



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

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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The reports and statements set out below comprise the Annual Financial Statements presented to the council:

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LANGEBERG LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Information

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE AS AT 30 JUNE 2024

SW van Eeden	Executive Mayor
Cllr C Steyn	Corporate Services
Cllr JG Steenkamp	Strategy & Social Development
Cllr DAT Felix	Financial Services
Cllr JCJ Coetzee	Engineering Services
Cllr RC Henn	Community Services

AUDITORS

Auditor-General of South Africa
19 Park Lane, Milnerton, Cape Town, 7441
Western Cape

BANKERS

ABSA
180 Commissioner Street, Johannesburg, 2001

REGISTERED OFFICE

28 Main Road
Ashton, Western Cape, 6715

REGISTRATION NUMBER

WC026

MUNICIPAL MANAGER

DP Lubbe

CHIEF FINANCIAL OFFICER

M Shude

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

General Information (Continued)

LEGAL FORM

Category B Municipality which operates in accordance with Chapter 7 of the Constitution of South Africa.

The Objects of Local Government are:

to provide democratic and accountable government for local communities;
to ensure the provision of services to communities in a sustainable manner;
to promote social and economic development;
to promote a safe and healthy environment; and
to encourage the involvement of communities and community organisations in the matters of local government above.

JURISDICTION

Greater Langeberg area which includes:

Ashton
Bonnievale
McGregor
Montagu
Robertson

LEGISLATION GOVERNING THE MUNICIPALITY'S OPERATIONS

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements (Act no 66 of 1995)
Disaster Management Act (Act no 57 of 2002)
Division of Revenue Act (Act no 1 of 2005)
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Municipal Budget and Reporting Regulations, 2009
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations, 2006
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALGBC Leave Regulations, 2019
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
Income Tax Act (Act 58 of 1962)
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act (Act no 89 of 1991)
Water Services Act (Act no 108 of 1997)
Protection of Personal Information Act (Act no 4 of 2013)

LANGEBERG LOCAL MUNICIPALITY **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

Approval of Annual Financial Statements

MEMBERS OF THE LANGEBERG LOCAL MUNICIPALITY

Executive Mayor	Ald SW van Eeden
Deputy Executive Mayor	Cllr JG Steenkamp
Speaker	Cllr P Hess

Ward	Councillor
1	Cllr C Steyn
2	Cllr L Gxowa
3	Cllr P Hess
4	Cllr JJS January
5	Cllr MG Oostendorff-Kraukamp
6	Cllr DB Janse
7	Cllr DAT Felix
8	Ald SW Van Eeden
9	Cllr Y Siegel
10	Cllr A Ndongeni
11	Cllr JCJ Coetzee
12	Cllr CJ Pokwas

Proportional	Cllr OC Simpson	From 01 July 2023 to 22 January 2024
Proportional	Cllr JS Mafilika	
Proportional	Cllr LL Kahla	
Proportional	Cllr LJ Prince	
Proportional	Cllr JG Steenkamp	
Proportional	Cllr RC Henn	
Proportional	Cllr TV Coetzee	
Proportional	Cllr NJ Beginsel	From 01 July 2023 to 07 September 2023
Proportional	Cllr CJ Grootboom	
Proportional	Cllr D September	
Proportional	Cllr M Gertse	
Proportional	Cllr C Baartman	From 23 February 2024
Proportional	Cllr SE Rensburg	From 12 September 2023

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Approval of Annual Financial Statements

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

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

I have reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future. The annual financial statements are prepared on the basis that the municipality is a going concern and that the Langeberg Local Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although, I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors. I would like to bring to your attention the following material matters to your attention :

I certify that the salaries, allowances and benefits of councillors as disclosed in note 36 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The external auditor, being the Auditor General of South Africa, is responsible for independently reviewing and reporting on the municipality annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements for the year ended 30 June 2024, which have been prepared on the going concern basis, were approved on 31 August 2024.

DP Lubbe
Accounting Officer

31 August 2024
Date


AUDITOR GENERAL
OF SOUTH AFRICA
Working to build public confidence
30 November 2024

LANGEBERG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Report of the Auditor General

- Insert Audit Report -

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Note	2024 R	2023 Restated R
ASSETS			
Current Assets		405 914 005	448 338 187
Inventories	2.	17 420 255	13 043 832
Receivables from Exchange Transactions	3.	57 457 353	42 496 094
Statutory Receivables from Exchange Transactions	4.	3 223 423	8 147 056
Receivables from Non-exchange Transactions	5.	21 404 505	11 180 463
Statutory Receivables from Non-Exchange Transactions	6.	9 225 513	8 357 483
Cash and Cash Equivalents	7.	297 094 598	365 039 040
Lease Receivables	14.	88 358	74 219
Non-Current Assets		1 052 743 278	926 631 647
Property, Plant and Equipment	8.	1 019 107 354	896 403 005
Intangible Assets	9.	3 936 484	1 320 657
Investment Property	10.	27 971 530	28 034 849
Heritage Assets	11.	275 448	275 448
Non-current Investments	13.	154 537	137 205
Long-term Receivables	15.	1 297 925	460 483
Total Assets		1 458 657 283	1 374 969 834
LIABILITIES			
Current Liabilities		227 955 799	191 656 605
Consumer Deposits	16.	18 862 576	17 524 750
Payables from Exchange Transactions	17.	130 232 047	99 764 331
Unspent Conditional Grants and Receipts	18.	17 698 711	14 287 574
Lease Payables	19.	3 705 405	3 470 409
Borrowings	20.	2 365 325	4 079 506
Employee Benefit Liabilities	21.	20 965 343	20 102 829
Provisions	22.	34 126 392	32 427 206
Non-Current Liabilities		166 356 799	168 452 366
Lease Payables	19.	9 879 052	13 572 532
Borrowings	20.	21 000 000	27 977 974
Employee Benefit Liabilities	21.	62 648 930	56 520 000
Provisions	22.	72 828 817	70 381 860
Total Liabilities		394 312 598	360 108 971
Total Assets and Liabilities		1 064 344 685	1 014 860 864
NET ASSETS		1 064 344 685	1 014 860 864
Reserves	23.	62 920 999	62 920 999
Accumulated Surplus / (Deficit)	24.	1 001 423 686	951 939 865
Total Net Assets		1 064 344 685	1 014 860 864

LANGEBERG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

		Actual	
	Note	2024 R	2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions		312 169 965	273 612 380
Property Rates	25.	101 162 835	96 635 339
Fines, Penalties and Forfeits	26.	11 385 899	11 573 886
Transfers and Subsidies	28.	192 475 649	160 151 985
Availability Charges	29.	5 106 076	3 670 443
Finance Income	33.	2 039 506	1 580 727
Revenue from Exchange Transactions		754 057 331	667 906 908
Licences and Permits	27.	2 237 886	2 162 084
Service Charges	29.	678 553 735	600 410 508
Sales of Goods and Rendering of Services	30.	5 378 888	3 696 667
Income from Agency Services	31.	15 120 431	14 623 618
Rental from Fixed Assets	32.	3 786 580	3 768 636
Finance Income	33.	36 974 555	32 678 712
Operational Revenue	34.	12 005 256	10 566 683
Total Revenue		1 066 227 296	941 519 288
EXPENDITURE			
		1 016 356 166	882 636 959
Employee Related Costs	35.	271 389 576	235 183 863
Remuneration of Councillors	36.	11 830 452	10 817 391
Depreciation and Amortisation	37.	52 354 750	46 992 129
Bad Debt Written Off	38.	13 849 530	16 948 478
Impairment Losses	39.	16 079 953	12 299 245
Finance Cost	41.	21 936 957	20 343 985
Bulk Purchases	42.	486 280 892	407 015 377
Contracted Services	43.	47 149 530	37 027 788
Inventory Consumed	44.	49 512 196	59 751 352
Transfers and Subsidies Paid	45.	3 334 826	2 230 418
Operating Leases	46.	38 616	46 892
Operational Costs	47.	42 598 888	33 980 041
Total Expenditure		1 016 356 166	882 636 959
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		49 871 130	58 882 329
OTHER REVENUE / EXPENDITURE INCURRED			
Other Operations:			
Inventory Gains/(Losses)	40.	(281 368)	(75 047)
Gains on Other Fair Value Adjustments	48.	17 332	-
Losses on Fair Value Adjustment	48.	-	-
Gains/(Losses) in Disposal of Capital Assets	49.	(120 375)	1 123 225
TOTAL OTHER REVENUE / EXPENDITURE INCURRED		(384 411)	1 048 178
SURPLUS / (DEFICIT) FOR THE YEAR		49 486 719	59 930 507

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

	Total Funds & Reserves	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
2023			
Balance at 30 June 2022	62 920 999	895 799 637	958 720 636
Restated Balance	62 920 999	895 799 637	958 720 636
Surplus / (Deficit) for the year	-	59 930 507	59 930 507
Correction of error		(3 793 177)	(3)
Balance at 30 June 2023	62 920 999	951 936 967	1 018 651 140
2024			
Restated Balance at 30 June 2023	62 920 999	951 936 967	1 014 857 967
Surplus / (Deficit) for the year	-	49 486 719	49 486 719
Balance at 30 June 2024	62 920 999	1 001 423 686	1 064 344 686

LANGEBERG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 R	Actual 2023 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Taxation		100 294 805	96 467 287
Service Charges		629 265 279	590 343 738
Sale of goods and services		42 611 142	37 776 525
Grants		195 886 786	145 945 547
Finance Income		39 014 061	34 259 439
Payments			
Employees		(283 425 584)	(261 777 935)
Transfer and grants		(3 334 826)	(2 230 418)
Suppliers Paid		(588 979 593)	(525 491 782)
Finance Costs		(4 624 689)	(3 833 685)
NET CASH FLOWS FROM OPERATING ACTIVITIES	51.	126 707 381	111 458 716
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property , plant and equipment		(181 812 038)	(119 836 832)
Proceeds from sale of property,plant and equipment		1 426 296	1 149 420
Purchase of other intangible assets		(2 615 827)	(283 693)
Proceeds from investments		-	-
Decrease/(increase) in long term receivables		(837 442)	(60 196)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(183 839 010)	(119 035 995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in consumer deposits		1 337 826	1 741 542
Increase/Repayment of borrowings		(8 692 155)	(3 917 685)
Finance lease receipts/(payments)		(3 458 484)	16 402 633
NET CASH FLOWS FROM FINANCING ACTIVITIES		(10 812 813)	14 226 490
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(67 944 442)	6 649 211
Cash and Cash Equivalents at Beginning of Period		365 039 040	358 389 829
Cash and Cash Equivalents at End of Period	7.	297 094 598	365 039 040

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2024

30 June 2024

Reasons have been provided for all variance above +-10%

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
FINANCIAL POSITION	R	R	R	R	R	%	
Current Assets							
Cash and cash equivalents	354 563 154,00	31 650 274	386 213 428	297 094 598	(89 118 830)	-23%	The variance is caused by the planned loan for roads infrastructure which never materialised due to a change in the interest rate. The Municipality then had to utilise its own cash resources to fund the project.
Trade and other receivables from exchange transactions	56 897 114	808 165	57 705 279	57 457 353	(247 926)	0%	Variance is insignificant
Receivables from non-exchange transactions	9 936 497	1 405 928	11 342 425	21 404 505	10 062 080	89%	The variance is caused by a portion of the equitable share that Treasury must still pay to the Municipality
Current portion of non-current receivables	589 036	-	589 036	-	(589 036)	-100%	Due to stricter credit control and debt collection measures implemented by the Municipality, some clients renegotiated their payment agreements to more affordable ones and remained as non current receivables.
Inventory	27 322 847	-	27 322 847	17 420 255	(9 902 592)	-36%	More stock issues were made consequent to damages caused by flooding that occurred in September 2023 and increase in cable theft.
VAT	8 520 236	-	8 520 236	3 223 423	(5 296 813)	-62%	Variance is due to underspending on capital projects resulting in less Input Tax.
Other current assets	7 245 177	(80 281)	7 164 896	9 313 871	2 148 975	30%	There was an increase in statutory receivables from non exchange transactions due to an increase in the property rates revenue
Non-Current Assets							
Investments	137 205	-	137 205	154 537	17 332	13%	This is due to an increase in the share price of the Sanlam shares
Investment property	28 183 133	-	28 183 133	27 971 530	(211 603)	-1%	Variance is insignificant.
Property, plant and equipment	892 737 888	88 264 354	981 002 242	1 019 107 354	38 105 112	4%	Variance is insignificant.
Heritage assets	275 448	-	275 448	275 448	-	0%	Variance is insignificant.
Intangible assets	7 036 964	(3 384 172)	3 652 792	3 936 484	283 692	8%	Variance is insignificant.
Non-current Trade and other receivables from exchange transactions	1 999 815	-	1 999 815	410 161	(1 589 654)	-79%	The variance is caused by stricter credit control and debt collection measures that were implemented by the Municipality.
Non-current receivables from non-exchange transactions	(2 844 157)	-	(2 844 157)	887 764	3 731 921	131%	The was a human error on the budget which also resulted in the amount being included as a negative value.
Total Assets	1 392 600 357	118 664 268	1 511 264 625	1 458 657 282	(52 607 343)		


 AUDITOR GENERAL
 SOUTH AFRICA
 Building to build public confidence
 30 November 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2024

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
Current Liabilities							
Financial liabilities	4 257 423	121 218	4 378 641	6 070 730	1 692 089	39%	Variance is caused by the transfer of the current portion of non-current lease payables to current lease payable.
Consumer deposits	15 783 209	-	15 783 209	18 862 576	3 079 367	20%	This is due to new municipal accounts that were opened during the FY.
Trade and other payables from exchange transactions	91 557 157	-	91 557 157	130 232 047	38 674 890	42%	This is due to recently completed projects where the Municipality is still holding the retention fees of the projects.
Trade and other payables from non-exchange transaction	28 591 427	(97 416)	28 494 011	17 698 711	(10 795 300)	-38%	The variance is caused by lesser unspent grants than anticipated, because a portion of the disaster grant was spent although not the full amount.
Provision	53 113 978	(2 773 000)	50 340 978	34 126 392	(16 214 586)	-32%	This is due to the diminishing useful life of the Ashton landfill site.
VAT	5 933 984	106 925 693	112 859 677	-	(112 859 677)	-100%	This is due to the fact that the Municipality has a VAT receivable at year end.
Other current liabilities	-	2 773 000	2 773 000	20 965 343	18 192 343	656%	liability.
Non-Current Liabilities							
Financial liabilities	71 016 960	(25 551 039)	45 465 921	30 879 052	(14 586 869)	-32%	This is due to loan for roads infrastructure which never materialised.
Provision	75 492 944	48 518 000	124 010 944	72 828 817	(51 182 127)	-41%	This is due to the diminishing useful life of the Ashton landfill site.
Other non-current liabilities	48 518 000	(48 518 000)	-	62 648 930	62 648 930	100%	No provision for the non current portion of employee benefits made
Total Liabilities	394 265 082	81 398 456	475 663 538	394 312 598	(81 350 940)		
Total Assets and Liabilities	998 335 275	37 265 812	1 035 601 087	1 064 344 684	28 743 597		
Net Assets (Equity)							
	-		-				
Accumulated Surplus/(Deficit)	935 414 276	37 265 812	972 680 088	1 001 423 686	28 743 598	3%	Variance is insignificant.
Reserves and funds	62 920 999	-	62 920 999	62 920 999	-	0%	Variance is insignificant.
Other							
Total Net Assets	998 335 275	37 265 812	1 035 601 087	1 064 344 685	28 743 598		


 AUDITOR GENERAL
 SOUTH AFRICA
 Auditing to build public confidence
 30 November 2024

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2024

30 June 2024

Description	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
FINANCIAL PERFORMANCE							
Revenue							
Exchange Revenue							
Service charges - Electricity	651 024 646	- 50 000 001	601 024 645	561 442 898	- 39 581 747	-7%	Variance is insignificant.
Service charges - Water	61 476 556	- 8 898 579	52 577 977	58 764 244	6 186 267	12%	This is due to more new water connections done in the financial year than anticipated.
Service charges - Waste Water Management	35 796 453	- 3 391 717	32 404 736	32 213 124	- 191 612	-1%	Variance is insignificant.
Service charges - Waste Management	33 378 488	- 2 156 323	31 222 165	31 239 545	17 380	0%	Variance is insignificant.
Sale of Goods and Rendering of Services	4 121 245	- 21 132	4 100 113	5 378 888	1 278 775	31%	This is caused by an increase in the sale of scrap .
Agency services	6 516 073	233 379	6 749 452	15 120 431	8 370 979	124%	Variance is due to Library grant that has been reclassified from Non-exchange revenue to exchange. The approved budget is on non-exchange transactions under transfers and subsidies.
Interest earned from Receivables	2 881 504	876 780	3 758 284	4 170 410	412 126	11%	This is caused by more outstanding consumer debtor accounts than anticipated.
Interest earned from Current and Non Current Assets	22 460 979	11 388 085	33 849 064	32 804 145	- 1 044 919	-3%	Variance is insignificant.
Rental from Fixed Assets	2 820 781	1 045 066	3 865 847	3 786 580	- 79 267	-2%	Variance is insignificant.
Licence and permits	860 365	- 188 171	672 194	2 237 886	1 565 692	233%	traders.
Operational Revenue	2 203 522	5 645 631	7 849 153	12 005 256	4 156 103	53%	This is due to the increase in development charges.
Non-Exchange Revenue							
Property rates	93 030 405	7 642 140	100 672 545	101 162 835	490 290	0%	Variance is insignificant.
Fines, penalties and forfeits	4 797 373	- 3 610 000	1 187 373	11 385 899	10 198 526	859%	At mid year the fines issued were low and during the mid year assessment Council resolved to reduce the provision not anticipating that the fines would increase.
Transfer and subsidies - Operational	142 696 000	18 048 424	160 744 424	149 864 562	- 10 879 862	-7%	Variance is insignificant.
Transfer and subsidies - Capital	35 265 000	27 227 841	62 492 841	42 611 087	- 19 881 754	-32%	This is due to underspending in capital projects as revenue is recognised when expenditure has been incurred.
Interest	802 865	1 109 794	1 912 659	2 039 506	126 847	7%	Variance is insignificant.
Operational Revenue	-	-	-	-	-	-	
Gains on disposal of Assets	-	-	-	-	-	-	
Other Gains	-	-	-	-	-	-	
Total Revenue	1 100 132 255	4 951 217	1 105 083 472	1 066 227 296	- 38 856 176		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2024

	Original Budget	Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
Expenditure							
Employee related costs	270 342 976	10 004 800	280 347 776	271 389 576	(8 958 200)	-3%	Variance is insignificant.
Remuneration of councillors	12 564 972	370 396	12 935 368	11 830 452	(1 104 916)	-9%	Variance is insignificant.
Bulk purchases - electricity	495 377 577	(36 079 604)	459 297 973	486 280 892	26 982 919	6%	Variance is insignificant.
Inventory consumed	51 580 339	3 699 576	55 279 915	49 512 196	(5 767 719)	-10%	This is due to inventory items that are linked to unfinished capital projects.
							This is due to an increase in the indigent threshold which allows more clients to qualify as indigents. This then cause the impairment for receivables from exchange transactions to increase.
Debt impairment	-	-	-	15 622 645	15 622 645	100%	done.
Depreciation & asset impairment	44 908 979	(20 413)	44 888 566	52 812 058	7 923 492	18%	This is due to the unwinding of the provision for landfill sites and increase in employee benefits.
Interest	11 674 296	(1 800 131)	9 874 165	21 936 957	12 062 792	122%	This is linked to the capital projects that were not completed as at year end as it is professional fees for those projects.
Contracted services	73 188 396	22 580 334	95 768 730	47 149 530	(48 619 200)	-51%	This is determined by the applications received in terms of section 67 of the MFMA.
Transfers and subsidies	4 061 679	127 403	4 189 082	3 334 826	(854 256)	-20%	The variance is due to the write off of indigent clients' debt after approval as per new indigent policy approved by council.
Irrecoverable debts written off	33 433 096	(27 702 051)	5 731 045	13 849 530	8 118 485	142%	The budget was based on the ERP costs being incurred in one year, but the agreement indicates that the costs will be incurred over 5 years
Operational costs	73 787 799	(3 476 283)	70 311 516	42 598 888	(27 712 628)	-39%	The Municipality did not plan for a loss on the disposal of the assets. The assets are sold in a public auction.
Losses on disposal of Assets	-	-	-	-	-	100%	Amount is budgeted for under finance leases but in terms of GRAP meets the operating leases definition.
Other expenditure	-	-	-	38 616	38 616	100%	
Total Expenditure	1 070 920 109	- 32 295 973,00	1 038 624 136	1 016 356 166	(22 267 970)		
Surplus/(Deficit) for the Year	29 212 146	37 247 190	66 459 336	49 871 130	(16 588 206)		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD 01 JULY 2023 TO 30 JUNE 2024

30 June 2024

Description	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Original Budget	Reasons for variances
	R	R	R	R	R	%	
CASH FLOW							
Cash Flows from/(used in) Operating Activities							
Receipts							
Property Rates	92 273 230	6 187 332	98 460 562	100 294 805	1 834 243	2%	Variance is insignificant.
Service Charges	894 540 398	(35 276 103)	859 264 295	629 265 279	(229 999 016)	-27%	The previous years collection rate was 99% and this line item was based on that, but the actual collection rate was 95% as at year end.
Other revenue	21 633 635	(4 949 947)	16 683 688	42 611 142	25 927 454	155%	Other revenue was reduced by council in the mid year adjustments budget because at that point the revenue was low and expectation was that it would remain low.
Transfers and Subsidies - Operational	98 629 597	21 633 658	120 263 255	132 337 786	12 074 531	10%	This is caused by the new allocation of the Informal Settlements Upgrading Partnership Grant.
Transfers and Subsidies - Capital	35 265 000	27 227 841	62 492 841	63 549 000	1 056 159	2%	Variance is insignificant.
Interest	12 008 632	6 189 149	18 197 781	39 014 061	20 816 280	114%	This is due to interest hikes on investments.
Payments							
Suppliers and employees	(973 981 929)	2 678 065	(971 303 864)	(872 405 177)	98 898 687	10%	purchases.
Finance charges	(11 674 296)	1 800 131	(9 874 165)	(4 624 689)	5 249 476	53%	This is due to a loan that was planned for that did not materialise due to a change in the interest rate.
Transfers and Subsidies	(4 023 679)	4 023 679	-	(3 334 826)	(3 334 826)	-100%	error.
NET CASH FROM/(USED) OPERATING ACTIVITIES	164 670 588	29 513 805	194 184 393	126 707 381	(67 477 012)		
Cash Flows from/(used in) Investing Activities							
Receipts							
Proceeds on disposal of PPE	-	-	-	1 426 296	1 426 296	100%	The auction was initially not anticipated during the budget period, but when the centralised stores got full of redundant items an auction had to be scheduled.
Decrease (increase) in non-current receivables	3 017 851	-	-	(837 442)	(837 442)	-100%	Due to the stricter credit and debt collection measures implemented, some clients entered into payment arrangements with the municipality.
Decrease (increase) in non-current investments							
Payments							
Capital assets	(119 474 427)	(84 548 399)	(204 022 826)	(184 427 864)	19 594 962	-10%	This variance is caused by projects which were not yet complete as at year end, of which payments could not be done and projects had to be rolled over to the 24/25 financial year.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(116 456 576)	(84 548 399)	(204 022 826)	(183 839 010)	20 183 816		
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term/refinancing	47 800 000	(30 000 000)	17 800 000	-	(17 800 000)	-100%	No loan was taken in the financial year and the one which was planned did not materialise due to a change in the interest rate
Increase (decrease) in consumer deposits	-	-	-	1 337 826	1 337 826	100%	This is due to additional Municipal accounts that were opened during the year.
Payments							
Repayment of borrowings	-	(4 504 144)	(4 504 144)	(12 150 639)	(7 646 495)	170%	This is due to a settlement of a DBSA loan.
NET CASH FROM/(USED) FINANCING ACTIVITIES	47 800 000	(34 504 144)	13 295 856	(10 812 813)	(24 108 669)		
Cash and Cash Equivalents at Beginning of the Year	358 569 116	(13 444)	358 555 672	365 039 040	6 483 368		
Cash and Cash Equivalents at End of the Year	454 583 128	(92 570 033)	362 013 095	297 094 598	(64 918 497)		

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PRESENTATION

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

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 Statement of Financial Performance has been prepared to classify expenses by nature, whilst revenue is classified in a manner appropriate to the municipality's operations. The Cash Flow Statement has been prepared using the Direct Method.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation Currency

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

1.2 Critical Judgements, Estimations and Assumptions

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

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

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

1.2.1 Revenue Recognition

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

a) Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

b) Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.2.3 Provision for Staff Leave

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

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

Accumulated leave is vesting.

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.2.4 Impairment of Statutory Receivables

Accounting Policy 5.3 on Impairment of Statutory Receivables describes the process followed to determine the value at which Statutory Receivables should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Statutory Receivables recorded during the year is appropriate.

The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

1.2.5 Provision for Performance Bonuses

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

1.2.6 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

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

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

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

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

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Intangible Assets

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

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

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

Investment Property

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

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

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

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

1.2.7 Pre-paid Electricity Estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The prepaid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

1.2.8 Post-retirement medical obligations, long service awards and ex gratia gratuities

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. Major assumptions used are disclosed in note 23 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.2.9 Provisions and Contingent Liabilities

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

1.2.10 Componentisation of Infrastructure Assets

The municipality assesses whether it is a party to any principal-agent arrangements by considering the principles contained in GRAP 109. When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.


AUDITOR GENERAL
SOUTH AFRICA
Working to build public confidence
30 November 2024

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.2.11 Impairment of Loans and 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.

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern assumption.

1.5 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 are disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.7, on which the municipality was required to transact for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements.

2. BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24, and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The comparison of budget and actual amounts are disclosed as a separate statement, namely Statements of Comparison of Budget and Actual amounts.

Budget information is presented on the accrual basis by nature classification. Explanatory comment is provided in the Statement of Comparison of Budget and Actual Amounts giving reasons for overall growth or decline in the budget and motivations for over-or under spending on line items. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

3. INVENTORIES

3.1 Recognition and Initial Measurement

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

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

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

3.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method. The first-in-out-method is applied to maintenance material inventory items. The weighted average method is applied to compost, low-cost housing, water for distribution and the remaining inventory items which are not maintenance related.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

4. FINANCIAL INSTRUMENTS

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

Initial Recognition

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

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

4.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Investments – Listed Shares	Financial Assets at Fair Value
Investments – Unlisted Shares	Financial Assets at Amortised Cost
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Fixed Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Amortised Cost

Trade and Other Receivables exclude Value Added Taxation, Prepayments and Operating Lease Receivables are classified as Financial Assets at Amortised Cost.

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Borrowings	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost
Unspent Conditional Grants	Financial Liabilities at Amortised Cost
Bank Overdraft	Financial Liabilities at Amortised Cost

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

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

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

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

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

4.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

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

Financial Liabilities held at Amortised Cost

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

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

Prepayments are carried at cost less any accumulated impairment losses.

4.4 Impairment of Financial Assets

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

4.4.1 Financial Assets at Amortised Cost

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

4.4.2 Financial Assets at Cost

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

4.5 Derecognition of Financial Assets

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

If the 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.

4.6 Derecognition of Financial Liabilities

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

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

5. STATUTORY RECEIVABLES

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

Statutory receivables arise from the following legislation:

- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)
- VAT Receivable - Value Added Tax Act (89 of 1991)

5.1 Recognition and Initial Measurement

The municipality recognises statutory receivables as follows:

- a) If the transaction is an exchange transaction, using the policy on revenue from exchange transactions.
- b) If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers)
- c) If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The municipality recognises Statutory Receivables when they arise.

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

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

- Assessment Rates are levied in terms of the stipulations contained in the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) at rates determined each year by Council.
- Fines - Criminal procedures Act (51 of 1977)
- VAT Receivable - Value Added Tax Act (89 of 1991)

5.2 Subsequent Measurement

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

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

LANGEBERG LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

5.3 Impairment

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial reorganisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

5.4 Derecognition

The municipality derecognises a statutory receivable when:

- a) The rights to the cash flows from the receivable are settled, expire or are waived.
- b) The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
- c) The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the municipality:

- d) derecognises the receivable; and
- e) recognises separately any rights and obligations created or retained in the transfer.

6. CONSTRUCTION CONTRACTS

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 either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

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 an expense in the period in which they are incurred.

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When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Initial Recognition and Measurement

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

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

Items of property, plant and equipment are initially recognised as assets on acquisition date and are 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). If the acquired item's fair value was not determinable, its 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.

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

7.2 Subsequent Measurement - Cost Model

Property, Plant and Equipment, excluding Buildings and Land

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

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

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7.3 Depreciation and Impairment

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

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

Asset Class	Years	Asset Class	Years
Buildings		Community	
Improvements	1 - 105	Community Facilities	5 - 50
Infrastructure		Recreational Facilities	7 - 100
Electricity	1 - 80	Security	5
Roads and Paving	1 - 100	Halls	1 - 105
Sewerage / Solid Waste	1 - 100	Libraries	1 - 100
Water	1 - 125	Parks and gardens	1 - 100
Housing	1 - 105	Other assets	7 - 100
		Other	
		Computer Equipment	2 - 20
		Specialised vehicles	10 - 20
		Furniture and Fittings	1 - 100
		Transport Assets	4 - 45
		Office Equipment	2 - 22
		Plant and Equipment	1 - 40
		Other Assets	2 - 22
		Quarries	25
		Landfill sites	1-15

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

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

7.4 Land

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

7.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

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8. INTANGIBLE ASSETS

8.1 Initial Recognition and Measurement

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

Intangible Assets are initially recognised at cost.

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

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

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

8.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	Indefinite		Servitudes	Indefinite

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

8.3 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Gains are not classified as Revenue.

9. INVESTMENT PROPERTY

9.1 Initial Recognition and Measurement

Investment property is 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 municipality 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. Property with a currently undetermined use is also classified as investment property.

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

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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.

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

9.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 1 - 100 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

9.3 Derecognition

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.

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

Asset Class	Years	Asset Class	Years
Buildings	1-100	Land	Indefinite

10. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

10.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

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

10.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

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

10.3 Derecognition

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

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11. LIVING AND NON-LIVING RESOURCES

Living Resources are defined as living organisms such as animals and plants that are used or held for the delivery or provision of goods and services, research, conservation, recreation, agricultural activities, education and training and rehabilitation or breeding processes.

Agricultural Assets are excluded from the scope of this Standard and are accounted for by the municipality in accordance with GRAP 27 (Agricultural Assets).

Living Resources are assets that undergo biological transformation and are those organisms that can grow, reproduce and degenerate. These assets include fruit trees, cattle and seed-bearing plants.

Non-living Resources are those resources, other than living resources, that occur naturally and have not been extracted from their source. These assets includes minerals, oils, etc.

Agricultural Assets are assets that are produced from living resources through agricultural activity and biological transformation through growth, degeneration and procreation. These assets are fruit from fruit-bearing plants, eggs from feathered animals and seeds from seed-bearing plants.

11.1 Initial Recognition and Measurement

A Living Resource 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 municipality, and when the cost or fair value of the asset can be measured reliably.

A Living Resource that qualifies for recognition as an asset shall be recognised at its cost.

Where a Living Resource is acquired through a non-exchange transaction, its cost shall be recognised at its fair value as at the date of the acquisition.

12. IMPAIRMENT OF ASSETS

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

12.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

12.2 Impairment of Non-cash Generating Assets

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined. An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

13. CONSUMER DEPOSITS

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

14. PROVISIONS

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

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

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

- The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or
 - the principal
 - the location,
 - the expenditures
 - when the plan
- 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 is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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

15. LEASES

15.1 The Municipality as Lessee

15.1.1 Finance Leases

Property, plant and equipment or intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are recognised at equal amounts. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments 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, investment property or intangibles assets. 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 derecognition of financial instruments are applied to lease payables.

15.1.2 Operating Leases

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

15.2 The Municipality as Lessor

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability. The municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

16. BORROWING COSTS

All borrowing costs are treated as an expense in the period in which they are incurred.

17. EMPLOYEE BENEFIT LIABILITIES

17.1 Short-term Employee Benefits

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

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

17.1.1 Provision for Staff Leave

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

17.1.2 Staff Bonuses Accrued

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

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17.1.3 Provision for Performance Bonuses

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

17.1.4 Paid Absences

The municipality pays employees for absence for various reasons including holidays, sickness and short-term disability, and maternity or paternity. The expected cost of short-term employee benefits in the form of paid absences for accumulating paid absences is recognised when the employees render service that increases their entitlement to future paid absences. The expected cost of non-accumulating paid absences is recognised when the absences occur.

17.2 Post-employment Benefits

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

17.2.1 Defined Contribution Plans

In measuring its defined benefit liability, the municipality recognises past service cost as an expense in the reporting period in which the plan is amended. For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

17.2.2 Defined Benefit Plans

Defined Benefit Cost is made up of the following components:

- (a) Service Cost, comprising:
 - Current Service Cost
 - Settlements
 - Past Service Cost, comprising:
 - (1) Plan Amendments
 - (2) Curtailments
- (b) Net Interest Revenue / Expense
- (c) Remeasurements, comprising:
 - Actuarial Gains and Losses
 - Return on Plan Assets, excluding amounts included in net interest on the net defined benefit liability (asset)
 - Any change in the Effect of the Asset Ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Post-retirement Health Care Benefits

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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

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

Long-service Allowance

Long service awards are provided to employees who achieve certain predetermined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

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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.

Ex-Gratia Pension Benefits

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 financial cost upon valuation as it meets the definition of interest cost in GRAP 25.

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.

17.3 Termination Benefits

The municipality provides termination benefits for its employees in terms of the municipality's Employee Benefit Plan.

Termination Benefits to employees is recognised as an expense in the Statement of Financial Performance and as a liability in the Statement of

18. NET ASSETS

Included in the Net Assets of the municipality are the following items that are maintained in terms of specific requirements:

18.1 Accumulated Surplus

Included in the Accumulated Surplus of the municipality are the following Reserves that are maintained in terms of specific requirements.

18.1.1 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 in terms of delegated powers.

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

19. REVENUE RECOGNITION

19.1 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.

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.

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

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2023 was written off in the 2023/2024 financial year.

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 qualify 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 qualify for recognition and become available for use by the municipality.

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

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

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

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue.

When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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

- It is probable that the future economic benefits or service potential will flow to the Municipality and
- The fair value of the assets can be measured reliably.

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

19.1.1 Rates and Taxes

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

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

19.1.2 Fines

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

19.1.3 Government Grants and Receipts

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

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

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

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

19.1.4 Public Contributions

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 qualify 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).

19.1.5 Other Donations and Contributions

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

19.1.6 Rentals Received

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

19.1.7 Tariff Charges

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

19.2 Revenue from Exchange Transactions

19.2.1 Service Charges

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

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

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

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.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

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.

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

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.

19.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

19.2.3 Rentals Received

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

19.2.4 Interest Earned

Interest revenue is recognised using the effective interest rate method.

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

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

19.2.5 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

19.2.6 Royalties

Royalties are recognised on an Accrual Basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a Straight-line Basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

19.2.7 Tariff Charges

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

20. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

21. ACCOUNTING BY PRINCIPALS AND AGENTS

21.1 Identifying whether an entity is a principal or an agent

When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.

21.2 Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

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

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

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

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The municipality is an agent for the following departments:

- Western Cape Provincial Department – 12% commission.
- Department of Cultural Affairs and Sport (DCAS) – 100% commission.

21.3 Recognition

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

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

22. SEGMENT REPORTING

A segment is an activity of a municipality:

- 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.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

22.1 Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the municipality's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

23. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

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 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure.

Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

26. COMMITMENTS

- Items are classified as capital commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.
 - Disclosures are required in respect of unrecognised contractual future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.
 - Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:
 - Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).
 - Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.
- Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

27. RELATED PARTIES

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents annual financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- a) Identifying related party relationships and transactions;
- b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- d) Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

A person or a close member of that person's family is related to the reporting entity if that person:

- a) has control or joint control over the reporting entity;
- b) has significant influence over the reporting entity is a member of the management of the entity or its controlling entity.
- c) is a member of the management of the entity or its controlling entity.

An entity is related to the reporting entity if any of the following conditions apply:

- a) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

- a) both entities are joint ventures of the same third party;
- b) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- c) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity

Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

- a) the entity is controlled or jointly controlled by a person identified in (a); and
- b) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

28. CONTINGENT ASSETS AND 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 municipality. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

29. EVENTS AFTER THE 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:

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

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

30. 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.

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

Standard	Nature of Changes	Impact	Effective Date	Planned date of application by the Municipality
GRAP 1 - Presentation	Revised requirements on the	Enhances clarity in financial	Not yet determined	Not yet determined
GRAP 103 - Heritage	Revised guidance on accounting for	Promotes consistent and	Not yet determined	Not yet determined
GRAP 104 - Financial	Updates the classification,	Changes in classification	2025/04/01	2025/04/01
GRAP 105, 106, 107 -	Provides guidance on accounting for	Affects the recognition,	Not yet determined	Not yet determined
IGRAP 22 - Foreign	Clarifies accounting for foreign	This standard impacts how	2025/04/01	2025/04/01
Improvements to	Minor amendments made to align	Aims to improve consistency	Not yet determined	Not yet determined

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
1. GENERAL INFORMATION		
<p>Langeberg Local Municipality is a local government institution in Ashton, Western Cape, and is one of five local municipalities under the jurisdiction of the Cape Winelands District Municipality. The address of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA, Act no 56 of 2003).</p>		
2. INVENTORIES		
Consumables	5 263 345	3 693 325
Finished Goods	161 718	996 785
Land	2 281 444	2 660 696
Materials and Supplies	9 455 522	5 479 628
Water - At Cost	258 226	213 398
Total Inventories	17 420 255	13 043 832

The cost of Inventories recognised as an expense amounted to R49 512 196 (2023: R59 751 352)

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	103 372 699	49 542 986	53 829 713
Electricity	42 336 682	6 163 697	36 172 985
Refuse	15 110 952	10 761 062	4 349 890
Sewerage	19 084 319	14 451 667	4 632 652
Merchandising, Jobbing and Contracts	4 412	-	4 412
Other Service Charges	3 401 193	2 925 449	475 744
Water	23 435 141	15 241 111	8 194 030
Other Receivables	1 514 537	399 270	1 115 267
Other Debtors	18 667	-	18 667
Prepayments and Advances	2 493 706	-	2 493 706
Control, Clearing and Interface Accounts	-	-	-
Total Receivables from Exchange Transactions	107 399 609	49 942 256	57 457 353
As at 30 June 2023			
Service Debtors:	71 411 088	30 982 932	40 428 156
Electricity	27 010 726	2 698 061	24 312 665
Refuse	11 495 546	6 863 150	4 632 396
Sewerage	14 044 575	9 288 822	4 755 753
Merchandising, Jobbing and Contracts	4 412	-	4 412
Other Service Charges	2 729 042	2 504 493	224 549
Water	16 126 787	9 628 406	6 498 381
Other Receivables	1 153 216	459 577	693 639
Other Debtors	18 667	-	18 667
Prepayments and Advances	1 355 632	-	1 355 632
Total Receivables from Exchange Transactions	73 938 603	31 442 509	42 496 094

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

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	30 985 697	5 035 285	1 632 953	4 682 746	42 336 682
Less: Provision for Impairment	-	-	-	6 163 697	6 163 697
Net Balances	30 985 697	5 035 285	1 632 953	(1 480 951)	36 172 985
Refuse:					
Gross Balances	2 437 438	1 801 907	710 558	10 161 049	15 110 952
Less: Provision for Impairment	-	-	-	10 761 062	10 761 062
Net Balances	2 437 438	1 801 907	710 558	(600 013)	4 349 890
Sewerage:					
Gross Balances	2 552 974	2 016 877	799 516	13 714 952	19 084 319
Less: Provision for Impairment	-	-	-	14 451 667	14 451 667
Net Balances	2 552 974	2 016 877	799 516	(736 715)	4 632 652
Merchandising, Jobbing and					
Gross Balances	4 412	-	-	-	4 412
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 412	-	-	-	4 412
Other Service Charges:					
Gross Balances	206 714	215 464	119 669	2 859 347	3 401 193
Less: Provision for Impairment	-	-	-	2 925 449	2 925 449
Net Balances	206 714	215 464	119 669	(66 102)	475 744
Water:					
Gross Balances	5 335 858	2 779 811	976 423	14 343 049	23 435 141
Less: Provision for Impairment	-	-	-	15 241 111	15 241 111
Net Balances	5 335 858	2 779 811	976 423	(898 062)	8 194 030
Other Receivables:					
Gross Balances	268 193	60 827	22 769	1 162 749	1 514 538
Less: Provision for Impairment	-	-	-	399 270	399 270
Net Balances	268 193	60 827	22 769	763 479	1 115 268
Other Debtors:					
Gross Balances	-	-	-	18 667	18 667
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	18 667	18 667
Prepayments and Advances:					
Gross Balances	2 493 706	-	-	-	2 493 706
Less: Provision for Impairment	-	-	-	-	-
Net Balances	2 493 706	-	-	-	2 493 706
Control, Clearing and Interface					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	44 284 992	11 910 171	4 261 888	46 942 558	107 399 609
Less: Provision for Impairment	-	-	-	49 942 256	49 942 256
Net Balances	44 284 992	11 910 171	4 261 888	(2 999 698)	57 457 353

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	22 424 671	1 516 312	246 899	2 822 844	27 010 726
Less: Provision for Impairment	-	-	-	2 698 061	2 698 061
Net Balances	22 424 671	1 516 312	246 899	124 783	24 312 665

Refuse:					
Gross Balances	2 152 305	1 496 043	626 957	7 220 241	11 495 546
Less: Provision for Impairment	-	-	-	6 863 150	6 863 150
Net Balances	2 152 305	1 496 043	626 957	357 091	4 632 396

Sewerage:					
Gross Balances	2 313 132	1 693 979	717 127	9 320 337	14 044 575
Less: Provision for Impairment	-	-	-	9 288 822	9 288 822
Net Balances	2 313 132	1 693 979	717 127	31 515	4 755 752

Merchandising, Jobbing and Contracts:					
Gross Balances	4 412	-	-	-	4 412
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 412	-	-	-	4 412

Other Service Charges:					
Gross Balances	121 670	72 878	72 950	2 461 544	2 729 042
Less: Provision for Impairment	-	-	-	2 504 493	2 504 493
Net Balances	121 670	72 878	72 950	(42 949)	224 548

Water:					
Gross Balances	3 705 162	2 061 818	778 530	9 581 277	16 126 787
Less: Provision for Impairment	-	-	-	9 628 406	9 628 406
Net Balances	3 705 162	2 061 818	778 530	(47 129)	6 498 381

Other Receivables:					
Gross Balances	99 336	62 531	31 262	960 087	1 153 216
Less: Provision for Impairment	-	-	-	346 293	346 293
Net Balances	99 336	62 531	31 262	613 794	806 922

Other Debtors:					
Gross Balances	18 667	-	-	-	18 667
Less: Provision for Impairment	-	-	-	-	-
Net Balances	18 667	-	-	-	18 667

Prepayments and Advances:					
Gross Balances	1 355 632	-	-	-	1 355 632
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 355 632	-	-	-	1 355 632

Control, Clearing and Interface					
Gross Balances	-	-	-	-	-
Less: Provision for Impairment	-	-	-	-	-
Net Balances	-	-	-	-	-

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	32 194 987	6 903 561	2 473 725	32 366 330	73 938 603
Less: Provision for Impairment	-	-	-	31 329 225	31 329 225
Net Balances	32 194 987	6 903 561	2 473 725	1 037 105	42 609 373

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
VAT accrual (input) receivable accounts	13 650 262	-	13 650 262
VAT accrual (output) payable	(13 055 364)	-	(13 055 364)
VAT due to/by Rec of Revenue	2 628 525	-	2 628 525
Total Statutory Receivables from Exchange Transactions	3 223 423	-	3 223 423
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
VAT accrual (input) receivable accounts	11 380 817	-	11 380 817
VAT accrual (output) payable	(5 801 146)	-	(5 801 146)
VAT due to/by Rec of Revenue	2 567 385	-	2 567 385
Total Statutory Receivables from Exchange Transactions	8 147 056	-	8 147 056

VAT is claimable on the payment basis.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Accrued Income	3 341	-	3 341
Administration Cost	97 605	-	97 605
Availability Charges	10 368 415	9 188 215	1 180 200
Other	11 964 848	-	11 964 848
Security Deposits	8 158 511	-	8 158 511
Provincial Government Housing Loans - at amortised cost	0	-	-
Staff Bursaries and Other Advances - at amortised cost	0	-	-
Total Receivables from Non-exchange Transactions	30 592 720	9 188 215	21 404 505

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Accrued Income	3 341	-	3 341
Administration Cost	91 382	-	91 382
Availability Charges	9 044 476	8 404 031	640 445
Other	1 364 099	-	1 364 099
Security Deposits	8 158 511	-	8 158 511
Provincial Government Housing Loans - at amortised cost	716 640	-	716 640
Staff Bursaries and Other Advances - at amortised cost	206 043	-	206 043
Total Receivables from Non-exchange Transactions	19 584 494	8 404 031	11 180 463

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2024

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Other Receivables:					
Gross Balances	12 049 042	433 184	194 142	9 754 500	22 430 868
Less: Provision for Impairment				9 188 215	9 188 215
Net Balances	12 049 042	433 184	194 142	566 285	13 242 653

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	8 158 511	-	-	-	8 158 511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	8 158 511	-	-	-	8 158 511

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
All Receivables:					
Gross Balances	20 210 894	433 184	194 142	9 754 500	30 592 720
Less: Provision for Impairment	-	-	-	9 188 215	9 188 215
Net Balances	20 210 894	433 184	194 142	566 285	21 404 505

As at 30 June 2023

	Current 0 - 30 days	Past Due 31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Other Receivables:					
Gross Balances	2 603 843	270 008	122 602	8 426 189	11 422 642
Less: Provision for Impairment				8 404 031	8 404 031
Net Balances	2 603 843	270 008	122 602	22 158	3 018 611

Accrued Income:

Gross Balances	3 341	-	-	-	3 341
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 341	-	-	-	3 341

Security Deposits:

Gross Balances	8 158 511	-	-	-	8 158 511
Less: Provision for Impairment	-	-	-	-	-
Net Balances	8 158 511	-	-	-	8 158 511

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	10 765 695	270 008	122 602	8 426 189	19 584 494
Less: Provision for Impairment	-	-	-	8 404 031	8 404 031
Net Balances	10 765 695	270 008	122 602	22 158	11 180 463

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Property Rates	37 260 497	29 285 237	7 975 260
Fines	9 800 512	8 550 259	1 250 253
Total Statutory Receivables from Non-Exchange Transactions	47 061 009	37 835 496	9 225 513
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2023			
Property Rates	28 851 716	21 664 385	7 187 331
Fines	10 510 564	9 340 412	1 170 152
Total Statutory Receivables from Non-Exchange Transactions	39 362 280	31 004 797	8 357 483

6.1 Ageing of Statutory Receivables from Non-Exchange Transactions

As at 30 June 2024

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Property Rates:

Gross Balances	4 672 908	2 369 310	652 705	29 565 574	37 260 497
Less: Provision for Impairment	0	-	-	29 285 237	29 285 237
Net Balances	4 672 908	2 369 310	652 705	280 337	7 975 260

Fines:

Gross Balances	9 800 512	-	-	-	9 800 512
Less: Provision for Impairment	8 550 259	-	-	-	8 550 259
Net Balances	1 250 253	-	-	-	1 250 253

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:

Gross Balances	14 473 420	2 369 310	652 705	29 565 574	47 061 009
Less: Provision for Impairment	8 550 259	-	-	29 285 237	37 835 496
Net Balances	5 923 161	2 369 310	652 705	280 337	9 225 513

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

As at 30 June 2023

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Property Rates:					
Gross Balances	9 812 696	738 812	646 639	17 653 568	28 851 716
Less: Provision for Impairment	4 908 041	-	-	16 756 344	21 664 385
Net Balances	4 904 655	738 812	646 639	897 224	7 187 331

Fines:

Gross Balances	10 510 564	-	-	-	10 510 564
Less: Provision for Impairment	9 340 412	-	-	-	9 340 412
Net Balances	1 170 152	-	-	-	1 170 152

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:					
Gross Balances	20 323 260	738 812	646 639	17 653 568	39 362 280
Less: Provision for Impairment	14 248 453	-	-	16 756 344	31 004 797
Net Balances	6 074 807	738 812	646 639	897 224	8 357 483

2024
R

2023
R

7. CASH AND CASH EQUIVALENTS

Current Investments	187 200 669	186 908 950
Bank Accounts	109 884 979	178 120 890
Cash on Hand	8 950	9 200
Total Bank, Cash and Cash	297 094 598	365 039 040

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

7.1 Current Investment Deposits

Call Deposits	187 200 669	186 908 950
Total Current Investment Deposits	187 200 669	186 908 950

Call Deposits are investments with a maturity period of less than 3 months. The average interest rate for the year was 7.37% (2023:4.28 %).

7.2 Bank Accounts

Cash in Bank	109 884 979	178 120 890
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The Municipality has the following operational bank accounts:

Primary Bank Account

Cash book balance at beginning of year	178 120 890	91 795 579
Cash book balance at end of year	109 884 979	178 120 890

7.3 Cash and Cash Equivalents

Cash Floats and Advances	8 950	9 200
Total Cash on hand in Cash Floats, Advances and Equivalents	8 950	9 200


 AUDITOR GENERAL
 30 November 2024

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2024

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2023	100 288 887	658 740 561	63 990 016	25 474 387	30 513 959	17 395 196	896 403 005
Cost	111 966 540	973 578 213	100 201 435	63 558 220	61 626 396	20 322 058	1 331 252 861
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 830)	(13 102)	-	(13 882 937)
Accumulated Depreciation	(11 165 916)	(301 628 626)	(36 207 177)	(37 939 003)	(31 099 335)	(2 926 862)	(420 966 919)
Acquisition of Assets	429 815	152 129 943	16 448 409	6 504 569	305 000	-	175 817 735
- Capital Under Construction	-	-	1 986 667	-	-	-	1 986 667
Depreciation	(743 400)	(36 738 334)	(3 524 414)	(5 374 415)	(3 298 751)	(2 611 247)	(52 290 562)
Carrying value of Disposals:		(909 547)	-	(267 141)	(348 069)	(21 914)	(1 546 671)
- Cost	-	(1 379 318)	(42 011)	(2 673 120)	(1 993 870)	(552 038)	(6 640 357)
- Accumulated Impairment Losses	-	-	-	42 809	-	-	42 809
- Accumulated Depreciation	-	469 771	42 011	2 363 170	1 645 801	530 124	5 050 877
Impairment Losses	-	-	-	(457 308)	-	-	(457 308)
Other Movements	108 683	(5 290 461)	(373 719)	4 281 735	468 250	18 855	(805 512)
- Cost	108 683	(5 290 461)	(373 719)	4 262 880	468 250	18 855	(805 513)
- Transfers Received	554 535	59 010 489	19 977 118	11 775 046	773 250	18 855	92 109 292
- Transfers Made	(445 852)	(64 300 950)	(20 350 837)	(7 512 166)	(305 000)	-	(92 914 805)
- Accumulated Depreciation		-	-	-	-	-	-
Carrying values at 30 June 2024	100 083 985	767 932 162	78 526 958	30 142 970	27 640 389	14 780 890	1 019 107 354
Cost	112 505 038	1 119 038 377	118 220 780	71 652 548	60 405 776	19 788 875	1 501 611 394
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(559 329)	(13 102)	-	(14 297 436)
Accumulated Depreciation	(11 909 316)	(337 897 189)	(39 689 580)	(40 950 249)	(32 752 285)	(5 007 985)	(468 206 604)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2023

Reconciliation of Carrying Value Description	Land and Buildings	Infrastructure	Community	Other	Transport Assets	Leased Assets	Total
	R	R	R	R	R	R	R
Carrying values at 01 July 2022	98 949 490	617 414 839	58 922 681	20 938 590	26 155 294	684 347	823 065 240
Cost	109 971 336	897 583 736	92 056 790	54 709 514	54 368 425	2 585 641	1 211 275 441
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 830)	(13 102)	-	(13 882 937)
Accumulated Depreciation	(10 510 109)	(266 959 871)	(33 129 867)	(33 626 094)	(28 200 029)	(1 901 294)	(374 327 264)
	-	-	-	-	-	-	-
Acquisition of Assets	3 813 788	80 094 298	6 038 348	9 491 726	20 532 466	-	119 970 626
- Capital Under Construction	-	-	137 814	103 945	972 779	-	1 214 538
Depreciation	(655 807)	(34 689 785)	(3 269 534)	(4 328 293)	(2 959 007)	(1 025 568)	(46 927 994)
Carrying value of Disposals:		-	-	(15 796)	(9 399)	-	(25 195)
- Cost		-	-	(31 180)	(69 100)	-	(100 280)
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	15 384	59 701	-	75 085
	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
- Cost	(1 818 584)	(4 099 821)	1 968 483	(715 785)	(14 178 174)	17 736 417	(1 107 464)
- Transfers Received	6 134 511	104 421 989	7 420 253	10 620 441	39 325 060	17 736 417	185 658 671
- Transfers Made	(7 953 095)	(108 521 810)	(5 451 770)	(11 336 226)	(53 503 234)	-	(186 766 135)
- Accumulated Depreciation	-	21 030	192 224	-	-	-	213 254
	-	-	-	-	-	-	-
Carrying values at 30 June 2023	100 288 887	658 740 561	63 990 016	25 474 387	30 513 959	17 395 196	896 403 005
Cost	111 966 540	973 578 213	100 201 435	63 558 220	61 626 396	20 322 058	1 331 252 861
Accumulated Impairment Losses	(511 737)	(13 209 026)	(4 242)	(144 830)	(13 102)	-	(13 882 937)
Accumulated Depreciation	(11 165 916)	(301 628 626)	(36 207 177)	(37 939 003)	(31 099 335)	(2 926 862)	(420 966 919)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R		
8. PROPERTY, PLANT AND EQUIPMENT (Continued)				
8.1 Assets pledged as security				
Leased Assets are pledged as security for the finance liability.				
8.2 Impairment of Property, Plant and Equipment				
Impairment Losses on Property, Plant and Equipment to the amount of R457 308 (2023:R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 39				
Other Assets	457 308	-		
Transport Assets	-	-		
Total Impairment of Property, Plant and Equipment	457 308	-		
8.3 Work-in-Progress				
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:				
June 2024	Infrastructure	Community	Land and Building	Total
Opening Balance	37 410 484	2 837 815	459 032	40 707 331
Additions	138 666 082	16 498 378	0	155 164 460
Completed Assets	(34 411 899)	(15 751 061)	(372 488)	(50 535 448)
Closing Balance	141 664 667	3 585 132	86 544	145 336 343
June 2023	Infrastructure	Community	Land and Building	Total
Opening Balance	47 812 668	803 700	1 720 246	50 336 614
Additions	51 265 354	2 034 115	7 590 523	60 889 992
Completed Assets	(61 667 538)	0	(8 851 737)	(70 519 275)
Closing Balance	37 410 484	2 837 815	459 032	40 707 331
8.4 Delayed Projects				
Project Details (Unspent Balance)	2024		2023	
Infrastructure Assets	46 585 971		43 936 096	
2024: Due to grant funding received for flood damage repairs. Funds were received in March 2024 four months before the end of the financial year and the procurement process commenced shortly thereafter.				
2023: Due to capital loan of R30 million for the rehabilitation of roads has not yet been received by the municipality and thus the municipality can not spend funds that are not yet available and not in the Municipality's bank account.				
Community Asset	7 810 995		3 462 643	
2024: Due to grant funding received for flood damage repairs. Funds were received in March 2024 four months before the end of the financial year and the procurement process commenced shortly thereafter.				
2023: Due to delay caused by conflict between the main contractor and sub-contractor.				
Other Assets	4 461 739		1 640 203	
2024: Due to delay in delivery of equipment.				
2023: Due to delay in delivery of equipment.				
Total balance at year end	58 858 705		49 038 942	

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
8.5 Expenditure incurred for Repairs and Maintenance		
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Electrical Infrastructure	3 152 966	2 601 994
- Contracted Services	384 821	533 202
- Inventory Consumed	2 768 145	2 068 792
Information and Communication	131 176	153 620
- Contracted Services	127 110	149 761
- Inventory Consumed	4 066	3 859
Roads Infrastructure	9 006 707	3 806 014
- Contracted Services	2 344 201	1 373 016
- Inventory Consumed	6 662 506	2 432 998
Sanitation Infrastructure	3 848 142	2 655 898
- Contracted Services	2 963 755	2 345 712
- Inventory Consumed	884 387	310 186
Solid Waste Disposal	165 279	40 455
- Contracted Services	136 971	27 693
- Inventory Consumed	28 308	12 762
Stormwater Infrastructure	904 291	493 292
- Contracted Services	743 797	361 673
- Inventory Consumed	160 494	131 619
Water Supply Infrastructure	11 316 466	9 824 423
- Contracted Services	10 055 090	8 402 324
- Inventory Consumed	1 261 376	1 422 099
Community Assets	2 683 764	2 559 379
- Contracted Services	1 369 375	1 457 543
- Inventory Consumed	1 314 389	1 101 836
Computer Equipment	125 563	13 149
- Contracted Services	110 529	968
- Inventory Consumed	15 034	12 181
Furniture and Office Equipment	696 389	1 020 539
- Contracted Services	481 203	741 002
- Inventory Consumed	215 186	279 537
Machinery and Equipment	382 459	332 674
- Contracted Services	287 355	218 237
- Inventory Consumed	95 104	114 437
Other Assets - Buildings	694 896	793 608
- Contracted Services	494 948	595 210
- Inventory Consumed	199 948	198 398
Transport Assets	8 637 508	5 514 418
- Contracted Services	3 128 190	3 358 898
- Inventory Consumed	5 509 318	2 155 520
- Other Operational Costs	-	-
Total Expenditure related to Repairs and Maintenance Projects	41 745 606	29 809 463

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

9. INTANGIBLE ASSETS

	2024 R	2023 R
At Cost	<u>3 936 484</u>	<u>1 320 657</u>

The movement in Intangible Assets is reconciled as follows:

Intangible Assets

Carrying values at 01 July 2023	1 320 657	1 036 964
Opening Balance - Computer Software	1 267 657	983 964
Opening Balance - Servitudes	53 000	53 000
Acquisitions:	2 615 827	791 000
Purchased	2 615 827	791 000
Disposals:	-	(507 307)
At Cost	-	(507 307)
Carrying values at 30 June 2024	3 936 484	1 320 657
Closing Balance - Computer Software	3 883 484	1 267 657
Closing Balance - Servitudes	53 000	53 000

9.1 Significant Intangible Assets

Material intangible assets included in the carrying value:

Omron Scada software - vehicle testing	3 018	3 018
Other intangible assets	218 454	218 454
Servitude Bonnievale	53 000	53 000
Software Bytes NBD	100	100
Website costs	235 246	235 246
Sonicwall - Analytics	19 839	19 839
Internal audit and risk management software - BarnOwl	791 000	791 000
Enterprise Resource Planning System	2 615 827	-
	<u>3 936 484</u>	<u>1 320 657</u>

9.2 Intangible Assets with Indefinite Useful Lives

The municipality regards all of its Intangible Assets as having indefinite useful lives.

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

10. INVESTMENT PROPERTY

	2024 R	2023 R
At Cost less Accumulated Depreciation	<u>27 971 532</u>	<u>28 034 849</u>

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July 2023	28 034 849	28 183 133
Cost	30 128 400	30 261 705
Accumulated Depreciation	(2 093 551)	(2 078 572)
Acquisitions during the Year	-	-
Cost	-	4 695
Depreciation during the Year	(63 318)	(64 213)
Disposals during the Year:	-	(1 000)
Transfers during the Year:	-	(87 765)
At Cost	-	(137 000)
At Accumulated Depreciation	-	49 235
Carrying values at 30 June 2024	27 971 530	28 034 849
Cost	30 128 399	30 128 399
Accumulated Depreciation	(2 156 869)	(2 093 550)

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

11. HERITAGE ASSETS

30 June 2024

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2023	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Carrying values at 30 June 2024	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)

11. HERITAGE ASSETS

30 June 2023

Reconciliation of Carrying Value

Description	Significant Land and Buildings	Total
	R	R
Carrying values at 01 July 2022	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)
Acquisitions	-	-
Carrying values at 30 June 2023	275 448	275 448
Cost	664 448	664 448
Accumulated Impairment Losses	(389 000)	(389 000)

Assets declared as heritage assets:

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

- a) Montagu Municipal Offices - Administrative Use - Property, plant and equipment
- b) Hofmeyer Hall - Community Hall - Property, Plant and equipment
- c) McGregor Municipal Offices - Mixed Use - Investment property
- d) Robertsons Old Library - Administrative Use - Property, Plant and equipment

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12. LIVING AND NON-LIVING RESOURCES

The Municipality extracts the water from the following non-living resources:

NON-LIVING RESOURCES

DAM

As at 30 June 2024

TOWN	OWNER	VOLUME % 30 June 2024	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water Services	78%	355 333 333	Worcester	
Dassieshoekdam	Langeberg Mun	82%	684 700	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	65%	67 405	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	27%	69 660	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	78%	265 902	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	93%	137 656	33°57'13"	19°49'06"
McGregor Rooidam	Langeberg Mun	79%	56 759	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	84%	69 132	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	70%	77 000	33°50'05"	20°01'59"

As at 30 June 2023

DAM

TOWN	OWNER	VOLUME % 30 June 2023	VOLUME m³	LOCATION - (S)	LOCATION - (E)
Groter Brandvlei	Department of Water Services	71%	303 940 000	Worcester	
Dassieshoekdam	Langeberg Mun	100%	835000	33°45'26"	19°52'37"
Kooskokdam	Langeberg Mun	100%	103700	33°45'00"	19°53'36"
Montagu Bo-Dam	Langeberg Mun	4%	9000	33°48'00"	20°07'57"
Montagu Onderdam	Langeberg Mun	58%	197700	33°47'45"	20°07'45"
McGregor Vaaldam	Langeberg Mun	86%	96586	33°57'13"	19°49'06"
McGregor Rooidam	Langeberg Mun	82%	58651	33°57'18"	19°49'17"
McGregor Drinkwaterdam	Langeberg Mun	86%	71200	33°57'24"	19°49'13"
Ashton Stoordam	Langeberg Mun	65%	71500	33°50'05"	20°01'59"

As at 30 June 2024

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33°46'38"	20°07'53"

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As at 30 June 2023

BOREHOLES

TOWN	BOREHOLE NUMBER	OWNER	YIELD/YEAR m ³	LOCATION - (S)	LOCATION - (E)
Montagu	Old Borehole 1	Langeberg Mun	0	33°46'47"	20°06'45"
Montagu	New Borehole 1	Langeberg Mun	0	33°46'45"	20°06'36"
Montagu	Old Borehole 3	Langeberg Mun	0	33°46'46"	20°06'37"
Montagu	Old Borehole 4	Langeberg Mun	0	33°46'46"	20°06'33"
Montagu	New Borehole 5	Langeberg Mun	0	33°46'38"	20°07'53"

RIVER ABSTRACTION

NAME	LOCATION S	LOCATION E
Ashton Breede River Pump Station	33°52'08"	19°59'13"
Bonnievale Breede River Pump Station	33°56'27"	20°04'22"

The municipality adheres to the National Water Act with regards to the dams that the municipality is a custodian of.

	2024 R	2023 R
13. INVESTMENTS		
Non-current Investments	154 537	137 205
Total Investments	154 537	137 205
13.1 Non-current Investments		
Listed		
Listed Shares	154 537	137 205
Total Non-current Portion of	154 537	137 205
Total Investments		
Non-current Portion	154 537	137 205
Total Investments	154 537	137 205

Financial assets are recognised at the following hierarchy:

Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Listed investments represent 270 Sanlam shares, 685 Distell shares.

The market value per share at year end: Sanlam shares R82.67 (2023: R58.35).

The market value per share at year end: Distell shares R180.5 (2023: R180)

Unlisted Investments comprise the following:

(i) Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

Valuations of investments supplied by council are:

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R6.55 (2023: R5.00).

The share prices are publicly available and are not appended on valuations.

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14. LEASE RECEIVABLES

Current Lease Receivables	88 358	74 219
Total Lease Receivables	88 358	74 219

14.1.1 Leasing Arrangements

The Municipality as Lessor:

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

14.1.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	575 071	573 918
2 to 5 years	1 114 852	547 991
More than 5 years	180 193	64 516
Total Operating Lease Arrangements	1 870 116	1 186 426

15. LONG-TERM RECEIVABLES

Non-Current Portion of Long Term Receivables	1 297 925	460 483
Receivable from exchange transactions	410 161	234 909
Receivable from non-exchange transactions	887 764	225 574
	1 297 925	460 483

15.1 Non-Current Portion of Long Term Receivables

Gross amount	1 297 925	1 723 143
Provision for impairment	-	(1 262 660)
Net amount	1 297 925	460 483

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	2024 R	2023 R
16. CONSUMER DEPOSITS		
Electricity	6 837 799	6 322 470
Water	8 355 109	8 191 656
Other Deposits:-	3 669 668	3 010 624
- Land Sales	1 847 820	1 941 492
- Posters	46 090	42 222
- Refuse	417 764	335 434
- Rental Properties	893 223	320 412
- Sewer	464 771	371 064
Total Consumer Deposits	18 862 576	17 524 750

17. PAYABLES FROM EXCHANGE TRANSACTIONS		
Other Payables	14 294 302	10 193 451
Retentions	29 746 495	7 643 499
Salary Related Payables	-	-
Trade Creditors	77 901 767	68 831 770
Deposits	8 289 483	13 095 611
Total Payables from Exchange Transactions	130 232 047	99 764 331

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Total Unspent Conditional Grants and Receipts	17 698 711	14 287 574

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	873 800
Local Government Financial Management Grant	-	679 620
Neighbourhood Development Partnership Grant	1 744 418	9 463 727
Water Services Infrastructure Grant	-	1 448 984
Expanded Public Works Programme	-	95 189
Municipal Disaster Response Grant	14 210 716	-
Western Cape Financial Management Capability Grant: Financial Management	-	130 111
Western Cape Financial Management Capability Grant: Bursaries	-	157 000
Municipal Load shedding Relief Grant	-	350 000
Municipal Service Delivery and Capacity Building Grant	1 000 000	-
Municipal Maintenance and construction of Transport	3 865	-
Bakery Project Grant	168 875	168 875
CWDM - Community Safety	566 353	566 353
CDWM - EPWP Projects	4 484	4 484
Local Government Public Employment Support Grant	-	349 431
	17 698 711	14 287 573

See Note 28 for the reconciliation of Grants from Government and other sources.
The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.
No grants were withheld.

19. LEASE PAYABLES		
Current Lease Payables	3 705 405	3 470 409
Non-current Lease Payables	9 879 052	13 572 532
Total Lease Payables	13 584 457	17 042 941
19.1 Finance Lease Payables		
Finance Lease Liability	13 584 457	17 042 941
Total Non-current Lease Payables	13 584 457	17 042 941
Less: Current Portion transferred to Current Lease Payables:- Finance Lease Liability	(3 705 405) (3 705 405)	(3 470 409) (3 470 409)
Non-Current Portion of Finance Lease Payables	9 879 052	13 572 532

19.1.1 Obligations under Leases

The Municipality as Lessee:

The obligations under Finance Leases are as follows:


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Amounts payable under Finance leases:

	2024		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4 850 427	1 145 022	3 705 405
Payable within two to five years	11 358 347	1 479 295	9 879 052
Payable after five years	-	-	-
	16 208 774	2 624 317	13 584 457

	2023		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4 982 294	1 485 661	3 470 409
Payable within two to five years	16 194 985	2 622 452	13 572 532
Payable after five years	-	-	-
	21 177 279	4 108 113	17 042 941

The above finance leases have no escalation over the period of the lease. After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period with the exception of finance lease on vehicles. Hire purchases and leases are secured by property, plant and equipment. Leased assets are equipment which lease term that is approximately 1 to 36 months and vehicles with a lease terms of 60 months. Vehicles are pledge as security against the finance lease.

Defaults and breaches: No finance leases were in default during the financial year.
There are no finance leases which are subject to any restrictions.

20. BORROWINGS

Long-Term Borrowings

Annuity and Bullet Loans	23 365 325	32 057 480
	23 365 325	32 057 480
Less: Current Portion transferred to Current Borrowings:-	(2 365 325)	(4 079 506)
Current Annuity Loans	(2 365 325)	(4 079 506)
Non-Current Portion of Borrowings	21 000 000	27 977 974

20.1 Summary of Arrangements

The municipality have the following annuity loans:

- a) DBSA @ 10.99% average interest rate redeemable on 31 December 2024
- b) DBSA @ 9.96% average interest rate redeemable on 31 May 2024
- c) Standard Bank @ 10.52% redeemable on 30 June 2034

Average interest rate for 2024: 10.48% (2023 : 9.81%) for DBSA loans. The Standard bank loan has a fixed interest rate.

Amounts payable under annuity loans

	2024		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	4 773 907	2 408 582	2 365 325
Payable within two to five years	16 453 884	7 120 551	9 333 333
Payable after five years	15 048 390	3 381 724	11 666 666
Present value of annuity loans obligations	36 276 181	12 910 857	23 365 324

	2023		
	Amount Payable	Future Finance Obligation	Present Value of Annuity
Payable within one year	7 136 948	3 057 442	4 079 506
Payable within two to five years	22 909 466	8 931 492	13 977 974
Payable after five years	18 789 290	4 789 290	14 000 000
Present value of annuity loans obligations	48 835 704	16 778 224	32 057 480

Assets pledged as security:

Leased Assets are pledged as security for the finance liability.

20.2 Obligations under Borrowings

Non - Current Annuity Loans	21 000 000	27 977 974
Current Portion transferred to Current Liabilities:	2 365 325	4 079 506
Total Borrowings	23 365 325	32 057 480


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21. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	83 614 273	76 622 829
Post-retirement Health Care Benefits Liability	51 740 696	47 846 000
Long Service Awards Liability	16 061 913	13 397 000
Staff Bonus	7 811 005	7 585 026
Staff Leave	8 000 659	7 794 803
Less: Current Portion of Employee Benefit Liabilities	20 965 343	20 102 829
Post-retirement Health Care Benefits Liability	3 134 402	2 848 000
Long Service Awards Liability	2 019 277	1 875 000
Staff Bonus	7 811 005	7 585 026
Staff Leave	8 000 659	7 794 803
Non-Current Portion of Employee Benefit Liabilities	62 648 930	56 520 000

21.1 Current Portion of Employee Benefit Liabilities

The movement in Current Portion of Employee Benefit Liabilities is reconciled as follows:

	Post-retirement Health Care Benefits Liability	Long-term Service
30 June 2024		
Balance at end of year	3 134 402	2 019 277
30 June 2023		
Balance at end of year	2 848 000	1 875 000
Staff Bonus:		
Opening Balance	7 585 026	6 845 214
Increases	12 755 145	12 215 219
Payments made	(12 529 166)	(11 475 406)
Balance at end of year	7 811 005	7 585 027
Leave Provision		
Opening Balance	7 794 803	12 924 296
Increases	5 600 989	8 308 480
Payments Made	(5 395 133)	(13 437 973)
Balance at end of year	8 000 659	7 794 803

21.2 Post-retirement Health Care Benefits Liability

Present Value of the Defined Benefit Obligations

Current Liabilities	3 134 402	2 848 000
Non-current Liabilities	48 606 294	44 998 000
	51 740 696	47 846 000
Fair value of Plan Assets	-	-
Defined Benefit Liability recognised in Statement of Financial Position (wholly unfunded)	51 740 696	47 846 000

The municipality does not provide any other post-retirement or long service benefits beyond these.

Post-retirement Health Care Benefits Liability

Opening Balance	47 846 000	51 366 000
Net Interest Expense	5 748 000	5 863 000
Service Cost	1 751 000	1 793 000
Medical Aid subsidies paid to pensioners	(3 013 906)	(2 688 436)
Remeasurements over financial year	(590 398)	(8 487 564)
Balance at end of Year	51 740 696	47 846 000
Transfer to Current Provisions	3 134 402	2 848 000
Non-Current Portion Post-retirement Health Care Benefits Liability	48 606 294	44 998 000

Characteristics of the Defined Benefit Plan


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Risks of the Defined Benefit Plan

Investment Risk: The plan's assets are subject to fluctuations in the financial markets. Significant declines in market values can affect the funding status of the plan and may require increased contributions from the municipality.

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The municipality employs several strategies to manage the risks associated with the assets and liabilities of its defined benefit health care plan. These strategies are designed to ensure that the plan's assets align with its obligations, particularly in terms of timing and amount, thereby securing the plan's financial health and sustainability.

Longevity Risk

The municipality has purchased annuities to transfer a portion of the pension obligations to an insurance company. This helps in managing cash flow requirements and mitigates longevity risk.

The municipality engages in longevity swaps to exchange fixed payments for payments that vary based on actual retiree longevity, reducing the financial impact if beneficiaries live longer than expected.

Interest Rate Risk

Investments in bonds are selected to match the duration of the plan's liabilities, minimising the value mismatch due to interest rate fluctuations.

Market Risk

The health care fund's investments are spread across equities, bonds, and real estate to reduce the risk of significant losses and stabilise returns.

The investment committee regularly reviews and rebalances the investment portfolio to ensure it remains aligned with the liability profile, adjusting for market conditions and demographic changes to mitigate all foreseeable risks.

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

In-service Active Members (Employees)	751	741
Continuation Members (Retirees, widowers and orphans)	70	67
Total Members	821	808

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

In-service Members	14 574 343	13 634 000
In-service Non-members	6 618 388	5 911 000
Continuation Members	30 547 966	28 301 000
Total Liability	51 740 696	47 846 000

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

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Sizwe-Hosmed

The Current-Service Cost for the year ending 30 June 2024 is estimated at R1 751 000. It is estimated to be R1 956194 for the ensuing year.

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

Discount Rate - In-service Members	12,15%	12,37%
Discount Rate - In-service Non-members		
Discount Rate - Continuation Members		
Health Care Cost Inflation Rate - In-service Members	7,68%	7,97%
Health Care Cost Inflation Rate - In-service Non-members		
Health Care Cost Inflation Rate - Continuation Members		
Net Effective Discount Rate - In-service Non-members	4,15%	4,08%
Net Effective Discount Rate - Continuation Members		
Expected Rate of Salary Increase		
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

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

Opening Balance		47 846 000	51 291 000
Service Cost:			
Current Service Cost	Refer note 35	1 751 000	1 793 000
Settlement Cost	Refer note 35		
Past-service Costs	Refer note 35		
Interest Cost	Refer note 41	5 748 000	5 863 000
Contributions to the Defined Benefit:			
By the Employer			
By Defined Benefit Participants			
Payments from the Defined Benefit:			
Payment of Benefits		(3 013 906)	(2 773 000)
Other Payments			
Remeasurement of Defined Benefit:			
Return on Defined Benefit Assets			
Actuarial Gains / (Losses) from Changes in Demographic Assumptions			
Actuarial Gains / (Losses) from Changes in Financial Assumptions	Refer note 35	(590 398)	(8 328 000)
The effect of Changes in Foreign Exchange Rates			
The effect of Transfer of Functions, Mergers and Disposals			
Changes in the effect of limiting the Net Defined Benefit Asset to the Asset Ceiling			
Total Recognised Benefit Liability		51 740 696	47 846 000

Tables below summarises the results of the sensitivity analysis

Sensitivity Analysis

Healthcare Cost Inflation and Discount Rate

Sensitivity as at 30 June 2024

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability	-12,73%	17 057 000	19 545 000	21 608 000	10,56%
Continuation Members	-5,89%	26 635 000	28 301 000	29 822 000	5,37%
Opening Accrued Liability	-8,68%	43 692 000	47 846 000	51 430 000	7,49%
Service Cost	-13,31%	1 518 000	1 751 000	1 933 000	10,39%
Net Interest Expense	-8,94%	5 234 000	5 748 000	6 190 000	7,69%
			Discount Rate		
Active Employee Liability	19,35%	23 327 000	19 545 000	16 552 000	-15,31%
Continuation Members	8,17%	30 613 000	28 301 000	26 295 000	-7,09%
Opening Accrued Liability	12,74%	53 940 000	47 846 000	42 847 000	-10,45%
Service Cost	20,33%	2 107 000	1 751 000	1 471 000	-15,99%
Net Interest Expense	3,95%	5 975 000	5 748 000	5 544 000	-3,55%

Sensitivity as at 30 June 2025

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Healthcare Cost Inflation Rate		
Active Employee Liability					
(Medical Aid Members)	-15,51%	12 815 414	15 167 077	18 088 139	19,26%
Active Employee Liability					
(Medical Aid Non-Members)	-15,66%	5 082 173	6 025 654	7 193 739	19,39%
Continuation Members	-5,99%	28 718 973	30 547 966	34 578 215	13,19%
Opening Accrued Liability	-9,90%	46 616 560	51 740 696	59 860 093	15,69%
Service Cost	-22,40%	1 518 000	1 956 194	1 933 000	-1,19%
Net Interest Expense	-14,22%	5 234 000	6 101 982	6 190 000	1,44%
			Discount Rate		
Active Employee Liability					
(Medical Aid Members)	18,55%	17 980 562	151 670 777	12 921 951	-14,80%
Active Employee Liability					
(Medical Aid Non-Members)	18,67%	7 150 799	6 025 654	5 124 959	-14,95%
Continuation Members	7,38%	32 803 253	30 547 966	28 562 422	-6,50%
Opening Accrued Liability	11,97%	57 934 614	51 740 696	46 609 332	-9,92%
Service Cost	7,71%	2 107 000	1 956 194	1 471 000	-24,80%
Net Interest Expense	-2,08%	5 975 000	6 101 982	5 544 000	-9,14%

Post-retirement mortality

Sensitivity as at 30 June 2024

	Percentage Change	(PA)-2	Valuation basis	(PA)	Percentage Change
Active Employee Liability	2,13%	19 961 000	19 545 000	19 115 000	-2,20%
Continuation Members	3,15%	29 192 000	28 301 000	27 408 000	-3,16%
Opening Accrued Liability	2,73%	49 153 000	47 846 000	46 523 000	-2,77%
Service Cost	2,00%	1 786 000	1 751 000	1 714 000	-2,11%
Net Interest Expense	2,80%	5 909 000	5 748 000	5 584 000	-2,85%

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Sensitivity as at 30 June 2025

	Percentage Change	(PA)-2	Valuation basis	(PA)	Percentage Change
Active Employee Liability (Medical Aid Members)	2,40%	15 530 372	15 167 077	14 798 875	-2,43%
Active Employee Liability (Medical Aid Non-Members)	2,43%	6 172 173	6 025 654	5 877 340	-2,46%
Continuation Members	3,74%	31 691 546	30 547 966	29 415 729	-3,71%
Opening Accrued Liability	1,21%	53 394 091	51 740 969	50 091 944	-1,20%
Service Cost	2,37%	2 002 651	1 956 194	1 909 115	-2,41%
Net Interest Expense	3,92%	6 341 070	6 101 982	5 915 232	-3,06%

Fully Accrued Retirement Age

Sensitivity as at 30 June 2024

	Percentage Change	-1 year	Valuation basis
Active Employee Liability	10,60%	21 616 000	19 545 000
Continuation Members	0,00%	23 301 000	28 301 000
Opening Accrued Liability	4,33%	44 917 000	47 846 000
Service Cost	8,91%	1 907 000	1 751 000
Net Interest Expense	4,45%	6 004 000	5 748 000

Sensitivity as at 30 June 2025

	Percentage Change	-1 year	Valuation basis	+1 year	Percentage Change
Active Employee Liability (Medical Aid Members)	11,88%	16 968 863	15 167 077	13 461 219	-11,25%
Active Employee Liability (Medical Aid Non-Members)	12,11%	6 755 122	6 025 654	5 369 828	-10,88%
Continuation Members	0,00%	30 547 966	30 547 966	30 547 966	0,00%
Opening Accrued Liability	4,89%	54 271 951	51 740 697	49 379 013	-4,56%
Service Cost	14,25%	2 234 910	1 956 194	1 725 279	-11,80%
Net Interest Expense	5,04%	6 409 608	6 101 982	5 814 964	-4,70%

Continued Percentages

Sensitivity as at 30 June 2024

	Percentage	-10	Valuation basis
Active Employee Liability	-12,64%	17 075 000	19 545 000
Continuation Members	0,00%	28 301 000	28 301 000
Opening Accrued Liability	-5,16%	43 376 000	47 846 000
Service Cost	-12,39%	1 534 000	1 751 000
Net Interest Expense	-5,32%	5 422 000	5 748 000

Sensitivity as at 30 June 2025

	Percentage Change	-1 0	Valuation basis	+1 0	Percentage Change
Healthcare Cost Inflation Rate					
Active Employee Liability	-13,33%	13 144 800	15 167 077	17 189 354	13,33%
Active Employee Liability	-13,33%	5 222 233	6 025 654	6 829 074	13,33%
Continuation Members	0,00%	30 547 966	30 547 966	30 547 966	0,00%
Opening Accrued Liability	-5,46%	48 919 999	51 740 696	54 566 394	5,46%
Service Cost	-13,33%	1 695 368	1 956 194	2 217 020	13,33%
Net Interest Expense	-5,63%	5 758 572	6 101 982	6 445 393	5,63%

The adjustment in the sensitivity range of the discount rate from $\pm 0.25\%$ last year to $\pm 0.50\%$ this year was made to reflect increased volatility in the economic environment, providing a more robust view of potential impacts on the plan's liabilities. No other significant changes in the methods or assumptions used in the sensitivity analyses were made during the reporting period.

The sensitivity analyses was prepared using the projected unit credit method, which is consistent with the method used to value the DBO in the annual financial statements. The analyses assume a parallel shift in the respective actuarial assumptions while holding all other assumptions constant. It is important to recognise that the use of this method does not imply that the impact of changes in actuarial assumptions is linear or follows any predictable pattern.

The analyses does not account for any potential changes in other factors such as mortality rates and withdrawal rates. The interdependence between assumptions is not reflected, e.g. a change in discount rate may also affect future salary increases.

The municipality expects to make a contribution of R3,395,000 (2023: R3,744,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 56., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Characteristics of the Defined Benefit Plan

The municipality provides certain post - retirement pension benefits to certain retired employees of the municipality. According to the rules of the pension fund, with which the municipality is associated, a member (which is on the current Conditions of Service) on retirement, is entitled to certain pension benefits in which case the municipality is liable for pension payments to retired members for the remainder of their lives.

Risks of the Defined Benefit Plan

Investment Risk: The plan's assets are subject to fluctuations in the financial markets. Significant declines in market values can affect the funding status of the plan and may require increased contributions from the municipality.

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The municipality employs several strategies to manage the risks associated with the assets and liabilities of its defined benefit health care plan. These strategies are designed to ensure that the plan's assets align with its obligations, particularly in terms of timing and amount, thereby securing the plan's financial health and sustainability.

Longevity Risk

The municipality has purchased annuities to transfer a portion of the pension obligations to an insurance company. This helps in managing cash flow requirements and mitigates longevity risk.

The municipality engages in longevity swaps to exchange fixed payments for payments that vary based on actual retiree longevity, reducing the financial impact if beneficiaries live longer than expected.

Interest Rate Risk

Investments in bonds are selected to match the duration of the plan's liabilities, minimising the value mismatch due to interest rate fluctuations.

Market Risk

The health care fund's investments are spread across equities, bonds, and real estate to reduce the risk of significant losses and stabilise returns.

The investment committee regularly reviews and rebalances the investment portfolio to ensure it remains aligned with the liability profile, adjusting for market conditions and demographic changes to mitigate all foreseeable risks.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 One Pangaea Expertise and Solutions a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

During the current year, the municipality adjusted its estimates to account for an increased percentage of in-service non-members who might be able to afford medical aid in the future. This change reflects an acknowledgment that some employees, previously unable to afford medical aid, might now be able to do so.

The municipality anticipates that 10% of these employees, consistent with the previous year's estimate, might join a medical aid scheme before retirement. This projected joining rate of 10% was established by examining the municipality's historical data in combination with national statistics, as analysed by actuaries.

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12

The following is a maturity analysis of the benefit payments expected to be made under the plan:

Within 1 year	3 063 156	3 134 402
2 to 5 years	12 165 081	12 197 663
6 to 10 years	3 022 611	6 053 185
More than 10 years	-	-
Total Benefit Payments	18 250 848	21 385 250

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of

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

Discount Rate	12,15%	12,37%
Consumer price inflation	6,18%	6,47%
Health Care Cost Inflation Rate	7,68%	7,97%
Net Effective Discount Rate	4,15%	4,08%
Maximum subsidy inflation rate	5,14%	5,60%
Expected Rate of Salary Increase		
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

General:

It is assumed that the municipality's health care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits

Discount Rate:

Assumption: 6,50%

GRAP 25 stipulates that the choice of this rate should be 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.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Consequently, the nominal and real zero curves as at 30 June 2023 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period was used. In the event that the valuation is performed prior to the effective valuation date, the prevailing yield at the time of performing the calculations was used.

Salary Growth Rate

Assumption: 4,00%

This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant factors.

Inflation Rate

Assumption: 4,00%

Inflation is considered in the projection of salary increases and the adjustment of retirement benefits.

Mortality Rate

Assumption: MP2021 (Municipality Pensions 2021 Mortality Table)

This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the sector.

Employee Turnover Rate

Assumption: 3,00% per annum

The turnover rate assumption is based on historical data and the municipality's expectations regarding future employment stability.

Continuation of Membership:

This valuation assumes 100% continuation of membership at retirement.

Family Profile:

It has been assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

21.3 Long Service Awards Liability

Opening Balance	13 397 000	13 991 000
Service Cost	1 221 000	1 273 000
Net Interest Expense	1 449 000	1 485 000
Remeasurements over the financial year	1 765 564	(1 795 922)
Benefit Payments	(1 715 733)	(1 195 078)
Balance at end of Year	16 061 913	13 397 000
Transfer to Current Provisions	2 019 277	1 875 000
Total Non-Current Long Service Awards Liability	14 042 636	11 522 000

Characteristics of the Defined Benefit Plan

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

Risks of the Defined Benefit Plan

Investment Risk: The plan's assets are subject to fluctuations in the financial markets. Significant declines in market values can affect the funding status of the plan and may require increased contributions from the municipality.

Longevity Risk: There is a risk that participants live longer than expected, potentially increasing the liability of the plan.

Interest Rate Risk: Changes in interest rates affect the discount rate used to calculate the plan's liabilities. A decrease in interest rates increases the present value of future benefit obligations.

The municipality employs several strategies to manage the risks associated with the assets and liabilities of its defined benefit health care plan. These strategies are designed to ensure that the plan's assets align with its obligations, particularly in terms of timing and amount, thereby securing the plan's financial health and sustainability.

Longevity Risk

The municipality has purchased annuities to transfer a portion of the pension obligations to an insurance company. This helps in managing cash flow requirements and mitigates longevity risk.

The municipality engages in longevity swaps to exchange fixed payments for payments that vary based on actual retiree longevity, reducing the financial impact if beneficiaries live longer than expected.

Interest Rate Risk

Investments in bonds are selected to match the duration of the plan's liabilities, minimising the value mismatch due to interest rate fluctuations.

Market Risk

The health care fund's investments are spread across equities, bonds, and real estate to reduce the risk of significant losses and stabilise returns.

The investment committee regularly reviews and rebalances the investment portfolio to ensure it remains aligned with the liability profile, adjusting for market conditions and demographic changes to mitigate all foreseeable risks.

The Service Cost for the year ending 30 June 2024 is R 1,221,000. The Current-Service Cost for the ensuing year has been estimated to be R 1,331,038.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Maturity Profile

The defined benefit obligation of the municipality's health care plan has a weighted average duration of approximately 12 years. This duration reflects the estimated time period over which the accrued benefits are expected to be settled.

The following is a maturity analysis of the benefit payments expected to be made under the plan:

Within 1 year	1 868 247	2 019 277
2 to 5 years	8 974 659	8 506 557
6 to 10 years	13 380 373	13 684 225
More than 10 years	-	2 032 497
Total Benefit Payments	24 223 279	26 242 556

The benefits payments are scheduled based on the expected retirement ages of current employees and the provisions of the plan that determine the timing of benefits payments. The distribution of these payments is subject to changes in demographic factors such as retirements, mortality rates, and changes in employment within the municipality.

The Current-service Cost for the year ending 30 June 2024 is estimated to be R1 221 000, whereas the cost for the ensuing year is estimated to be R1 331 038 (30 June 2023: R1 273 000 and R1 221 000 respectively).

Long Service Award - The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	10,53%	11,60%
General salary inflation	5,94%	6,81%
Net Effective Discount Rate	4,33%	4,49%
Expected Rate of Salary Increase	6,20%	7,00%
(Plus Additional 0.5% for employees who earn a basic salary of R 9000 or less)		
(Three-year salary and wage collective agreement ends on 30 June 2024)		
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

General:

It is assumed that the Municipality's long service arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits would remain unchanged, with the exception of inflationary adjustments.

Discount Rate:

Assumption: 6,50%

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit 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.

Consequently, a discount rate of 11.26% per annum has been used. The corresponding liability-weighted index-linked yield is 4.94%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2023. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process. The duration of the total liability was estimated to be 9 years.

Salary Growth Rate

Assumption: 4,00%

This rate reflects the municipality's expectations of annual salary increases due to inflation, seniority, and other relevant

Inflation Rate

Assumption: 4,00%

Inflation is considered in the projection of salary increases and the adjustment of retirement benefits.

Mortality Rate

Assumption: MP2021 (Municipality Pensions 2021 Mortality Table)

This mortality table is used to estimate the life expectancy of plan participants, based on current trends and historical data within the sector.

Employee Turnover Rate

Assumption: 3,00% per annum

The turnover rate assumption is based on historical data and the municipality's expectations regarding future employment

Impact of COVID-19:

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

The possible effects of COVID-19 have not been included in the report's main figures.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Tables below summarises the results of the sensitivity

Salary Increase and Discount Rate

Sensitivity as at 30 June 2024

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Salary Inflation Rate		
Opening Accrued Liability	-5,49%	12 661 000	13 397 000	14 209 000	6,06%
Service Cost	-7,45%	1 130 000	1 221 000	1 324 000	8,44%
Net Interest Expense	6,49%	1 543 000	1 449 000	1 363 000	-5,94%
			Discount Rate		
Opening Accrued Liability	6,27%	14 237 000	13 397 000	12 647 000	-5,60%
Service Cost	7,62%	1 314 000	1 221 000	1 140 000	-6,63%
Net Interest Expense	-2,48%	1 413 000	1 449 000	1 479 000	2,07%

Sensitivity as at 30 June 2025

	Percentage Change	1% decrease	Valuation basis	1% increase	Percentage Change
			Salary Inflation Rate		
Opening Accrued Liability	-5,92%	14 237 000	13 397 000	12 647 000	-5,60%
Service Cost	-7,43%	1 314 000	1 221 000	1 140 000	-6,63%
Net Interest Expense	-6,29%	1 413 000	1 449 000	1 479 000	2,07%
			Discount Rate		
Opening Accrued Liability	6,31%	17 074 735	16 061 913	15 156 274	-5,64%
Service Cost	8,08%	1 438 548	1 331 038	1 236 782	-7,08%
Net Interest Expense	-3,43%	1 530 304	1 584 709	1 634 287	2,94%

Withdrawal Decrement

Sensitivity as at 30 June 2024

	Percentage Change	50% decrease	Valuation basis	200% increase	Percentage Change
Opening Accrued Liability	12,67%	15 094 000	13 397 000	10 938 000	-18,35%
Service Cost	21,46%	1 483 000	1 221 000	880 000	-27,93%
Net Interest Expense	13,60%	1 646 000	1 449 000	1 163 000	-19,74%

Sensitivity as at 30 June 2025

	Percentage Change	50% decrease	Valuation basis	200% increase	Percentage Change
Opening Accrued Liability	-18,06%	13 161 280	16 061 913	18 042 960	12,33%
Service Cost	-25,85%	987 001	1 331 038	1 588 450	19,34%
Net Interest Expense	-19,19%	1 280 651	1 584 709	1 792 613	13,12%

22. PROVISIONS

Current Provisions	34 126 392	32 427 206
Non-current Provisions	72 828 817	70 381 860
Total Provisions	106 955 209	102 809 066

22.1 Current Provisions

Current Portion of Non-Current Provisions:	34 126 392	32 427 206
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	34 126 392	32 427 206
Total Provisions	34 126 392	32 427 206

Decommissioning of Landfill Sites

R

30 June 2024

Opening Balance	32 427 206
Increases	1 699 186
Balance at end of year	34 126 392

Decommissioning of Landfill Sites

R

30 June 2023

Opening Balance	29 057 468
Increases	3 369 738
Balance at end of year	32 427 206

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

22.2 Non-current Provisions

Decommissioning, Restoration and Similar Liabilities: Landfill Sites	72 828 817	70 381 860
Total Non-current Provisions	72 828 817	70 381 860

Decommissioning of Landfill Sites:

Opening Balance	69 262 550	64 135 254
Increase/Decrease in Asset	(4 812 278)	454 044
Reversals	(1 699 186)	(3 369 738)
Increases (Passage of Time/Discounted Rate)	10 077 730	9 162 300
	72 828 816	70 381 860

LANDFILL SITES - USEFUL LIFE

Remaining Useful Life 30 June 2024

Montagu	Bonnievale	McGregor	Ashton
Landfill Site	Landfill Site	Transfer Station	Transfer Station
0	14,67	0	0

	Montagu	Bonnievale	McGregor	Ashton
Area (m)	17 190	28 890	35 752	49 673
Actual estimated closure date	2015	2039	2015	2024
Estimated decommission date	2041	2034	2030	2024
CPI	5,24%	5,24%	5,24%	5,24%
Discount Rate	9,54%	11,85%	9,54%	9,54%

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
23. RESERVES		
Capital Replacement Reserve	62 920 999	62 920 999
Total Reserves	<u><u>62 920 999</u></u>	<u><u>62 920 999</u></u>
Reconciliation of the Capital Replacement Reserve:		
Opening Balance	62 920 999	62 920 999
Balance at end of year	<u><u>62 920 999</u></u>	<u><u>62 920 999</u></u>
24. ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	1 001 423 686	951 936 967
Accumulated Surplus / (Deficit)	951 936 970	892 006 463
Accumulated Surplus as per Financial Performance	49 486 719	59 930 507
Rounding Difference as per Trial Balance	(3)	(3)
Total Accumulated Surplus	<u><u>1 001 423 686</u></u>	<u><u>951 936 967</u></u>

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
25. PROPERTY RATES		
Total Property Rates	101 162 835	96 635 339
<p>The above property rates includes rebates for the different services. The rebate amounts to R11,536,980 (2023: R10,939,467).</p> <p>Property Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect on 1 July 2021.</p> <p>Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality will be 1 July 2021.</p>		
Valuations		
Rateable Land and Building		
Business and Commercial Property	1 879 011 160	1 846 508 160
Municipal Properties	702 028 598	675 129 501
Residential Properties	9 008 931 793	8 611 500 493
State-owned Properties	315 742 700	367 717 700
Agricultural Properties	7 433 948 650	7 499 961 650
Other Categories	905 887 581	984 490 581
Total Value	20 245 550 482	19 985 308 085
<p>Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.</p>		
Tariffs	2024	2023
Residential	0.0071c	0.0070c
Commercial, Industrial & Government	0.0042c	0.0040c
Public Benefit Organisation	0.0018c	0.0018c
Agriculture	0.0018c	0.0018c
<p>Rebates were granted on land with buildings used solely for dwellings purposes as follows:</p> <p>In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates. The first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.</p> <p>Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.</p>		
26. FINES, PENALTIES AND FORFEITS		
Traffic Fines	11 353 550	11 471 800
Other Fines	32 349	102 086
Total Fines, Penalties and Forfeits	11 385 899	11 573 886
27. LICENCES AND PERMITS		
Hiking Trails	151 959	188 315
Road and Transport	2 077 092	1 970 669
Trading	8 835	3 100
Total Licences and Permits	2 237 886	2 162 084
28. TRANSFERS AND SUBSIDIES		
Capital Grants	42 611 087	37 406 670
Monetary Allocations	42 611 087	37 406 670
Operational Grants	149 864 562	122 745 315
Monetary Allocations	149 864 562	122 745 315
Total Transfers and Subsidies Received	192 475 649	160 151 985

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
28.1 Summary of Grants:		
28.1.1 Capital Grants		
	Monetary Allocations	
	2024	2023
Total Capital Grants Received	42 611 087	37 406 670
28.1.2 Operational Grants		
	Monetary Allocations	
	2024	2023
Total Operational Grants Received	149 864 562	122 745 314
28.2 Detailed Summaries		
Operating Grants		
Equitable Share	106 264 520	97 528 000
Expanded Public Works Programme	3 174 000	2 551 811
Local Government Financial	1 550 000	870 380
Municipal Infrastructure Grant	3 451 409	3 094 330
Integrated National Electrification Grant	60 000	-
Neighbourhood Development Partnership Grant	981 605	722 123
Water Services Infrastructure Grant	-	1 127 042
Municipal Disaster Response Grant	1 713 565	-
Municipal Library Support Fund	-	545 304
Municipal Maintenance and construction of Transport Infrastructure	126 135	-
Human Settlements Development Grant - Beneficiaries	414 515	14 210 452
Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)	31 457 315	-
Western Cape Financial Management Capability Grant: Bursaries	200 000	205 000
Western Cape Financial Management Capability Grant: Financial Management	130 111	369 889
Community Development Workers Grant	38 000	38 000
LG SETA	303 387	511 140
Western Cape Financial Management Support Grant	-	550 000
Local Government Public Employment Support Grant	-	406 597
CWDM: EPWP Projects	-	15 246
	149 864 562	122 745 315
Capital Grants		
Municipal Infrastructure Grant	23 009 391	20 628 869
Integrated National Electrification Programme Grant	400 000	-
Neighbourhood Development Partnership Grant	6 545 977	4 814 150
Water Services Infrastructure Grant	-	7 565 313
Development of sport and recreation	-	800 000
Fire Service Capacity Building Grant	-	821 000
SMME Booster Fund	-	2 777 337
Municipal Disaster Response Grant	9 805 718	-
Municipal Loadshedding Relief Grant	350 000	-
Provincial Contribution towards the Acceleration of Housing	2 500 000	-
	42 611 087	37 406 670
Total Receipts for Government Grants	192 475 649	160 151 985
28.2.1 Equitable Share		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	106 264 520	97 528 000
Transferred to Revenue: Operating	(106 264 520)	(97 528 000)
Unspent Balance at the End of the Year	-	-

In terms of the Constitution, the grant is used to subsidise the provision of basic services to indigent community members. This grant is unconditional.


 AUDITOR GENERAL
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 30 November 2024

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
28.2.2 National: Expanded Public Works Programme Grant		
Unspent Balance at the Beginning of the Year	95 189	-
Current Year Receipts	3 174 000	2 647 000
Conditions Met - Transferred to Revenue: Operating	(3 174 000)	(2 551 811)
Repayment	(95 189)	-
Unspent Balance at the End of the Year	-	95 189

The Expanded Public Works Programme Grant is used to be an incentive to the expand work creation efforts through the use of the labour intensive delivery methods.

28.2.3 National: Financial Management Grant

Unspent Balance at the Beginning of the Year	679 620	-
Current Year Receipts	1 550 000	1 550 000
Conditions Met - Transferred to Revenue: Operating	(1 550 000)	(870 380)
Repayment	(679 620)	-
Unspent Balance at the End of the Year	-	679 620

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

28.2.4 National: Municipal Infrastructure Grant

Unspent Balance at the Beginning of the Year	873 800	196 824
Current Year Receipts	25 587 000	24 597 000
Conditions Met - Transferred to Revenue - Operating	(3 451 409)	(3 094 330)
Conditions Met - Transferred to Revenue - Capital	(23 009 391)	(20 628 869)
Repayment	-	(196 824)
Unspent Balance at the End of the Year	-	873 800

The Municipal Infrastructure Grant (MIG) was used to upgrade infrastructure in previously disadvantaged areas.

28.2.5 National: Integrated National Electrification Grant

Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	460 000	-
Conditions Met - Transferred to Revenue - Operating	(60 000)	-
Conditions Met - Transferred to Revenue - Capital	(400 000)	-
Repayment	-	-
Unspent Balance at the End of the	-	-

Then National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

28.2.6 National: Neighbourhood Development Partnership Grant

Balance unspent at the beginning of the year	9 463 727	10 000 000
Current-year receipts	9 272 000	5 000 000
Conditions met - Transferred to revenue: Operating	(981 605)	(722 123)
Conditions met - Transferred to revenue: Capital	(6 545 977)	(4 814 150)
Repayment	(9 463 727)	-
Unspent Balance at the End of the Year	1 744 418	9 463 727

28.2.7 National: Water Services Infrastructure Grant

Balance unspent at the beginning of the year	1 448 984	10 141 338
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(1 127 042)
Conditions met - Transferred to revenue: Capital	-	(7 565 313)
Repayment	(1 448 984)	-
Unspent Balance at the End of the Year	-	1 448 984

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
28.2.8 National: Municipal Disaster Response Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	25 730 000	-
Conditions Met - Transferred to Revenue - Operating	(1 713 565)	-
Conditions Met - Transferred to Revenue - Capital	(9 805 718)	-
Unspent Balance at the End of the Year	14 210 716	-
28.2.9 Provincial: Development of sport and recreation facilities		
Balance unspent at the beginning of the year	-	1 295 420
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Capital	-	(800 000)
Repayment	-	(495 420)
Unspent Balance at the End of the Year	-	-
28.2.10 Provincial: Fire Service Capacity Building		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	-	821 000
Conditions Met - Transferred to Revenue	-	(821 000)
Unspent Balance at the End of the Year	-	-
28.2.11 Provincial: SMME Booster Fund 2021		
Balance unspent at the beginning of the year	-	556 337
Current year receipts	-	2 221 000
Conditions Met - Transferred to Revenue - Capital	-	(2 777 337)
Unspent Balance at the End of the Year	-	-
28.2.12 Provincial: Municipal Loadshedding Relief Grant		
Balance unspent at the beginning of the year	350 000	350 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Capital	(350 000)	-
Unspent Balance at the End of the Year	-	350 000
28.2.13 Provincial: Provincial Contribution towards the Acceleration of Housing		
Balance unspent at the beginning of the year	-	-
Current year receipts	2 500 000	-
Conditions Met - Transferred to Revenue - Capital	(2 500 000)	-
Unspent Balance at the End of the Year	-	-
28.2.14 Provincial: Municipal Library Support Fund		
Unspent Balance at the Beginning of the Year	-	545 304
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	(545 304)
Unspent Balance at the End of the	-	-
28.2.15 Provincial: Municipal Maintenance and construction of Transport Infrastructure		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	130 000	-
Conditions Met - Transferred to Revenue	(126 135)	-
Unspent Balance at the End of the	3 865	-
28.2.16 Provincial: Department Human Settlement (Beneficiaries)		
Balance unspent at the beginning of the year	-	-
Current year receipts	414 515	14 210 452
Conditions Met - Transferred to Revenue - Operating	(414 515)	(14 210 452)
Repayment	-	-
Unspent Balance at the End of the Year	-	-

This grant is for the building of low cost housing. The municipality is only the agent of the department of Human Settlement for the construction of low cost houses. No funds have been withheld. The municipality received more than what was appropriated in the extraordinary Gazette 8531 dated 15 December 2021. Approval was granted by the transferring department to spend the allocation of 2022/23 in the 2021/22 financial year.


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	2024 R	2023 R
28.2.17 Provincial: Informal Settlements Upgrading Partnership Grant: Provinces (Beneficiaries)		
Balance unspent at the beginning of the year	-	-
Current year receipts	31 457 315	-
Conditions Met - Transferred to Revenue - Operating	(31 457 315)	-
Repayment	-	-
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>
28.2.18 Provincial: Department Human Settlement (Title Deed Restoration)		
Balance unspent at the beginning of the year	-	3 208 411
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Repaid to Treasury Revenue Fund	-	(3 208 411)
Unspent Balance at the End of the	<u>-</u>	<u>-</u>
28.2.19 Provincial: Western Cape Financial Management Capability Grant: Bursaries		
Unspent Balance at the Beginning of the Year	157 000	62 000
Current Year Receipts	200 000	300 000
Conditions Met - Transferred to Revenue - Operating	(200 000)	(205 000)
Repaid to Treasury Revenue Fund	(157 000)	-
Unspent Balance at the End of the	<u>-</u>	<u>157 000</u>
Provincial: Western Cape Financial Management Capability Grant: Bursaries was previously known as the Provincial: Western Cape Financial Management Capacity Building Grant.		
28.2.20 Provincial: Western Cape Financial Management Capability Grant: Financial Management		
Unspent Balance at the Beginning of the Year	130 111	-
Current Year Receipts	-	500 000
Conditions Met - Transferred to Revenue - Operating	(130 111)	(369 889)
Repaid to Treasury Revenue Fund	-	-
Unspent Balance at the End of the	<u>-</u>	<u>130 111</u>
28.2.21 Provincial: Community Development Workers Grant		
Balance unspent at the beginning of the year	-	-
Current year receipts	38 000	38 000
Conditions Met - Transferred to Revenue - Operating	(38 000)	(38 000)
Unspent Balance at the End of the	<u>-</u>	<u>-</u>
28.2.22 Provincial: Municipal Electrical Masterplan Grant		
Balance unspent at the beginning of the year	-	427 391
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Repaid to Treasury Revenue Fund	-	(427 391)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>
28.2.23 Provincial: Western Cape Financial Management Support Grant		
Balance unspent at the beginning of the year	-	550 000
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(550 000)
Unspent Balance at the End of the Year	<u>-</u>	<u>-</u>
Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.		
28.2.24 Provincial: Local Government Public Employment Support Grant		
Balance unspent at the beginning of the year	349 431	756 028
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(406 597)
Unspent Balance at the End of the Year	<u>(349 431)</u>	<u>349 431</u>

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	2024 R	2023 R
28.2.25 Bakery Project		
Balance unspent at the beginning of the year	168 875	168 875
Current-year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Conditions met - Transferred to revenue: Capital	-	-
Unspent Balance at the End of the Year	168 875	168 875

28.2.26 Community Safety		
Balance unspent at the beginning of the year	566 353	566 353
Current year receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	-
Unspent Balance at the End of the Year	566 353	566 353

The grant was used to repair the water pipelines and to detect the water pipelines by CCTV cameras.

28.2.27 CDWM: EPWP Projects		
Unspent Balance at the Beginning of the Year	4 484	19 730
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue - Operating	-	(15 246)
Unspent Balance at the End of the Year	4 484	4 484

28.2.28 SETA Grant		
Unspent Balance at the Beginning of the Year	-	-
Current Year Receipts	303 387	511 140
Conditions Met - Transferred to Revenue - Operating	(303 387)	(511 140)
Unspent Balance at the End of the Year	-	-

29. SERVICE CHARGES

Availability Charges From Non-Exchange Transactions

Electricity Availability Charges	1 657 527	1 411 196
Water Availability Charges	1 201 482	1 216 047
Sewerage and Sanitation Availability Charges	2 247 067	1 043 199
Total Non-Exchange Service Charges	5 106 076	3 670 443

Service Charges From Exchange Transactions

Sale of Electricity	559 785 371	485 530 933
Sale of Water	57 562 762	52 768 144
Refuse Removal	31 239 545	32 745 352
Sewerage and Sanitation Charges	29 966 057	29 366 080
Total Exchange Service Charges	678 553 735	600 410 508
Total Service Charges	683 659 811	604 080 951

The above service charges includes free basic services and revenue foregone for the different services. The revenue foregone amounts to R24 016 420 (2023 : R 26 123 195).

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers

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	2024 R	2023 R
30. SALES OF GOODS AND RENDERING OF SERVICES		
Advertisements	18 261	11 922
Building Plan Approval	1 160 568	881 803
Cemetery and Burial	383 124	432 796
Cleaning and Removal	19 122	50 040
Encroachment Fees	54 727	69 642
Entrance Fees	352 450	257 632
Fire Services	166 147	97 230
Photocopies and Faxes	63 997	71 433
Removal of Restrictions	637	-
Sale of Goods	1 156 974	977 491
Scrap, Waste & Other Goods	1 640 907	133 752
Town Planning and Servitudes	-	400 702
Traffic Control	21 500	27 389
Valuation Services	340 474	284 835

Total Sales of Goods and Rendering of Services

5 378 888

3 696 667

31. INCOME FROM AGENCY SERVICES

Commission on Vehicle Registration	5 435 214	5 341 009
Commission on Library Services	9 685 217	9 282 609

Total Income from Agency Services

15 120 431

14 623 618

Vehicle Registration:

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Western Cape Mobility Department in collecting motor vehicle licences at an agency fee of 12%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

R979 774 (2023: R461 738), Revenue due to the Principal not paid over at year end is included in Payables from Exchange transactions.

Library Services:

The Municipality is acting as an agent for the Department of Cultural Affairs and Sport (DCAS).

In this arrangement, the Municipality renders Library services on behalf of DCAS at an agency fee of 100% inclusive of VAT.

The Municipality does not incur any expenses on behalf of the principle.

Amount of revenue retained by the municipality

Income from Agency Fees	5 435 214	5 341 009
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Amount of revenue received on behalf of the principle during the reporting period

Motor vehicle licence fees	27 313 738	27 347 726
RTMC transaction fees	2 057 472	2 065 536

32. RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease

Other Fixed Assets:	3 693 234	3 659 804
Property Plant and Equipment	3 693 234	3 659 804

Ad-hoc Rental Income from Other Fixed	93 346	108 832
Property Plant and Equipment	93 346	108 832

Total Rental of Facilities and

3 786 580

3 768 636

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


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	2024 R	2023 R
33. FINANCE INCOME		
Non-exchange Receivables:		
Outstanding Billing Debtors	2 039 506	1 580 727
Total Non-exchange Finance Income	<u><u>2 039 506</u></u>	<u><u>1 580 727</u></u>
External Investments:		
Bank Account	18 288 549	13 003 044
Investments	14 515 596	15 804 529
	<u><u>32 804 145</u></u>	<u><u>28 807 573</u></u>
Outstanding Exchange Receivables:		
Long-term Debtors	11 286	18 396
Housing & Housing Selling Schemes	<u>11 286</u>	<u>18 396</u>
Outstanding Billing Debtors	4 159 124	3 852 743
Electricity	810 148	1 079 902
Property Rental Debtors	48 737	31 625
Service Charges	141 284	131 226
Waste Management	885 465	746 508
Waste Water Management	1 122 217	906 633
Water	<u>1 151 273</u>	<u>956 849</u>
	<u><u>4 170 410</u></u>	<u><u>3 871 139</u></u>
Total Exchange Finance Income	<u><u>36 974 555</u></u>	<u><u>32 678 712</u></u>
Total Finance Income	<u><u>39 014 061</u></u>	<u><u>34 259 439</u></u>
34. OPERATIONAL REVENUE		
Administrative Handling Fees	-	19 261
Commission	352 901	331 102
Development Charges	3 418 204	-
Incidental Cash Surpluses	781	1 432
Insurance Refund	627 781	1 225 371
Merchandising, Jobbing and Contracts	77 479	60 853
Registration Fees	225 433	265 645
Request for Information	7 661	5 566
Staff Recoveries	5 357	7 362
Contribution to Provision	7 289 659	8 650 091
Total Operational Revenue	<u><u>12 005 256</u></u>	<u><u>10 566 683</u></u>

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

	2024 R	2023 R
35. EMPLOYEE RELATED COSTS		
Salaries and Wages:		
Basic	172 980 562	155 795 287
Long Service Awards	1 300 263	1 352 544
Bonuses	775 299	702 666
Leave Payments	6 089 475	9 240 276
Overtime	18 594 653	14 931 989
Allowances:		
Acting and Post Related Allowances	117 470	175 060
Bonus Allowance	12 665 469	12 176 811
Cellular and Telephone	986 134	870 494
Fire Brigade	761 368	666 373
Housing Benefits	836 770	790 863
Standby Allowance	6 579 656	5 154 923
Travel or Motor Vehicle	7 536 038	6 185 821
Social Contributions:		
Bargaining Council	108 453	97 033
Group Life Insurance	171 287	176 306
Medical	9 087 901	8 004 104
Pension	27 900 999	25 760 587
Unemployment Insurance	1 882 254	1 454 689
Post-retirement Benefits:		
Service Cost:	1 751 000	1 856 522
Service Cost	1 751 000	1 856 522
Remeasurement:		
Remeasurements over the financial year	1 264 525	(10 208 485)
Total Employee Related	271 389 576	235 183 863
35.1 Remuneration of Section 56 & 57 Employees:		
<i>Remuneration of the Municipal Manager: DP Lubbe</i>		
Annual Remuneration	1 080 174	305 754
Performance Bonus	75 074	-
Car and Other Allowances	581 632	164 637
Cell Phone Allowance	58 909	19 636
Company Contributions to UIF and Pension Funds	20 340	6 780
Payments in lieu of leave	-	-
Total	1 816 129	496 807
<i>Remuneration of the Municipal Manager: ASA de Klerk</i>		
Annual Remuneration	-	198 673
Performance Bonus	-	218 663
Car and Other Allowances	-	-
Cell Phone Allowance	-	-
Company Contributions to UIF and Pension Funds	-	20 340
Payments in lieu of leave	-	-
Total	-	437 677
<i>Remuneration of the Chief Financial Officer: M Shude</i>		
Annual Remuneration	1 085 652	1 063 100
Performance Bonus	184 109	178 747
Car and Other Allowances	272 810	270 834
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	20 340	40 680
Payments in lieu of leave	126 449	97 342
Total	1 734 106	1 695 448

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	2024 R	2023 R
Remuneration of the Director: Corporate Services - AWJ Everson		
Annual Remuneration	1 465 034	1 437 011
Performance Bonus	88 642	86 060
Car and Other Allowances	102 603	102 603
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	284 046	299 342
Payments in lieu of leave	68 186	65 222
Total	2 053 257	2 034 984

Remuneration of Director: Infrastructure and Engineering - M Johnson (Retired on the 31 March 2023)

Annual Remuneration	-	225 910
Cell Phone Allowance	-	10 670
Medical Aid contributions	-	13 277
Car and Other Allowances	-	680 509
Company Contributions to UIF and Pension Funds	-	62 415
Performance Bonus	-	140 444
Payments in lieu of leave	-	106 437
Total	-	1 239 662

Remuneration of Director: Community Services - M Mgajo

Annual Remuneration	1 171 111	1 133 406
Performance Bonus	159 123	126 507
Medical Aid Allowance	63 329	60 084
Car and Other Allowances	49 068	82 646
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF and Pension Funds	231 140	244 693
Total	1 718 517	1 692 082

Remuneration of Director: Strategy and Social Development - CO Matthys

Annual Remuneration	1 469 807	1 441 738
Performance Bonus	88 789	68 962
Car and Other Allowances	100 000	100 000
Cell Phone Allowance	44 746	44 746
Company Contributions to UIF, Medical and Pension Funds	284 905	300 193
Payments in lieu of leave	68 299	65 330
Total	2 056 546	2 020 968

Summary of Remuneration of Section 56 & 57 Employees:

All Directors	9 378 555	9 120 821
Total Remuneration of Section 56 & 57 Employees	9 378 555	9 120 821

36. REMUNERATION OF COUNCILLORS

Executive Mayor	1 043 854	961 456
Deputy Executive Mayor	845 714	777 330
Speaker	845 714	777 330
Mayoral Committee Members	3 183 505	2 926 432
Total for All Other Councillors	5 911 666	5 374 843
Total Councillors' Remuneration	11 830 452	10 817 391

Remuneration of Councillors:

30 June 2024	Basic salary	Travel allowance	Other allowances	Pension and	Total
Executive mayor	748 290	96 440	53 208	145 916	1 043 854
Deputy executive mayor	672 506	120 000	53 208	0	845 714
Speaker	587 871	90 000	53 208	114 635	845 714
Executive mayoral committee members	2 511 465	393 500	212 832	65 708	3 183 505
Section 79 committee chairperson	402 324	-	53 208	-	455 532
Councillors	4 122 409	109 530	792 824	431 371	5 456 134
	9 044 865	809 470	1 218 488	757 630	11 830 452

LANGEBERG LOCAL MUNICIPALITY

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

30 June 2023	Basic salary	Travel allowance	Other allowances	2024 R Pension and	2023 R Total
Executive mayor	689 721	96 440	40 800	134 496	961 456
Deputy executive mayor	616 530	120 000	40 800	-	777 330
Speaker	541 029	90 000	40 800	105 501	777 330
Executive mayoral committee members	2 355 036	360 000	163 200	48 196	2 926 432
Section 79 committee chairperson	373 908	-	40 800	-	414 708
Councillors	3 848 625	68 809	612 362	430 339	4 960 135
	8 424 849	735 248	938 762	718 531	10 817 391

Initial(s) and Surname - Council Members	Designation 2024	Designation 2023	2024 Total	2023 Total
Ald SW van Eeden	Mayor	Mayor	1 043 854	961 456
Cllr D Joubert	Deputy Mayor	Deputy Mayor	-	166 078
Cllr DB Janse		Member of Mayoral Committee	366 708	332 156
NJ Beginsel	Member of Council	Member of Council	82 216	332 156
Cllr P Hess	Speaker	Speaker	845 714	777 330
Cllr CJ Grootboom	Member of Council	Member of Council	366 708	332 156
Cllr JJS Januarie	Member of Council	Member of Council	366 708	332 156
Cllr JS Mafilika	Member of Council	Member of Council	366 708	332 156
Cllr LJ Prince		Member of Council and Section 79	357 002	145 678
Cllr OC Simpson	Member of Council	Member of Council	212 996	332 156
Cllr L Gxowa	Member of Council	-	366 708	332 156
Cllr A Ndongeni	Member of Council	-	366 708	329 728
Cllr LL Kahla	Member of Council	-	366 708	332 778
Cllr C Steyn	Mayco Member	-	795 876	731 608
Cllr MG Oostendorff	Member of Council	-	366 708	332 156
Cllr DAT Felix	Mayco Member	-	795 876	731 608
Cllr Y Siegel	Member of Council	-	366 708	332 156
Cllr JCJ Coetzee	Mayco Member	-	795 876	731 608
Cllr CJ Pokwas	Member of council	-	366 708	332 156
Cllr JG Steenkamp	Deputy Mayor	-	845 714	777 330
Cllr RC Henn	Speaker	-	795 876	731 608
Cllr TV Coetzee	Member of Council	-	366 708	332 156
Cllr D September	Section 79 MPAC	-	455 532	414 708
Cllr M Gertse	Member of Council	-	366 708	332 156
Cllr C Baartman	Member of Council	-	123 160	-
Cllr SE Rensburg	Member of Council	-	280 264	-
			11 830 452	10 817 391

In-kind Benefits

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

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

	2024 R	2023 R
37. DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	52 291 432	46 927 916
Depreciation: Investment Property	63 318	64 213
Total Depreciation and Amortisation	52 354 750	46 992 129
38. BAD DEBT WRITTEN OFF		
Bad Debts Written Off	13 849 530	16 948 478
Total Bad Debts Written Off	13 849 530	16 948 478
Implementation of new indigent cycle, resulting in increased debt impairment or debt write-off		
39. IMPAIRMENT LOSSES		
Property, Plant and Equipment	457 308	-
Receivables from Exchange Transactions	18 140 182	4 456 227
Receivables from Non-Exchange Transactions	(2 517 537)	7 704 300
Reversal of Impairment	-	138 718
Total Impairment Losses	16 079 953	12 299 245
40. INVENTORY LOSSES		
Inventory Gains\ (Losses)	(281 368)	(75 047)
Total Inventory Gains\ (Losses)	(281 368)	(75 047)
41. Finance Cost		
Interest Paid:	21 936 957	20 343 985
Borrowings	3 137 094	3 468 765
Finance Leases	1 487 595	364 920
Interest costs Non-Current Provisions	10 115 268	9 162 300
Net Interest Expense	7 197 000	7 348 000
	Refer note 21.2	
Total Finance Cost	21 936 957	20 343 985
42. BULK PURCHASES		
Electricity	478 957 439	401 064 972
Water	7 323 453	5 950 405
Total Bulk Purchases	486 280 892	407 015 377
43. CONTRACTED SERVICES		
Outsourced Services	3 525 994	2 174 068
Consultants and Professional Services	11 658 097	8 058 619
Contractors	31 965 439	26 795 101
Total Contracted Services	47 149 530	37 027 788
43.1 Outsourced Services		
Burial Services	194 809	256 087
Business and Advisory	1 712 490	896 230
Connection/Dis-connection	292 116	108 620
Personnel and Labour	239 452	154 094
Security Services	884 198	i5
Translators, Scribes and Editors	34 055	i4
Transport Services	168 874	i8
	3 525 994	i8

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

	2024 R	2023 R
43.2 Consultants and Professional Services		
Business and Advisory	3 836 095	3 416 445
Infrastructure and Planning	5 566 479	2 156 260
Laboratory Services	678 480	422 204
Legal Cost	1 577 043	2 063 710
	11 658 097	8 058 619
43.3 Contractors		
Artists and Performers	109 200	106 039
Catering Services	15 549	561
Chipping	1 367 680	629 610
Electrical	2 861 882	3 293 355
Event Promoters	54 782	83 985
Fire Protection	19 320	16 560
Inspection Fees	-	5 178
Maintenance of Buildings and Facilities	1 357 030	1 532 156
Maintenance of Equipment	487 084	482 076
Maintenance of Computer Software	17 467 964	13 729 025
Management of Informal Settlements	2 138 610	2 033 200
Medical Services	67 011	135 498
Pest Control and Fumigation	6 200	-
Plants, Flowers and Other Decorations	1 456	-
Prepaid Electricity Vendors	5 527 576	4 716 688
Safeguard and Security	25 774	24 104
Sewerage Services	411 596	-
Sports and Recreation	42 225	1 703
Stage and Sound Crew	4 500	5 363
	31 965 439	26 795 101
44. INVENTORY CONSUMED		
Consumables	20 807 082	19 438 903
Housing Stock	414 515	21 613 876
Materials and Supplies	28 290 599	18 698 573
Total Inventory Consumed	49 512 196	59 751 352
45. TRANSFERS AND SUBSIDIES PAID		
Operational Grants	3 334 826	2 230 418
Allocations In-kind	146 558	101 984
Monetary Allocations	3 188 268	2 128 434
Total Transfers and Subsidies Paid	3 334 826	2 230 418
46. OPERATING LEASES		
Other Assets	38 616	46 892
Total Operating Leases	38 616	46 892

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

	2024 R	2023 R
47. OPERATIONAL COSTS		
Included in Operational Expenses are the following:		
Advertising, Publicity and Marketing	874 859	1 043 636
Bank Charges, Facility and Card Fees	1 149 620	964 312
Bursaries (Employees)	314 096	138 926
Commission	188 092	193 889
Communication	2 042 985	2 311 794
Courier and Delivery Services	1 751	2 086
Drivers Licences and Permits	20 880	17 830
External Audit Fees	5 107 771	4 912 169
External Computer Service	14 224 637	7 652 741
Full Time Union Representative	128 083	133 388
Hire Charges	1 357 306	990 670
Insurance Underwriting	4 835 210	4 747 127
Land Alienation Costs	183 253	150 448
Licences	726 760	630 386
Municipal Services	3 400	-
Printing, Publications and Books	666 774	673 929
Professional Bodies, Membership and Subscription	2 903 388	2 726 889
Registration Fees	163 298	94 243
Remuneration to Ward Committees	675 030	661 525
Resettlement Cost	63 384	48 504
Roadworthy Test	5 800	6 317
Skills Development Fund Levy	2 366 878	2 169 199
System Access and Information Fees	97 174	92 373
Toll Gate Fees	25 426	6 848
Travel and Subsistence	616 309	414 891
Uniform and Protective Clothing	1 853 178	1 809 177
Workmen's Compensation Fund	2 003 546	1 386 744
Total Operational Costs	42 598 888	33 980 041
No other extraordinary expenses were incurred.		
48. GAINS AND LOSSES ON OTHER OPERATIONS		
Fair Value Gains on Investments	17 332	-
Total Gains on Other Operations	17 332	-
Fair Value Losses on Actuarial Assessments	-	-
Fair Value Losses on Investments	-	-
Total Losses on Other Operations	-	-
49. GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS		
Intangible Assets	-	(507 307)
Investment Property	-	(1 000)
Property, Plant and Equipment	(120 375)	1 631 532
Total Gains / (Losses) on Disposal of Capital Assets	(120 375)	1 123 225

50. CORRECTION OF ANNUAL FINANCIAL STATEMENTS

50.1 Correction of Accumulated Surplus

The figures of the opening balance of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	Accumulated Surplus
Accumulated Surplus published as at 30 June 2022	895 799 637
Correction of error :	
Adjustment of Community Library Services Grant	(3 793 174)
Restated Accumulated Surplus published as at 30 June 2022	892 006 463
Transactions incurred for the Year 2022/23	61 322 898
Correction of Error:-	
Adjustment of Community Library Services Grant	(1 392 391)
	-
Restated Balances as at 30 June 2023	951 936 970

50.2 Reclassification and Correction Error - Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Reclassification of Revenue	Correction of Error	Restated Amount 2022/2023
Property Rates	96 635 339	-	-	96 635 339
Fines, Penalties and Forfeits	11 573 886	-	-	11 573 886
Availability Charges	3 670 443	-	-	3 670 443
Transfers and Subsidies	170 826 985	-	(10 675 000)	160 151 985
Finance Cost - Non- Exchange	1 580 727	-	-	1 580 727
Licences and Permits - Exchange	2 162 084	-	-	2 162 084
Service Charges	600 410 508	-	-	600 410 508
Sales of Goods and Rendering of Services	3 696 667	-	-	3 696 667
Income from Agency Services	5 341 009	-	9 282 609	14 623 618
Rental from Fixed Assets	3 768 636	-	-	3 768 636
Finance Cost - Exchange	32 678 712	-	-	32 678 712
Operational Revenue	10 566 683	-	-	10 566 683
Gains on Disposal of PPE	1 631 532	-	-	1 631 532
	944 543 211	-	(1 392 391)	943 150 820

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

50.3 Reclassification and Correction of Error - Expenditure

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

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Reclassification of Expenditure	Correction of Error	Restated Amount 2022/23
Employee Related Costs	235 183 863	-	-	235 183 863
Remuneration of Councillors	10 817 391	-	-	10 817 391
Depreciation and Amortisation	46 992 129	-	-	46 992 129
Inventory losses	(75 047)	-	-	(75 047)
Bad Debt Written Off	16 948 478	-	-	16 948 478
Impairment Losses	12 299 245	-	-	12 299 245
Finance Cost	20 343 985	-	-	20 343 985
Bulk Purchases	407 015 377	-	-	407 015 377
Contracted Services	37 027 788	-	-	37 027 788
Inventory Consumed	56 135 137	-	3 616 215	59 751 352
Transfers and Subsidies Paid	2 230 418	-	-	2 230 418
Operating Leases	46 892	-	-	46 892
Operational Costs	37 596 256	-	(3 616 215)	33 980 041
Loss on Disposal of PPE	508 307	-	-	508 307
	883 070 219	-	-	883 070 219

50.4 Reclassification of Statement of Financial Position

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

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Reclassification of Financial Position	Correction of Error	Restated Amount 2022/23
Current Assets				
Inventories	13 043 832	-	-	13 043 832
Receivables from Exchange Transactions	42 496 094	-	-	42 496 094
Statutory Receivables from Exchange Transactions	8 147 056	-	-	8 147 056
Receivables from Non-exchange Transactions	11 180 463	-	-	11 180 463
Statutory Receivables from Non-exchange Transactions	8 357 483	-	-	8 357 483
Cash and Cash Equivalents	365 039 040	-	-	365 039 040
Lease Receivables	74 219	-	-	74 219
Non-Current Assets				
Property, Plant and Equipment (Note 1)	896 403 006	-	(1)	896 403 005
Intangible Assets	1 320 657	-	-	1 320 657
Investment Property	28 034 849	-	-	28 034 849
Heritage Assets	275 448	-	-	275 448
Investments	137 205	-	-	137 205
Long-term Receivables	460 483	-	-	460 483
Current Liabilities				
Consumer Deposits	17 524 750	-	-	17 524 750
Payables from Exchange Transactions	94 578 766	-	5 185 565	99 764 331
Unspent Conditional Grants and Receipts (Note 4)	14 287 574	-	-	14 287 574
Borrowings	4 079 506	-	-	4 079 506
Employee Benefit Liabilities	20 102 829	-	-	20 102 829
Provisions	32 427 206	-	-	32 427 206
Lease Payables	3 470 409	-	-	3 470 409
Non-Current Liabilities				
Lease Payables (Note 2)	13 572 532	-	-	13 572 532
Borrowings	27 977 974	-	-	27 977 974
Employee Benefit Liabilities	56 520 000	-	-	56 520 000
Provisions (Note 1)	70 381 860	-	-	70 381 860
Net Assets				
Reserves	62 920 999	-	-	62 920 999
Accumulated Surplus / (Deficit) (Note 3)	957 125 430	-	(5 185 565)	951 939 865
	-	-	1	1

50.5 Reclassification of Revenue

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

	Transfers and Subsidies
Balance previously reported	170 826 985
<i>Correction of Errors:-</i>	
Adjustment of Community Library Services Grant	(10 675 000)
Restated Balance now reported	160 151 985

Transfers and Subsidies:

The **prior year amounts** for *Transfers & Subsidies* have been restated to correctly disclose the revenue for library books donated from Provincial Public Library Services, previously recognised in error.

	Income from Agency Services
Balance previously reported	5 341 009
<i>Correction of Errors:-</i>	
Adjustment of Community Library Services Grant	9 282 609
Restated Balance now reported	14 623 618

Income from Agency Services:

The prior year amounts for Income from Agency Services have been restated to correctly disclose the revenue for the Community Library Services Grant, from Transfers and subsidies, previously recognised in error and to correctly disclose the Revenue to exclude the VAT

	Inventory Consumed	Operational Costs
Balance previously reported	56 135 137	37 596 256
<i>Correction of Errors:-</i>		
Correction of Inventory Consumed	3 616 215	(3 616 215)
Restated Balance now reported	59 751 352	33 980 041

Inventory Consumed & Operational Costs

The prior year amounts for *Inventory Consumed and Operational cost* have been restated to correctly disclose the expenditure for Wet fuel.

50.6 Reclassification of Statement of Financial Position

Opening Balances and **Prior Year Amounts** of items in the Statement of Financial Position have been restated as indicated below:

	Payables from Exchange Transactions
Balances previously published per AFS as at 30 June 2022	(92 291 577)
<i>Correction of Errors:-</i>	
Adjustment of Community Library Services Grant	(3 793 174)
Balances now published per AFS as at 30 June 2022	(96 084 751)
Transactions incurred for the Year 2022/23	(2 287 189)
<i>Correction of Errors:</i>	
Adjustment of Community Library Services Grant	(1 392 391)
Balances now published per AFS as at 30 June 2023	(99 764 331)

Payables from Exchange Transactions:

The **opening balances** of *Payables from Exchange Transactions* have been restated to correctly disclose the liability for the VAT

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

50.7 Correction of Cash Flow Statement

The effect of the Correction of Error is as follows:

	Prior Year 2022/23 Audited	Change in Accounting Policy	Correction of Error	Restated Amount 2022/23
Receipts				
Taxation	96 467 287	-	-	96 467 287
Service Charges	590 343 738	-	-	590 343 738
Sale of goods and services	28 493 916	-	9 282 609	37 776 525
Dividends	-	-	-	-
Grants	156 620 547	-	(10 675 000)	145 945 547
Finance Income	34 259 439	-	-	34 259 439
Payments				
Employees	(261 777 935)	-	-	(261 777 935)
Transfer and grants	(2 230 418)	-	-	(2 230 418)
Suppliers Paid	(526 884 173)	-	1 392 391	(525 491 782)
Finance Costs	(3 833 685)	-	-	(3 833 685)
NET CASH FLOWS FROM OPERATING ACTIVITIES	111 458 716	-	(0)	111 458 716
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property , plant and equipment	(119 836 832)	-	-	(119 836 832)
Purchase of investment property	(4 694)	-	-	(4 694)
Proceeds from sale of property,plant and equipment	1 149 420	-	-	1 149 420
Proceeds for investment property	-	-	-	-
Purchase of other intangible assets	(283 693)	-	-	(283 693)
Purchase of heritage assets	-	-	-	-
Proceeds from investments	-	-	-	-
Decrease/(increase) in long term receivables	(60 196)	-	-	(60 196)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(119 035 995)	-	-	(119 035 995)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in consumer deposits	1 741 542	-	-	1 741 542
Increase/Repayment of borrowings	(3 917 685)	-	-	(3 917 685)
Finance lease receipts/(payments)	16 402 633	-	-	16 402 633
NET CASH FLOWS FROM FINANCING ACTIVITIES	14 226 490	-	-	14 226 490
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	6 649 211	-	-	6 649 211
Cash and Cash Equivalents at Beginning of Period	358 389 829	-	-	358 389 829
Cash and Cash Equivalents at End of Period	365 039 040	-	-	365 039 040

Prior Year Amounts of Items in the Cash Flow Statement have been restated as indicated below:

Cash Flows from Operating Activities - Receipts:

	Sale of goods and services	Grants
Balance previously reported	28 493 916	156 620 547
<i>Correction of Errors:-</i>		
Adjustment of Community Library Services Grant	9 282 609	(10 675 000)
Restated Balance now reported	37 776 525	145 945 547

Sales of Goods and Services & Grants

The **prior year amounts** for *Sale of goods and Services & Grants* have been corrected for adjustments made to the Agency Services and Transfer and Subsidies respectively.

Cash Flows from Operating Activities - Payments:

	Suppliers Paid
Balance previously reported	(526 884 173)
<i>Correction of Errors:-</i>	
Adjustment of Community Library Services Grant	1 392 391
Restated Balance now reported	(525 491 782)

Suppliers Paid:

The **prior year amounts** for *Suppliers Paid* have been corrected for the adjustment made of the VAT on revenue to be recorded as a Liability

51. CASH GENERATED BY OPERATIONS

	2024 R	2023 R
Surplus	49 486 719	59 930 507
Adjustments for:		
Depreciation and amortisation	52 354 750	46 992 129
(Gain)/loss on sale of assets and liabilities	120 375	(1 123 225)
Fair value adjustments	(17 332)	-
PPE - Impairment loss	457 308	-
Debtors Impairment	15 622 645	12 211 480
Bad debts written off	13 849 530	16 948 478
Movements in retirement benefit assets and liabilities	29 700 300	20 654 213
Movements in provisions	2 825 609	512 209
Impairment of movement of Investment Property	-	87 765
Other - Movements	1	(3)
Operating lease income accrued	(14 139)	35 042
Inventories losses	281 368	75 047
Accumulated Surplus - Opening Balance adjustment	(2 898)	2 895
Changes in working capital:		
Decrease/(Increase) in Inventories	(4 657 791)	5 955 402
Decrease/(Increase) in Receivables from exchange transactions	(46 950 971)	(7 138 705)
Decrease/(Increase) in Receivables from non-exchange transactions	(7 706 505)	(6 996 005)
Decrease/(Increase) in Statutory receivables from non-exchange transactions	(868 030)	(168 052)
Decrease/(Increase) in Payables from exchange transactions	30 467 716	3 679 580
Decrease/(Increase) in VAT statutory receivables	4 923 633	(5 560 800)
Decrease/(Increase) in Unspent conditional grants and receipts	3 411 137	(14 206 438)
Decrease/(Increase) in Movement in employee benefit liability	(22 708 856)	(29 082 894)
Decrease/(Increase) in Movement in provisions	6 132 812	8 650 091
OPERATING ACTIVITIES	126 707 382	111 458 716

52. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

52.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening Balance:	-	-
Unauthorised Expenditure Current Year:	-	-
Written-off by Council:	-	-
Unauthorised Expenditure awaiting authorisation	-	-

Unauthorised expenditure can be summarised as follows:

Incident

No unauthorised expenditure was incurred during the 2023/2024 financial year.

52.2 Fruitless and Wasteful Expenditure

	2024 R	2023 R
Reconciliation of Fruitless and Wasteful Expenditure:		
Opening Balance as restated:	-	-
Fruitless and Wasteful Expenditure Incurred	5 424	37 311
Transfers to Receivables for recovery	(5 424)	(37 311)
Closing Balance	-	-

52.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening Balance as restated:	-	-
- As previously stated	-	-
Irregular Expenditure Incurred	-	-
- Identified in the current year relating to Current Year	-	-
- Identified in the current year relating to Prior Year	-	-
Written-off by Council:	-	-
- Current Year	-	-
- Prior Year	-	-
Closing Balance	-	-

53. ADDITIONAL DISCLOSURES IN TERMS OF APPLICABLE LEGISLATION

53.1 MUNICIPAL FINANCE MANAGEMENT ACT

53.1.1 Contributions to Organised Local Government - SALGA

	2024 R	2023 R
Opening Balance	-	-
Council Subscriptions	2 889 966	2 706 388
Amount Paid - current year	(2 889 966)	(2 706 388)

Balance Unpaid (included in Creditors)

-	-
---	---

53.1.2 Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Contributions	37 749 841	34 291 800
Amount Paid - current year	(37 749 841)	(34 291 800)

Balance Unpaid (included in Creditors)

-	-
---	---

53.1.3 Audit Fees

Opening Balance	-	696 386
Current year Audit Fees	5 873 937	5 648 994
Amount Paid - current year	(5 873 937)	(6 345 380)

Balance Unpaid (included in Creditors)

-	-
---	---

53.1.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	15 816
Current year Payroll Deductions	37 759 718	32 379 091
Amount Paid - current year	(37 759 718)	(32 394 907)

Balance Unpaid (included in Creditors)

-	-
---	---

53.1.5 VAT

The net of VAT input receivables and VAT output payables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

53.1.6 Councillor's arrear Consumer Accounts

No Councillor had arrear account outstanding for more than 90 days as at 30 June 2024:

30 June 2024	Total	Outstanding up to 90 days	Outstanding more than 90 days
AP Hess	954	954	-
CS Steyn	478	478	-
DB Janse	1 411	1 411	-
SW Van Eeden	1 658	1 658	-
TVE Coetzee	8 295	8 295	-
Total Councillor Arrear Consumer Accounts	12 795	12 795	-

During the financial year under review one Councillor was in arrears for more than 90 days, however the property is let out to a tenant who has not paid the municipal account. No other Councillor (present or past) was in arrear with the settlement of their municipal accounts for more than 90 days.

30 June 2023	Total	Outstanding up to 90 days	Outstanding more than 90 days
L Prince	3 159	3 159	-
G Visagie	29 559	1 315	28 244
CS Steyn	451	451	-
SM Jansen	1 174	1 174	-
SW Van Eeden	1 366	1 366	-
Total Councillor Arrear Consumer Accounts	35 709	7 465	28 244

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

53.1.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(1) of the Municipal Supply Chain Management Policy approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

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

30 June 2024

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
1	15	1	1 615 215
4	28	11	10 866 605
2	16	9	1 051 172
6	21	33	5 131 790
2	21	8	2 009 013
4	18	19	5 535 491
1	16	11	2 596 822
2	18	14	7 479 568
6	35	7	3 005 224
1	18	9	3 141 770
3	18	24	16 402 966
1	9	13	1 912 416
33	233	159	60 748 052

30 June 2023

Months
July
August
September
October
November
December
January
February
March
April
May
June

Single Supplier	Impractical	Emergency	Amount
3	10	2	1 017 811
6	45	11	3 071 803
9	9	8	1 897 417
6	12	7	5 242 219
7	25	12	2 810 700
3	16	6	2 474 462
4	10	6	918 143
2	18	5	856 213
3	12	4	1 177 046
5	21	7	3 160 375
4	21	8	1 408 806
2	37	12	4 428 270
54	236	88	28 463 265

53.1.8)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

	Lost Units	Tariff	Value
30 June 2024	16 011 097	2,4631	39 437 574
30 June 2023	10 595 405	2,1400	22 674 167

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

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

	2024	2023
Volumes in kWh/year:		
System Input Volume	278 167 053	269 505 816
Billed Consumption	262 155 956	258 910 411
Unaccounted	16 011 097	10 595 405
Normal distribution losses - 8% of electricity purchases	<u>16 011 097</u>	<u>10 595 405</u>
Percentage Distribution Loss	5,76%	3,93%

Water:

	Lost Units	Tariff	Value
30 June 2024	<u>1 438 540</u>	<u>8,5760</u>	<u>12 336 977</u>
30 June 2023	<u>1 019 320</u>	<u>8,0300</u>	<u>8 185 140</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

	2024	2023
Volumes in KI/year:		
System Input Volume	7 692 720	7 547 120
Billed Consumption	(6 254 180)	(6 527 800)
Distribution Loss	<u>1 438 540</u>	<u>1 019 320</u>
Percentage Distribution Loss	18,70%	13,51%

53.2 BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

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

54. COMMITMENTS FOR EXPENDITURE

54.1 Capital Commitments

- Already Contracted for but not provided (Incl VAT)

Property, Plant and Equipment
Community
Other

165 383 154	197 174 308
98 247 959	173 996 194
4 906 233	17 206 205
62 228 963	5 971 909

- Already Contracted for but not provided (Exl VAT)

Property, Plant and Equipment
Community Assets
Other Assets

143 811 438	171 455 920
85 433 007	151 301 038
4 266 289	14 961 917
54 112 142	5 192 965

55. FINANCIAL INSTRUMENTS

55.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

Financial Assets at Amortised Cost:

Non-current Long-term Receivables	Housing Selling Schemes	183 187	-
Non-current Long-term Receivables	Trading Service Debtors	1 297 925	460 483
Receivables from Exchange Transactions	Electricity	36 172 985	24 312 665
Receivables from Exchange Transactions	Refuse	4 349 890	4 632 396
Receivables from Exchange Transactions	Sewerage	4 632 652	4 755 753
Receivables from Exchange Transactions	Merchandising, Jobbing and Contracts	4 412	4 412
Receivables from Exchange Transactions	Other Service Charges	475 744	224 549
Receivables from Exchange Transactions	Water	8 194 030	6 498 381
Receivables from Exchange Transactions	Affiliated/Related Parties/Associated	-	-
Receivables from Exchange Transactions	Property Rental Debtors	1 009 958	693 639
Receivables from Exchange Transactions	Housing Selling Scheme	105 309	-
Receivables from Exchange Transactions	Other Debtors	18 667	18 667
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	-	-
Receivables from Non-exchange Transactions	Insurance Claims	-	-
Receivables from Non-exchange Transactions	Unauthorised, Irregular, Fruitless and	(58 191)	(32 907)
Receivables from Non-exchange Transactions	Other Receivables	13 300 844	3 051 518
Receivables from Non-exchange Transactions	Accrued Income	3 341	3 341
Receivables from Non-exchange Transactions	Deposits	8 158 511	8 158 511
Cash and Cash Equivalents	Call Deposits	187 200 669	186 908 950
Cash and Cash Equivalents	Bank Balances	109 884 979	178 120 890
Cash and Cash Equivalents	Cash Floats and Advances	8 950	9 200
Current Long-term Receivables	Bursary Obligations	271 923	-
Current Long-term Receivables	Housing Selling Schemes	432 654	-
Investments	Listed Shares	154 537	137 205
Total Financial Assets		375 802 976	417 957 653

FINANCIAL LIABILITIES:

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

Financial Liabilities at Amortised Cost:

Non-current Finance Lease Obligations	Non-current Finance Lease Obligations	9 879 052	13 572 532
Non-current Borrowings	Development Bank of South Africa	21 000 000	27 977 974
Consumer Deposits	Electricity	6 837 799	6 322 470
Consumer Deposits	Water	8 355 109	8 191 656
Consumer Deposits	Other Deposits	3 669 668	3 010 624
Payables from Exchange Transactions	Other Payables	14 294 302	10 193 451
Payables from Exchange Transactions	Retentions	29 746 495	7 643 499
Payables from Exchange Transactions	Trade Creditors	77 901 767	68 831 770
Unspent Conditional Grants and Receipts		17 698 711	14 287 574
Current Finance Lease Obligations	Current Finance Lease Obligations	3 705 405	3 470 409
Current Borrowings	Development Bank of South Africa	2 365 325	4 079 506
Total Financial Liabilities		195 453 633	167 581 465

No Financial Instruments of the municipality have been reclassified during the year.

55.2 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 24. and the Statement of Changes in Net Assets.

Gearing Ratio

	2024 R	2023 R
The gearing ratio at the year-end was as follows:		
Debt	36 949 782	49 100 421
Cash and Cash Equivalents	(297 094 598)	(365 039 040)
Net Debt	<u>(260 144 816)</u>	<u>(315 938 619)</u>
Equity	<u>1 064 344 685</u>	<u>1 014 860 864</u>
Net debt to equity ratio	<u>24,44%</u>	<u>31,13%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

55.3 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

55.4 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 55.8 to the Annual Financial Statements.

55.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 55.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

55.5.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

55.5.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank, Investec and Standard Bank. No investments with a tenure exceeding twelve months are made.

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

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 25 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 55.8 below:

Cash and Cash Equivalents:

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2024 would have increased / decreased by R827 644 (30 June 2023: R904 263). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

55.6 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

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

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

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

	2024	2023
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Investments	154 537	137 205
Long-term Receivables	1 297 925	460 483
Receivables from Exchange Transactions	57 457 353	42 496 094
Receivables from Non-exchange Transactions	21 404 505	11 180 463
Bank, Cash and Cash Equivalents	297 094 598	365 039 040
Maximum Credit and Interest Risk Exposure	377 408 918	419 313 285
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:		
	%	%
Exchange Debtors:		
- Service Debtors	74,91%	76,36%
- Other Receivables	1,10%	1,23%
- Other Debtors	0,01%	0,02%
- Prepayments and Advances	1,81%	1,45%
Non-Exchange Debtors:		
- Other not Classified	22,21%	20,94%
Total Credit Risk	100,04%	100,00%
Bank and Cash Balances		
ABSA Bank Ltd - Primary Bank Account	109 884 979	178 120 890
Depositor Plus	25 327 072	25 161 718
ABSA - Limited Call Account - 2081025675	-	40 732 329
ABSA - Limited Call Account - 2081090888	-	40 376 460
ABSA - Limited Call Account - 2081094573	-	40 331 047
Nedbank - Call Account- 03/7881034971/000060	-	40 307 397
ABSA - Limited Call Account - 2081590503	40 541 839	-
ABSA - Limited Call Account- 2081025675	40 531 210	-
Standard Bank - 288476905 - 024	40 410 301	-
Standard Bank - 288476905 - 025	40 390 247	-
Cash Equivalents	8 950	9 200
Total Bank and Cash Balances	297 094 598	365 039 041

Credit quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Total Receivables from Non-exchange Transactions	20 210 894	10 765 695
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Credit quality Groupings:

High - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Medium - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Low - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing, have been renegotiated in the last year.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

55. FINANCIAL INSTRUMENTS (Continued)

55.1 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2024		%	R	R	R	R		R
Non-interest Bearing		-	158 503 851	158 503 851	-	-	-	-
Semi Floating Interest Rate Instruments		6,17%	36 949 782	36 949 782	-	-	-	-
			195 453 633	195 453 633	-	-	-	-
30 June 2023								
Non-interest Bearing		-	118 481 044	118 481 044	-	-	-	-
Semi Floating Interest Rate Instruments		6,17%	49 100 421	49 100 421	-	-	-	-
			167 581 465	167 581 465	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2024		%	R	R	R	R		R
Non-interest Bearing		- %	78 562 791	78 562 791	-	-	-	-
Variable Interest Rate Instruments		9,91%	297 240 185	297 240 185	-	-	-	-
			375 802 976	375 802 976	-	-	-	-
30 June 2023								
Non-interest Bearing		-%	52 790 608	52 783 608	3 000	3 000	1 000	-
Variable Interest Rate Instruments		7,96%	365 167 045	365 167 045	-	-	-	-
			417 957 653	417 950 653	3 000	3 000	1 000	-

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

55.2 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

56. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. All councillors belong to the Pension Fund for Municipal Councillors, whilst employees belong to a variety of approved Pension and Provident Funds as described below.

56.1 DEFINED BENEFIT SCHEMES

LA Retirement Fund (Previously Cape Joint Pension Fund):

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
LA Retirement Fund	June 2023	1 338 791,00	1 095 867,00	1		
					2024	2023
					R	R
Contributions paid recognised in the statement of financial performance						
LA Retirement Fund					55 044,36	52 225,56

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120,3% (30 June 2022: 111,6%).

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

It is to be noted that :

- (i) The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- (ii) Pensioner liabilities include DB deferred member liabilities and a provision for future expenses related to these categories of membership.
- (iii) The funding level is determined by dividing the value of the assets of the pensioner account by the sum of the pensioner liabilities and the Solvency Reserve
- (v) The processing error reserve account held a negative balance of R10.199 million as at 30 June 2023 representing 0.9% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 111,6% (30 June 2022 - 104,9%).

Cape Retirement Fund:

	Last actuarial valuation	Total assets	Total liabilities	Contributing members		
Cape Retirement Fund	June 2023	633 281	460 127	776		
					2024	2023
					R	R
Contributions paid recognised in the statement of financial performance						
Cape Retirement Fund					25 825 764	23 683 607

The contribution rate payable is 9% by members and 18% by Council.

LANGEBERG LOCAL MUNICIPALITY

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

56.2 DEFINED CONTRIBUTION SCHEMES

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

Contributions paid recognised in the statement of financial performance				2024 R	2023 R
SALA Pension Fund				619 091	649 468
SAMWU National Provident Fund				2 155 618	-
	Last actuarial valuation	Total assets	Total liabilities	Contributing members	
South African Local Authorities Pension Fund	July 2018	14 298 600	14 899 800	18	
Municipal Workers Retirement fund (previously SAMWU National Provident Fund)	July 2015	7 720 948	7 569 557	55	
		<u>22 019 548</u>	<u>22 469 357</u>		

57. RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

57.1 Compensation of Related Parties

Compensation of Close Family Members of Councillors and/or Key Management.
Refer to note 35 and 36 for key management and councillors

	2024 R	2023 R
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57.2 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company	Related	Employer and	Nature of Relationship	Purchases	Purchases
Name	Person	Capacity of person	To Member of Company	for the Year	for the Year
Advocate Ettienne Vermaak	JMC Vermaak	Pharmacist - Karl Bremmer	Hc Spouse to Owner	-	341 049
Annadale Motors BK	E Wagner	PA - Langeberg Municipality	Spouse to Director	134 974	111 494
Bar Vallie Herstel & Ing. Werke	G van Loggerenberg	Teacher - Bonnievale High Sch	Child to Owner	324 350	935 238
Berry Bright	CC Buirman	Police Officer - SAPS	Spouse to Owner	-	-
Capital Security Services	JE Saayman	Ward 6 Community Member - Worcester	Spouse to Shareholder	-	8 860
Ludify	T Williams	Teacher - WCED	Mother to Owner	389 613	556 286
Lumber & Lawn	J van Zyl	Teacher - WCED	Spouse to Director	48 556	89 993
Rob Auto Electric	AWJ Everson	Director Corporate Service Lan	Father-in-law to Owner	184 273	189 068
Robertson Toyota	ZG Schreder	Teacher - WCED	Spouse to Director	108 570	138 531
Van Niekerk & Linde Attorneys	S Rossow	Teacher - WCED	Spouse to Owner	125 177	122 354
Red Ants Security Services	N Lesiela	Practitioner - Mogale Municipality	Spouse to Director	188 008	2 351 767
Geraldine Suppliers	Bridget Cloete	Soldier SA Army - Pretoria	Father to Owner	69 906	5 736
Greenro Solutions	N Thabeng	Forensic Analyst	Spouse to Director	5 275 490	474 963
1 X ENGINEERS (PTY) LTD	RJ MAashegana	Nurse - Department of Health Department of Rural Development and Land reform	Spouse to Director	1 822 596	199 278
Ducharme Consulting	L Mbekweni	Langeberg Municipality - Labour Relations officer	Spouse to Director	483 125	1 124 789
IJM Civil and Construction	IJM Civil and Construction		Spouse to Director	-	29 440
FELICITY DENISE AFRICA	Clint Africa	Police officer - SAPS	Son to Owner	10 000	245 764
Actom Electrical Pro	Tanya Lubbe	Teacher - Gauteng Education Department	Spouse to Director	2 986 534	-
Total Purchases				<u>12 151 173</u>	<u>6 924 610</u>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

LANGEBERG LOCAL MUNICIPALITY

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

58. CONTINGENT LIABILITIES

Contingent Liability arose due to various claims brought against the Municipality. The attorneys suggested that the matters will be defended, due to the circumstances of each.

The likelihood of successfully defending the claims, as well as the timing and possible costs thereof, cannot be determined at this time.

a) Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017 Claim against the municipality for overpaid rates (REF LAN26/0200).	-	269 912
b) P Kleintjies - Water pipe burst causing damage to property	25 000	25 000
c) Reality Dynamix 104 (PTY) LTD - Alleged loss of income due to sale of erven being cancelled	15 800 000	15 800 000
d) Japie Oosthuizen, Onverwacht Flora - Veld Fire McGregor - Loss of Income	2 725 037	2 725 037
e) Jaco Oosthuizen, Dwarswater - Veld Fire McGregor - Damage to Fencing / Plants	317 511	317 511
f) Deon Mouries (Wade Mouries) - A minor child fell in a manhole and drowned in Main Road Ashton on 20 June 2022 (High Court Case no 7541/23)	7 480 000	7 480 000
g) Jan Loots - Pothole Claim (notice received intention legal proceedings)	5 850	5 850
h) ACM Vermeulen // Gerrit Johnson CBR6932	-	5 465
i) C De Vries // Octavia Liemens CBR2344	-	7 789
j) Susan Fourie - claims for injuries sustained falling on side walk in front of Ackermans Robertson	90 000	-
k) CBR14573 Toyota Hilux / with TP Tybault Jaramba CAA116089	49 000	-

26 492 398	26 636 564
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59. CONTINGENT ASSETS

59.1 Court Proceedings:

a) Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.	2 100 000	2 100 000
b) Langeberg Municipality vs WCB Holdings(PTY) LTD due to a calculation error on the bill of quantities.	791 226	791 226

2 891 226	2 891 226
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60. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive in-kind donations and assistance during the 2023/2024 financial year.

61. ANALYSIS OF AGENCY ACCOUNTING

Prepaid Electricity Vendor	5 527 576	4 716 688
Third Party Vendor	188 092	193 889
Fees as compensation to agents (Vendors)	5 715 668	4 910 577

No resources were held by the agents on behalf of the municipality.

Terminations process will be followed per contract agreement due to non adherences of contract agreement requirements



 AUDITOR GENERAL
 SOUTH AFRICA
 Working to build public confidence
 30 November 2024

LANGEBERG LOCAL MUNICIPALITY

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

62. EVENTS AFTER THE REPORTING DATE

Determination of Upper Limits of Salaries, Allowances, and Benefits of Municipal Councillors

On 17 October 2024, the Minister of Cooperative Governance and Traditional Affairs (COGTA) published Government Gazette 51407, Volume 712, detailing the Determination of Upper Limits of Salaries, Allowances and Benefits for various members of municipal councils. This determination approved new upper limits that apply retrospectively from 1 July 2023.

The approved adjustments impact the remuneration for Langeberg Municipality councillors for the 2023/24 financial year, resulting in a net increase in salaries and allowances totalling **R288,652.75**. The financial impact by member is as follows:

Councillors with an increase in Remuneration

Portfolio	Name	Amount
Executive Mayor	S W van Eeden	28 669
Speaker	P Hess	22 936
Deputy Mayor	J G Steenkamp	22 936
Mayco Members	C Steyn	21 833
Mayco Members	D A T Felix	21 833
Mayco Members	J C J Coetzee	21 833
Mayco Members	R S Henn tot	21 833
MPAC Chairperson (Section 79)	D J September	11 645
Ordinary Councillors	C J Grootboom	9 073
Ordinary Councillors	C J Pokwas	9 073
Ordinary Councillors	J Mafilika	9 073
Ordinary Councillors	JJS Januarie	9 073
Ordinary Councillors	L Gxowa	9 073
Ordinary Councillors	A Ndongeni	9 073
Ordinary Councillors	L L Kahla	9 073
Ordinary Councillors	M G Oostenberg-Kraukamp	9 073
Ordinary Councillors	D B Janse	9 073
Ordinary Councillors	Y Siegel	9 073
Ordinary Councillors	T van Eeden Coetzee	9 073
Ordinary Councillors	M Gertse	9 073
Ordinary Councillors	L J Prince	9 073
Councillors with a Decrease in Remuneration	S E Rensburg	(1 954)
Councillors with a Decrease in Remuneration	C Baartman	(860)
Total Financial Impact:		288 653

Since this event was authorized and published after the reporting date, it is classified as a non-adjusting event per International Public Sector Accounting Standards (IPSAS) guidelines. Consequently, no adjustments are made in the financial statements for the year ended 30 June 2024. However, the increase will be implemented in the following financial period as per the guidance provided in the government gazette.

63. GOING CONCERN ASSESSMENT

Langeberg Municipality continued to generate accounting and operating surpluses in 2024 annual financial year.

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term.

The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

LANGEBERG LOCAL MUNICIPALITY

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

64. SEGMENT REPORTING

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has five primary reportable segments:

- The segment for Community Services:-

This segment consists of all services for community & social development and and sport & recreation.

- The segment for Road Transport:-

This segment consists of all services for the providing of road transport to the community

- The segment for Trading Services:-

This segment consists of the following infrastructure services delivered to the community.

- - Energy Sources:-

This segment consists of all services for energy supply to the community.

- - Waste Management:-

This segment consists of all services for the management of solid waste in the municipal area.

- - Wastewater Management:-

This segment consists of all services for the management of waste water, including sewage, in the municipal area.

- - Water Management:-

This segment consists of all services for water supply to the community.

- The segment for Other Services:-

This segment consists of other variance services rendered in the municipal jurisdiction area.

No individually material operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on non-financial metrics and the segment's operating surplus or deficit, measured consistently with the accounting policies applied in the Annual Financial Statements. However, the municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group. Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The municipality operates within the following geographical areas:

WARD	AREA
Ward 1	Robertson
Ward 2	Robertson Nkqubela
Ward 3	Robertson
Ward 4	Bonnievale (Happy Valley)
Ward 5	McGregor
Ward 6	Robertson
Ward 7	Montagu
Ward 8	Bonnievale
Ward 9	Ashton
Ward 10	Ashton Zolani
Ward 11	Ashton Rural
Ward 12	Montagu

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

64.1 Segmental Analysis of Financial Performance

Year Ended 30 June 2024

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
	R	R	R	R	R	R		
REVENUE								
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	101 162 835	101 162 835
Fines, Penalties and Forfeits	26 349	-	6 000	-	-	-	11 353 550	11 385 899
Service Charges	-	-	1 657 527	-	2 247 067	1 201 482	-	5 106 076
Transfers and Subsidies	-	34 114 518	8 931 917	13 042 737	14 670 753	8 279 830	113 435 894	192 475 649
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	2 039 506	2 039 506
Revenue from Exchange Transactions								
Licences and Permits	151 959	-	7 985	-	-	-	2 077 942	2 237 886
Service Charges	-	-	561 442 898	31 239 545	32 213 124	58 764 244	(5 106 076)	678 553 735
Sales of Goods and Rendering of Services	466 001	-	637	1 640 907	-	-	3 271 343	5 378 888
Income from Agency Services	-	-	-	-	-	-	15 120 431	15 120 431
Rental from Fixed Assets	820 075	63	-	-	-	-	2 966 442	3 786 580
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	36 974 555	36 974 555
Operational Revenue	-	61 305	3 418 204	-	-	6 529	8 519 218	12 005 256
Gains on Other Operations	-	-	-	-	-	-	17 332	17 332
Gains on Disposal of Property, Plant and Equipment	(95 163)	(14 471)	(329 037)	(495)	(7)	(24 061)	463 234	-
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	(120 375)
Inventory Losses	-	-	-	-	-	-	(281 368)	(281 368)
Total Revenue	1 369 221	34 161 415	575 136 131	45 922 694	49 130 937	68 228 024	292 014 838	1 065 842 885
EXPENDITURE								
Employee Related Costs	39 424 625	10 387 436	23 209 429	27 615 052	16 736 987	19 233 661	134 782 386	271 389 576
Remuneration of Councillors	-	-	-	-	-	-	11 830 452	11 830 452
Depreciation and Amortisation	3 591 994	9 507 224	6 463 157	3 598 841	5 011 394	8 608 030	15 574 110	52 354 750
Impairment Losses	-	-	3 496 993	4 905 671	6 422 778	7 160 353	-	-
- Total Losses, Including PPE	32 584	46 301	3 670 725	3 898 218	5 620 481	5 619 223	(2 807 579)	16 079 953
- Bad Debts Written Off	-	-	31 357	1 007 759	802 626	1 546 564	10 461 224	13 849 530
Interest, Dividends and Rent on Land	-	-	2 631 537	10 115 268	399 436	106 122	8 684 594	21 936 957
Bulk Purchases	-	-	486 280 892	-	-	-	-	486 280 892
Contracted Services	2 063 695	2 722 145	3 433 429	3 619 035	8 131 069	9 560 653	17 619 504	47 149 530
Inventory Consumed	3 093 559	9 164 251	6 050 899	6 613 135	7 052 599	7 927 010	9 610 743	49 512 196
Transfers and Subsidies Paid	408 576	-	-	-	-	-	2 926 250	3 334 826
Operating Leases	-	-	-	-	-	-	38 616	38 616
Operational Costs	1 093 471	811 048	1 423 285	(4 338 914)	903 259	779 924	41 926 815	42 598 888
Loss on Disposal of Property, Plant and Equipment	32 584	46 301	205 089	306	329	5 434	(290 043)	-
Total Expenditure	49 741 088	32 684 706	533 399 799	52 128 700	44 658 180	53 386 621	250 357 072	1 016 356 166
Surplus/(Deficit) for the Year	(48 371 867)	1 476 709	41 736 332	(6 206 006)	4 472 757	14 841 402,76	41 657 766	49 486 719

LANGEBERG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
LANGEBERG LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

Year Ended 30 June 2023

Description	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other	Total for Municipality
REVENUE		R	R	R	R	R		
Revenue from Non-exchange Transactions								
Property Rates	-	-	-	-	-	-	96 635 339	96 635 339
Fines, Penalties and Forfeits	26 471	-	74 606	-	-	-	11 472 809	11 573 886
Service Charges	-	-	1 411 196	-	1 043 199	1 216 047	-	3 670 443
Transfers and Subsidies	1 360 550	32 205 317	785 693	15 502 662	18 242 293	13 772 169	78 283 301	160 151 985
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	1 580 727	1 580 727
Revenue from Exchange Transactions	-	-	-	-	-	-	-	-
Licences and Permits	188 315	2 280	7 871	-	-	-	1 963 618	2 162 084
Service Charges	-	-	486 942 129	32 745 352	30 409 279	53 984 191	(3 670 443)	600 410 508
Sales of Goods and Rendering of Services	554 068	-	329 299	133 752	-	-	2 679 549	3 696 667
Income from Agency Services	-	-	-	-	-	-	14 623 618	14 623 618
Rental from Fixed Assets	800 143	63	-	-	-	-	2 968 430	3 768 636
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	32 678 712	32 678 712
Operational Revenue	-	33 348	-	-	-	15 399	10 517 936	10 566 683
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	1 631 532	1 631 532
Inventory Losses	-	-	-	-	-	-	(75 047)	(75 047)
Total Revenue	2 929 547	32 241 008	489 550 794	48 381 766	49 694 771	68 987 806	251 290 081	943 075 773
EXPENDITURE								
Employee Related Costs	37 916 931	9 153 112	21 142 227	22 582 059	15 497 013	16 355 797	112 536 724	235 183 863
Remuneration of Councillors	-	-	-	-	-	-	10 817 391	10 817 391
Depreciation and Amortisation	3 325 078	9 288 365	5 677 282	2 400 134	4 888 934	8 098 422	13 313 915	-
Impairment Losses	-	-	(223 383)	3 236 961	4 437 425	5 633 289	-	-
- Total Losses, Including PPE	-	-	(1 384 564)	1 124 987	1 782 215	3 081 780	7 694 827	12 299 245
- Bad Debts Written Off	-	-	1 170 653	2 111 974	2 655 210	2 551 509	8 459 133	16 948 479
Interest, Dividends and Rent on Land	-	-	2 884 401	9 162 300	460 080	124 284	7 712 920	20 343 985
Bulk Purchases	-	-	401 064 972	-	-	5 950 405	-	407 015 377
Contracted Services	2 199 444	1 747 952	974 216	2 320 040	6 365 517	6 499 095	16 921 525	37 027 789
Inventory Consumed	6 546 742	4 565 407	3 957 541	6 336 290	4 206 253	7 265 178	26 873 941	59 751 352
Transfers and Subsidies Paid	60 000	-	-	-	-	-	2 170 418	2 230 418
Operating Leases	-	-	-	-	-	-	46 892	46 892
Operational Costs	1 142 329	(1 108 227)	1 244 551	(6 188 491)	1 411 981	1 277 496	36 200 402	33 980 041
Loss on Disposal of Property, Plant and Equipment	-	-	9 472	-	-	-	498 835	508 307
Total Expenditure	47 865 446	22 935 802	436 272 988	39 695 373	36 694 524	49 148 014	237 492 060	883 145 268
Surplus/(Deficit) for the Year	(44 935 899)	9 305 206	53 277 806	8 686 393	13 000 247	19 839 792,00	13 798 021,00	59 930 505

LANGEBERG LOCAL MUNICIPALITY

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

64.2 Segmental Analysis of Capital Expenditure

2024Description	Budget Amounts	Actual Outcome
CAPITAL EXPENDITURE PER FUNCTION		
Community and Social Services	1 259 000	417 203
Road Transport	87 107 405	61 701 250
Energy Sources	21 482 246	10 730 942
Waste Management	8 316 829	7 771 156
Waste Water Management	38 372 779	35 428 629
Water Management	8 627 495	3 537 897
Other	38 857 072	28 055 304
Total Capital Expenditure	204 022 826	147 642 381

2023Description	Budget Amounts	Actual Outcome
CAPITAL EXPENDITURE PER FUNCTION	R	R
Community and Social Services	2 143 514	2 543 499
Road Transport	47 639 505	9 636 717
Energy Sources	12 335 596	11 589 025
Waste Management	22 162 415	20 709 209
Waste Water Management	23 190 249	20 649 934
Water Management	15 380 679	15 233 437
Other	30 678 378	23 573 066
Total Capital Expenditure	153 530 336	103 934 886

64.3 Segmental Analysis of Financial Position

The main components of the Financial Position that is currently considered, and management, within the defined municipal segments have been determined as follows:

LANGEBERG LOCAL MUNICIPALITY

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

64.3.1 Receivables from Exchange and Non-Exchange Transactions

2024	Community and Social Services	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other
Description							
Receivables from Exchange Transactions							
Electricity	-	-	36 172 985	-	-	-	-
Refuse	-	-	-	4 349 890	-	-	-
Sewerage	-	-	-	-	4 632 652	-	-
Water	-	-	-	-	-	8 194 030	-
Other							7 331 219
Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	7 975 260
Other							22 654 758
Total Receivables from Exchange and Non-	-	-	36 172 985	4 349 890	4 632 652	8 194 030	37 961 237

2023	Community and Social Services	Road Transport	Energy Sources	Waste Management	Waste Water Management	Water Management	Other
Description							
Receivables from Exchange Transactions							
Electricity			24 312 665	-	-	-	-
Refuse	-	-	-	4 632 396	-	-	-
Sewerage	-	-	-	-	4 755 753	-	-
Water	-	-	-	-	-	6 498 381	-
Other							10 443 955
Receivables from Non-Exchange Transactions							
Property Rates	-	-	-	-	-	-	7 187 331
Other							12 350 615
Total Receivables from Exchange and Non-	-	-	24 312 665	4 632 396	4 755 753	6 498 381	29 981 901

LANGEBERG LOCAL MUNICIPALITY

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

64.3.2 Property, Plant and Equipment

2024 Description	Community and Social	Road Transport	Energy Sources	Waste Management	Wastewater Management	Water Management	Other	Total for Municipality
Property, Plant and Equipment	76 478 619	214 567 680	148 713 755	49 419 438	130 777 398	184 425 427	214 725 037	1 019 107 354

2023	Community	Road	Energy	Waste	Wastewater	Water	Other	Total for
Property, Plant and Equipment	63 899 281	167 613 939	144 018 835	49 581 468	108 334 226	154 839 696	208 115 560	896 403 005


 AUDITOR GENERAL
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 30 November 2024