Deposits	Financial instruments at amortised cost	473,325	336,670
	Other	Financial instruments at amortised cost	43,777,206	39,158,873
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	4,861,951	13,535,211
	Current Portion of Long-term Liabilities			
	Capitalised Lease Liability	Financial instruments at amortised cost	1,281,622	527,449
			78,409,279	**107,314,860**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**78,409,279**	**107,314,860**

48 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

		2024	2023 (Restated)
		R	R
49	**CONTINGENT LIABILITY**		
49.1	**Claims against Council**	**9,743,996**	**5,863,837**

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are naritives of the cases:

Ceres Koekedouw Management Committee	The purchase agreement of the Vredebes Farm includes 15 hectares water rights. The Ceres Koekedouw Management Committee now claims that Witzenberg Municipality is part of their historical loan agreements and therefore responsible for a portion of the repayment of their loan. The purchase agreement however is silent on the loan.	889,892	889,892
South African Revenue Services	The municipality has submitted a VAT ruling application to the South African Revenue Services (SARS) relating to the output tax treatment of the library grants received and/or receivable from the Western Cape Department of Cultural Affairs (DCAS). The municipality has previously submitted a non-binding VAT ruling to the SARS, whereupon SARS informed us that we need to confirm from the DCAS if the library function has been assigned to the municipality as contemplated in the Constitution of South Africa. At the date of the VAT ruling application, the DCAS did not confirm if the library function has been assigned to the municipality. We have submitted the VAT ruling application to the SARS on the basis that the library function is not assigned to the municipality, as we could not find any evidence confirming that the library function has been assigned to the municipality. The municipality now awaits the outcome of the library function VAT ruling outcome from the SARS. The amount is not disclosed as no ruling has been issued by SARS.		0
South African Revenue Services	The Minister of Finance, Minister Godongwana indicates in a letter addressed to the Member of Executive Council for Finance in the Western Cape Provincial Government dated 24 July 2024, ruled that municipalities are rendering a service to the provincial government and that the amount received by municipalities is subject to VAT. A payable had been recognised for the vat, but there is a possibility that penalties and interest may be charged.	1,955,192	1,208,809
Gunter C Mrs	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	350,000	585,766
Smith WJ	Stepped into hole of manhole cover on c/o Friesland & Delta Street, Bella Vista. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	628,370	628,370
Rooi JCR	Broke ankle after stepping in open storm channel. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.		0
Van der Merwe C	Involved in accident with municipal vehicle. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.		0
Pedro I	Fell into an open manhole. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	2,551,000	2,551,000
Fortuin N	Drove in to stray ox in Pine Valley, Wolseley. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.		0
Open Serve	Damage to underground cables at Bon Cretien Street Ceres. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.		0

		2024 R	2023 (Restated) R

CONTINGENT LIABILITY CONTINUED

Jack F	TP injury after fall on pavement, the case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1,000,000	
Weitz B	Five year old boy burned and injured at Pump Station. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	2,000,000	
Wiese K	Municipal vehicle collided with third party vehicle. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	35,164	
Aare C	Third party vehicle hit by stray ox. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	61,000	
Laubscher AA	Municipal trailer collided with third party vehicle. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	73,378	
Michaels C	Third party vehicle hit by herd of goats. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	120,000	
Craig & Sons Bus Services	Claim in respect of vehicle accident. The case was submitted to the municipality's insurance broker The chance that any amount might be payable by the municipality is remote.	80,000	

TOTAL CONTINGENT LIABILITY	**9,743,996**	**5,863,837**

		2024	2023
50	**RELATED PARTIES**	**R**	**R**

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

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

50.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

50.2 Compensation of Councillors and key management personnel

The compensation of key management personnel is set out in Notes 27 and 28 to the Annual Financial Statements.

50.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

50.4 Ceres Koekedouw Management Committee

Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.

Witzenberg municipality was responsible for 41% of the expenditure to build the Koekedouw Dam. The expense was financed by way of loans. These loans have already been redeemed. The municipality is entitled to 10 million kilolitre water per annum from the dam.

The total carrying value of the municipal asset in respect of the dam is included under Property Plant and Equipment – Infrastructure Assets in Note 8.

	2024	2023
The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee (VAT excluded)	**1,817,606**	**1,441,381**

51 FINANCIAL SUSTAINABILITY

Management is of the opinion that the Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

Financial Indicators:

The current ratio increased to 2.64 from 2.06 in the prior year.
Cash and Cash Equivalents have decreased to R 187 million from R 227 million in the prior year.

52 NON-LIVING RESOURCES

The responsibility for the non-living water resource emanates from chapter 3 of the Water Service Act which recognises the municipality as a water service authority.

The nature of the municipality's custodial responsibility includes the duty to provide access to water services, the duty to prepare and adopt a water service development plan and the reporting on the implementation thereof, any contracts and joint ventures with water services providers and the adoption of appropriate bylaws that sets out the conditions for the provision of water services.

Additional supporting information pertaining to the provision of water can be found in chapter 3 of the Annual Report

The Municipality has the following non-living water resources per town:

Ceres
The main water source for Ceres is the Koekedouw Dam. Six boreholes serve as a backup source of supply.

Tulbagh
Currently, Klein Berg, Moordenaarskloof and Tierkloof serve as the main sources of water supply to Tulbagh.

Wolseley
Wolseley receives its water supply from the Tierhokkloof weir.

Prince Alfred’s Hamlet
Prince Alfred’s Hamlet has four water sources. They consist of the Wabooms River Weir, a fountain, one borehole and a supply line from the Koekedouw Dam.

Op-die-Berg
Op-die-Berg has three water sources, a fountain and two boreholes.

There is no liabilities or contingent liabilities that arose from the non-living resource which is water

	2024	2023
Water purchased by the farmers including VAT amount to	0	768,699

WITZENBERG MUNICIPALITY
APPENDIX A - Unaudited
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2023	Received during the period	Redeemed during the period	Balance at 30 JUNE 2024
				R	R	R	R
LEASE LIABILITY							
Office Equipment	10.00%		30/06/2025	527,449	1,460,108	705,936	1,281,621
Total Lease Liabilities				**527,449**	**1,460,108**	**705,936**	**1,281,621**
TOTAL EXTERNAL LOANS				**527,449**	**1,460,108**	**705,936**	**1,281,621**

WITZENBERG MUNICIPALITY
APPENDIX B - Unaudited
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
MUNICIPAL VOTES CLASSIFICATION

	2024 Actual Income R	2024 Actual Expenditure R	Gains & Losses R	2024 Surplus/ (Deficit) R
Budget and Treasury Office	139,339,109	(31,419,429)	-	107,919,680
Civil services	596,086,734	(596,392,689)	1,986,710	1,680,755
Community and social services	200,599,522	(113,832,304)	-	86,767,218
Corporate Services	28,319,689	(101,719,782)	-	(73,400,093)
Executive and Council	27,700	(28,274,155)	-	(28,246,455)
Total	964,372,754	(871,638,359)	1,986,710	94,721,105

	2023 Actual Income R	2023 Actual Expenditure R	Gains & Losses R	2023 Surplus/ (Deficit) R
Budget and Treasury Office	131,130,592	(44,265,953)	-	86,864,639
Civil services	533,846,174	(511,505,148)	36,622,881	58,963,907
Community and social services	148,456,047	(69,398,606)	-	79,057,441
Corporate Services	25,436,220	(95,376,941)	(667,803)	(70,608,524)
Executive and Council	32,600	(25,841,435)	-	(25,808,835)
Total	838,901,633	(746,388,084)	35,955,079	128,468,628

WITZENBERG MUNICIPALITY
APPENDIX C - Unaudited
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2024 Actual Income R	2024 Actual Expenditure R	2024 Gains & Losses R	2024 Surplus/ (Deficit) R
Community and social services	148,911,349	(31,338,863)	-	117,572,486
Energy sources	373,655,012	(364,102,417)	-	9,552,595
Environmental protection	1,586,661	(3,311,871)	-	(1,725,210)
Executive and council	27,700	(29,200,458)	-	(29,172,758)
Finance and administration	143,309,872	(85,753,634)	-	57,556,238
Housing	38,862,661	(39,248,555)	-	(385,894)
Internal audit	-	(4,002,329)	-	(4,002,329)
Planning and development	4,661,806	(13,507,710)	-	(8,845,904)
Public safety	19,609,992	(36,623,278)	-	(17,013,287)
Road transport	20,919,003	(37,816,213)	-	(16,897,211)
Sport and recreation	9,256,172	(37,311,376)	-	(28,055,204)
Waste management	50,983,678	(64,519,782)	1,986,710	(11,549,394)
Waste water management	83,934,500	(56,345,728)	-	27,588,772
Water management	68,654,348	(68,556,145)	-	98,203
Total	964,372,754	(871,638,359)	1,986,710	94,721,105

	2023 Actual Income R	2023 Actual Expenditure R	2023 Gains & Losses	2023 Surplus/ (Deficit) R
Community and social services	133,819,475	(27,267,956)	-	106,551,519
Energy sources	315,575,744	(312,103,692)	(1,748)	3,470,304
Environmental protection	1,386,262	(1,678,024)	-	(291,763)
Executive and council	32,600	(28,099,612)	-	(28,067,012)
Finance and administration	142,030,357	(96,359,792)	(667,803)	45,002,763
Housing	481,562	(4,819,898)	-	(4,338,336)
Internal audit	-	(2,518,433)	-	(2,518,433)
Planning and development	3,669,000	(12,196,142)	-	(8,527,143)
Public safety	9,925,305	(33,602,707)	-	(23,677,402)
Road transport	39,596,861	(40,821,617)	-	(1,224,755)
Sport and recreation	12,143,788	(33,310,904)	-	(21,167,116)
Waste management	40,720,195	(58,233,809)	36,624,630	19,111,016
Waste water management	55,938,130	(41,955,876)	-	13,982,254
Water management	83,582,353	(53,419,622)	-	30,162,732
Total	838,901,633	(746,388,084)	35,955,079	128,468,628

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2023 (Unpaid)	Grants Received	Re-payment or rejection of rollover of Unspent Grant	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2024	Unspent 2024 (Payable)	Unpaid 2024 (Receivable)
	R	R	R	R	R	R	R	R
National Government Grants								
Equitable share	-	135,729,000	-	(135,729,000)	-	-	-	-
Finance Management Grant	45	1,550,000	-	(1,550,045)	-	-	-	-
Municipal infrastructure Grant	1,111,284	24,309,000	(1,068,126)	-	(24,292,562)	59,596	59,596	-
Regional Bulk Infrastructure Grant (DWAF)	1,600,377	-	(1,051,722)	-	-	548,655	548,655	-
Integrated National Electricity Program	(777,641)	900,000	-	-	-	122,359	122,359	-
Department of Rural Development	471,155	-	-	-	-	471,155	471,155	-
Expanded Public Works Programme	(80,676)	3,247,000	-	(3,364,452)	-	(198,128)	-	198,128
Neighbourhood Development Plan	322	-	-	-	-	322	322	-
Water Service Infrastructure Grant	2,558,224	-	(2,558,224)	-	-	-	-	-
Provincial Government Grants								
CDW	(10,019)	132,000	-	(71,033)	-	50,948	50,948	-
Municipal Infrastructure Support Grant	(1,046,497)	-	-	-	-	(1,046,497)	-	1,046,497
Economic Development and Tourism SMME booster	68	-	-	-	-	68	68	-
Service Delivery and Capacity Building	1,100,000	-	(600,000)	(499,999)	-	1	1	-
Human Settlement Development	-	33,460,159	-	(37,953,798)	-	(4,493,639)	-	4,493,639
Capacity Building (Internship)	214,600	250,000	(14,600)	(295,000)	-	155,000	155,000	-
Municipal Infrastructure	(206,126)	-	-	-	-	(206,126)	-	206,126
Maintenance and Construction of Transport Infrastructure	(6,883,633)	14,701,538	-	-	(12,878,938)	(5,061,033)	-	5,061,033
Local Government Support Grant	-	-	-	-	-	-	-	-
Regional Social Econimical Program	106,402	200,000	(106,402)	-	(200,000)	-	-	-
Municipal Accreditation and Capacity Building Grant	559,867	245,000	(559,867)	(195,609)	-	49,391	49,391	-
Sport and Recreation	352	672,782	-	(700,433)	-	(27,299)	-	27,299
Electronic Case Management Intervention	400,000	-	(400,000)	-	-	-	-	-
Loadshedding	475,000	-	-	-	(475,000)	0	(0)	-
Water Resilience	568,189	-	-	(568,189)	-	-	-	-
Fire Services	-	985,000	-	-	(974,987)	10,013	10,013	-
District Municipality								
Parks and recreation	300,001	500,000	-	-	-	800,001	800,001	-
Sanitation Infrastructure	-	250,000	-	-	-	250,000	250,000	-
Planning and Development	100,000	-	-	-	-	100,000	100,000	-
Infrastructure	1,999,999	-	-	(1,200,000)	(499,793)	300,206	300,206	-
Covid 19	1,944,236	-	-	-	-	1,944,236	1,944,236	-
Safety Project	(5,189)	72,000	-	(150,876)	-	(84,065)	-	84,065
Public Contributions	-	-	-	-	-	-		
Essen Belgium	1,116,990	679,910	-	(1,793,216)	-	3,684	3,684	-
Perdekraal	414,101	1,130,300	-	(372,597)	-	1,171,804	1,171,804	-
Nedbank	785,403	952,545	-	(601,549)	-	1,136,399	1,136,399	-
Total	**6,816,834**	**219,966,234**	**(6,358,941)**	**(185,045,796)**	**(39,321,280)**	**(3,942,949)**	**7,173,838**	**11,116,787**

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

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2022 (Unpaid)	Grants Received	Re-payment or rejection of rollover of Unspent Grant	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance	Unspent 2023 (Payable)	Unpaid 2023 (Receivable)
	R	R	R	R	R	R	R	R
National Government Grants								
Equitable share	-	121,667,821	-	(121,667,821)	-	-	-	-
Finance Management Grant	-	1,550,000		(1,549,955)	-	45	45	-
Municipal infrastructure Grant	1,273,038	25,091,000	(1,273,038)	(954,000)	(23,025,716)	1,111,284	1,111,284	-
Regional Bulk Infrastructure Grant (DWAF)	(2,160,011)	19,239,000	-	-	(15,478,612)	1,600,377	1,600,377	-
Integrated National Electricity Program	3,873,783	-	(3,873,783)	-	(777,641)	(777,641)	-	777,641
Department of Rural Development	471,155	-	-	-	-	471,155	471,155	-
Expanded Public Works Programme	-	2,237,000	-	(2,317,676)	-	(80,676)	-	80,676
Neighbourhood Development Plan	321	-	-	-	-	321	321	-
Water Service Infrastructure Grant	-	11,701,000	-	-	(9,142,776)	2,558,224	2,558,224	-
Provincial Government Grants								
Library services	-	-	-	-	-	-	-	-
CDW	201,060	131,000	(69,060)	(273,019)	-	(10,019)	-	10,019
Municipal Infrastructure Support Grant	(1,046,497)	-	-	-	-	(1,046,497)	-	1,046,497
Economic Development and Tourism SMME booster	68	-	-	-	-	68	68	-
Service Delivery and Capacity Building	600,000	500,000	-	-	-	1,100,000	1,100,000	-
Human Settlement Development	2,993,067	-	(2,993,067)	-	-	-	-	-
Fire Service Capacity Building Grant	-	-	-	-	-	-	-	-
Capacity Building (Internship)	826,978	-	(576,978)	(235,400)	-	14,600	14,600	-
Municipal Infrastructure	(206,126)	-	-	-	-	(206,126)	-	206,126
Financial Management Support	-	200,000	-	-	-	200,000	200,000	-
Maintenance and Construction of Transport Infrastructure	(7,378,770)	24,696,157	-	-	(24,201,019)	(6,883,632)	-	6,883,632
Regional Social Econimical Program	477	500,000	-	-	(394,075)	106,402	106,402	-
Municipal Accreditation and Capacity Building Grant	490,000	256,000	-	(186,133)	-	559,867	559,867	-
Sport and Recreation	-	1,029,352	-	(1,029,000)	-	352	352	-
Municipal Energy Resilience Fund	-	1,761,500	-	(1,761,500)	-	-	-	-
Electronic Case Management Intervention	-	400,000	-	-	-	400,000	400,000	-
Loadshedding	-	475,000	-	-	-	475,000	475,000	-
Water Resilience	-	700,000	-	(131,811)	-	568,189	568,189	-
District Municipality								
Parks and recreation	300,001	-	-	-	-	300,001	300,001	-
Sanitation Infrastructure	(25,090)	-	-	-	-	(25,090)	-	25,090
Planning and Development	100,000	-	-	-	-	100,000	100,000	-
Infrastructure	1,311,519	1,500,000	-	-	(811,519)	2,000,000	2,000,000	-
Covid 19	1,969,326	-	-	-	-	1,969,326	1,969,326	-
Safety Project	-	60,000	-	(65,189)	-	(5,189)	-	5,189
Public Contributions								
Essen Belgium	3,179,030	1,350,389	-	(3,412,428)	-	1,116,991	1,116,991	-
China - Water meters	7,183	-	-	(7,183)	-	-	-	-
Perdekraal	-	588,300	-	(174,199)	-	414,101	414,101	-
Nedbank	-	1,111,303	-	(325,900)	-	785,403	785,403	-
Total	**6,780,512**	**216,744,822**	**(8,785,926)**	**(134,091,214)**	**(73,831,358)**	**6,816,836**	**15,851,706**	**9,034,870**