

PRINCE ALBERT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024



AUDITOR-GENERAL
SOUTH AFRICA

29 November 2024

Auditing to build public confidence

PRINCE ALBERT LOCAL MUNICIPALITY

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PRINCE ALBERT LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

NATURE OF BUSINESS

Prince Albert Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The Prince Albert Municipality includes the following areas:

Prince Albert

Klaarstroom

Leeu Gamka

EXECUTIVE MAYOR

Ms L Jaquet

DEPUTY MAYOR

Vacant

SPEAKER

Ms MD Jaftha

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor

Ms L Jaquet

Speaker

Ms MD Jaftha

MUNICIPAL MANAGER

Mr Al Hendricks

CHIEF FINANCIAL OFFICER

BHC Metembu

REGISTERED OFFICE

23 Church Street

Prince Albert

6730

Private Bag X53

PRINCE ALBERT

6730

AUDITORS

Office of the Auditor-General (Western Cape)



PRINCE ALBERT LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

PRINCIPLE BANKERS

ABSA Bank, Prince Albert

ATTORNEYS

No appointed attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
South African Local Bargaining Council Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

COUNCILORS OF THE PRINCE ALBERT LOCAL MUNICIPALITY

WARD

1
2
3
4
Proportional
Proportional
Proportional

COUNCILLOR

Ms E Maans
Ms L Jaquet
Mr SD Koonthea
Ms MD Jaftha
Mr. N A Classen
A Mackay
K Baaidjies



PRINCE ALBERT LOCAL MUNICIPALITY

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2024, which are set out on pages 2 to 134 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

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

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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

Mr N van Stade
Municipal Manager (Acting)

Date



PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R	2023 R
ASSETS			
Non-Current Assets		213 722 183	195 425 554
Property, Plant and Equipment	2	198 426 826	180 165 459
Investment Property	3	13 615 209	13 541 294
Intangible Assets	4	435 148	473 801
Heritage Assets	5	1 245 000	1 245 000
Current Assets		67 023 379	61 852 576
Inventory	7	666 050	720 923
Receivables from Exchange Transactions	8	6 717 220	7 401 963
Receivables from Non-exchange Transactions	9	1 254 470	996 696
Unpaid Transfers and Subsidies	21	-	198 513
Operating Lease Asset	6	106 060	139 058
VAT receivable	18	11 463	-
Cash and Cash Equivalents	10	584 103	464 546
Short-term Investments	10.2	57 684 012	51 930 877
Total Assets		280 745 562	257 278 129
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		31 803 577	30 994 934
Non-current Provisions	12	25 338 117	25 166 324
Non-current Employee Benefits	13	6 465 460	5 828 610
Current Liabilities		31 186 238	26 501 331
Consumer Deposits	14	732 320	657 075
Provisions	15.3	1 271 348	976 957
Current Employee Benefits	15	3 215 998	2 740 265
Trade and Other Payables from Exchange Transactions	16	18 888 660	10 510 105
Unspent Transfers and Subsidies	17	7 077 913	10 300 901
VAT payable	18	-	1 272 987
Current Portion of Long-term Borrowings	11	-	43 042
Total Liabilities		62 989 815	57 496 265
Net Assets		217 755 747	199 781 864
Non-Current Provisions Reserve	19	10 500 000	10 500 000
Accumulated Surplus		207 255 747	189 281 864
Total Net Assets and Liabilities		280 745 562	257 278 129

PRINCE ALBERT LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
REVENUE			
Revenue from Non-exchange Transactions		71 868 116	55 801 754
Taxation Revenue		5 753 706	5 073 221
Property Rates	20	5 753 706	5 073 221
Transfer Revenue		57 361 432	40 260 899
Government Grants and Subsidies - Operating	21	32 605 630	30 924 733
Government Grants and Subsidies - Capital	21	23 046 473	6 831 346
Service in kind	22	1 709 329	2 504 819
Other Revenue		8 752 978	10 467 635
Actuarial Gains	13	370 566	706 531
Fines, Penalties and Forfeits		8 161 929	9 575 080
Interest Earned - Non-exchange Transactions		220 484	186 024
Revenue from Exchange Transactions		49 003 970	40 319 652
Service Charges	24	37 778 373	31 768 365
Sales of Goods and Rendering of Services	25	402 719	509 346
Rent on Land	26	60 781	240 411
Rental from Fixed Assets	27	451 972	439 222
Interest Earned - External Investments	28	6 182 529	4 071 462
Interest Earned - Exchange Transactions	29	1 605 228	1 130 959
Licences and Permits	23	89 637	89 154
Agency Services		286 570	293 874
Operational Revenue	30	2 146 161	1 776 860
Total Revenue		120 872 087	96 121 406
EXPENDITURE			
Employee related costs	31	34 756 012	30 303 188
Remuneration of Councillors	32	3 323 629	3 139 209
Irrecoverable Debt Written Off		4 078 124	18 210 309
Contracted Services	33	8 054 596	7 376 342
Depreciation and Amortisation	34	7 442 664	7 115 369
Actuarial Losses	13	583 791	-
Finance Costs	35	3 250 934	2 726 761
Bulk Purchases	36	17 344 520	14 605 746
Inventory Consumed	7	665 797	437 138
Transfers and Subsidies	37	277 216	704 305
Operational Costs	38	12 939 540	14 638 957
(Reversal of Impairment Loss)/Impairment Loss on Receivables	39	12 356 360	(3 638 300)
Total Expenditure		105 073 183	95 619 025
Operating Surplus/(Deficit) for the Year		15 798 903	502 381
Gains/(Loss) on Sale of Fixed Assets	40	(38 351)	(10)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	2 213 331	(1 986 875)
NET SURPLUS/(DEFICIT) FOR THE YEAR		17 973 883	(1 484 504)



PRINCE ALBERT LOCAL MUNICIPALITY

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

	Capital Replacement Reserve R	Non-Current Provision Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2022	10 500 000	-	194 730 484	205 230 484
Correction of Error note 43	(10 500 000)	10 500 000	(3 964 117)	(3 964 117)
Restated balance	-	10 500 000	190 766 367	201 266 367
Net Surplus/(Deficit) for the year	-	-	(1 484 504)	(1 484 504)
Net Surplus/(Deficit) previously reported	-	-	620 702	620 702
Effects of Correction of Errors - note 43			(2 105 205)	(2 105 205)
Balance at 30 June 2023	-	10 500 000	189 281 864	199 781 864
Restated balance	-	10 500 000	189 281 864	199 781 864
Net Surplus/(Deficit) for the year	-	-	17 973 883	17 973 883
Balance at 30 June 2024	-	10 500 000	207 255 747	217 755 747



PRINCE ALBERT LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		5 469 700	4 913 683
Service Charges		31 205 673	25 665 841
Other Revenue		4 420 485	4 227 343
Government - Operating		32 677 228	32 680 386
Government - Capital		20 352 150	14 522 003
Interest		6 182 529	4 071 462
Cash payments			
Suppliers of goods and services		(31 202 721)	(34 495 850)
Employee related costs		(37 180 283)	(32 582 830)
Finance Charges		(754)	(5 508)
Transfers and Grants		(277 216)	(704 305)
Net Cash from Operating Activities	44	31 646 791	18 292 226
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(25 773 658)	(11 621 734)
Proceeds on Disposal of Fixed Assets		183 991	-
Purchase of Investment Properties		(81 189)	-
Purchase of Intangible Assets		(60 202)	(37 752)
Net Cash from Investing Activities		(25 731 057)	(11 659 486)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowing		(43 042)	(98 333)
Net Cash from Financing Activities		(43 042)	(98 333)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5 872 692	6 534 407
Cash and Cash Equivalents at the beginning of the year		52 395 423	45 861 016
Cash and Cash Equivalents at the end of the year	45 & 46	58 268 116	52 395 423
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5 872 692	6 534 407



PRINCE ALBERT LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

National Treasury Budget Schedules Classification Format	GRAP Annual Financial Statements Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget	Actual Outcome 2023/24	Variance between Final Budget and Actual	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget	Explanations for material variances more than 10%
			R	R	R	R	R	%	%	
ASSETS										
Current Assets										
Cash and cash equivalents	Cash and Cash Equivalents		39 938 936	10 791 566	50 730 502	58 268 116	7 537 614	145.89%	114.86%	Grants from National Government that were budgeted for to be spent at year-end were not completely spent, resulting in cash surplus not budgeted for.
	Cash and cash equivalents					584 103				
	Add:									
	Short-term Investments					57 684 012				
Trade and other receivables from exchange transactions	Receivables from Exchange Transactions		2 182 491	3 989 795	6 172 286	6 717 220	544 934	307.78%	108.83%	Not sufficient capacity in warm-bodies to execute the credit control debt collection processes to the full extent. Manager Revenue was appointed and Accountant Revenue also to be appointed. This was also miss alignment to the budget.
	Receivables from non-exchange transactions		3 912 144	(2 192 036)	1 720 108	1 254 470	(465 638)	32.07%	72.93%	
	Inventory		1 224 513	631 442	1 855 955	666 050	(1 189 905)	54.39%	35.89%	Increased revenue from stricter debt control and collection measures implemented for services Less inventory were at hand at the end of the financial year than what was budgeted for.
	VAT		1 151 843	(61 771)	1 090 072	11 463	(1 078 609)	1.00%	1.05%	
	VAT receivable		1 160 334	91 705	1 252 039	106 060	(1 145 979)	9.14%	8.47%	Included in the budgeted amount was deposits and control, clearing and interface accounts. Deposits are disclosed under receivables from non-exchange transactions, while there was no interface accounts with debit balances.
	Other current assets									
	Operating Lease Asset					106 060				
Total Current Assets		49.2.1	49 570 261	13 250 701	62 820 962	67 023 379	4 202 417	135.21%	106.69%	
Non-Current Assets										
Investment Property	Investment Property		13 691 470	(77 196)	13 614 274	13 615 209	935	99.44%	100.01%	Capital projects that were budgeted for started late in the year resulting in some projects carried forward
Property, Plant and Equipment	Property, Plant and Equipment		214 241 373	(2 872 669)	211 368 704	198 426 826	(12 941 878)	92.62%	93.88%	
Heritage assets	Heritage assets		1 245 000	(1)	1 244 999	1 245 000	1	100.00%	100.00%	
Intangible Assets	Intangible Assets		63 634	345 175	408 809	435 148	26 339	683.83%	106.44%	
Total Non-Current Assets		49.2.2	229 241 477	(2 604 691)	226 636 786	213 722 183	(12 914 603)	93.23%	94.30%	
TOTAL ASSETS			278 811 738	10 646 010	289 457 748	280 745 562	(8 712 186)	100.69%	96.99%	
LIABILITIES										
Current Liabilities										
Financial liabilities			98 333	(55 292)	43 041	-	(43 041)	0.00%	0.00%	
	Current Portion of Long-term Borrowings					-				
	Short-term Borrowings					-				
Consumer Deposits	Consumer Deposits		648 029	9 544	657 573	732 320	74 747	113.01%	111.37%	Due to capital projects starting late in the financial year, several payments in the 2023/24 year were only made after year-end
Trade and other payables from exchange transactions	Trade and Other Payables from Exchange Transactions		4 345 316	3 961 193	8 306 509	18 888 660	10 582 151	434.69%	227.40%	
Trade and other payables from non-exchange transactions			3 472 272	8 157 590	11 629 862	7 077 913		203.84%	60.86%	
	Unspent Transfers and Subsidies					7 077 913				
Provisions			24 383 881	3 550 317	27 934 198	4 487 345	(23 446 853)	18.40%	16.06%	The provision for the rehabilitation of the landfill sites was incorrectly budget for as current liabilities instead of non-current liabilities
	Current Employee Benefits					3 215 998				
VAT			2 525 272	(377 542)	2 147 730	-		0.00%	0.00%	
Total Current Liabilities		49.2.3	35 473 103	15 245 810	50 718 913	31 186 238	(19 532 675)	87.92%	61.49%	
Non-Current Liabilities										
Borrowing	Long-term Borrowings		43 041	(43 041)	-	-	-	0.00%	0.00%	The provision for the rehabilitation of the landfill sites was incorrectly budget for as current liabilities instead of non-current liabilities
Provisions			1 309 001	137 999	1 447 000	31 803 577				
	Non-current Provisions					25 338 117				
	Non-current Employee Benefits					6 465 460				
Other non-current liabilities			2 366 298	187 702	2 554 000	-	(2 554 000)	-100.00%	-100.00%	The post-retirement health care benefits was budgeted for as other non-current liabilities, but is included under non-current provisions in the actual results.
Total Non-Current Liabilities		49.2.4	3 718 340	282 660	4 001 000	31 803 577	27 802 577	855.32%	794.89%	
TOTAL LIABILITIES			39 191 443	15 528 470	54 719 913	62 989 815	8 269 902	160.72%	115.11%	
NET ASSETS			239 620 295	(4 882 460)	234 737 835	217 755 747	(16 982 088)	90.88%	92.77%	
Accumulated Surplus/(Deficit)	Accumulated Surplus/(Deficit)		229 120 295	(4 882 607)	224 237 688	207 255 747	(16 981 941)	90.46%	92.43%	The decrease is due to capital grants under spent, thus not recognising any revenue from capital grants. Furthermore, audit fees were previously treated as per the contribution from National Treasury for fees exceeding 1% of municipal expenditure. This is no longer applicable and had the total audit fees to be expensed against the municipality's account.
Reserves			10 500 000	(0)	10 500 000	10 500 000	0	100.00%	100.00%	
	Non-Current Provisions Reserve					10 500 000				
TOTAL NET ASSETS		49.2.5	239 620 295	(4 882 607)	234 737 688	217 755 747	(16 981 941)	90.88%	92.77%	

The MBRR requires a comparison to be disclosed between the budgeted and actual figures of the municipality. There are however differences in classification of items due to the disclosure requirement of National treasury not being in complete alignment with GRAP. Hence the need to show a reconciliation of the different classifications above.



PRINCE ALBERT LOCAL MUNICIPALITY

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

Description	Original Budget	Budget Adjustments (I.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (I.t.o.Council approved by-law)	Final Budget	Actual Outcome 2023/24	Variance between Final Budget and Actual	Actual Outcome as % of Original Budget	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item
Revenue										
Exchange Revenue										
Service charges	37 632 356	(6 035 200)	31 597 156	-	31 597 156	37 778 373	6 181 217	100.39%	119.56%	The actual revenue agrees almost 100% with the original budget. A calculation error in the adjustment budget lead to this variance
Service charges - Electricity	20 867 105	(4 409 119)	16 457 986	-	16 457 986					
Service charges - Water	6 838 547	(1 337 804)	5 500 743	-	5 500 743					
Service charges - Waste Water Management	6 846 582	(224 124)	6 622 458	-	6 622 458					
Service charges - Waste Management	3 080 122	(64 153)	3 015 969	-	3 015 969					
Sale of Goods and Rendering of Services	368 000	(47 786)	320 214	-	320 214	402 719	82 505	109.43%	125.77%	
Agency services	260 000	(260 000)	(0)	-	-	286 570	286 570	110.22%	100.00%	
Interest earned from Receivables	2 012 746	(523 166)	1 489 580	-	1 489 580	1 605 228	115 648	79.75%	107.76%	
Interest earned from Current and Non Current Assets	4 350 000	231 876	4 581 876	-	4 581 876	6 182 529	1 600 653	142.13%	134.93%	The delay in spending on capital project lead to an increase in interest received from external investments.
Rent on Land	251 540	(191 149)	60 391	-	60 391	60 781	390	24.16%	100.65%	
Rental from Fixed Assets	291 554	238 622	530 176	-	530 176	451 972	(78 204)	155.02%	85.25%	
Licence and permits	-	-	-	-	-	89 637	89 637	100.00%	100.00%	
Operational Revenue	58 000	49 503	107 503	-	107 503	2 146 161	2 038 658	3700.28%	1996.37%	
Non-Exchange Revenue										
Property rates	5 462 877	135 888	5 598 765	-	5 598 765	5 753 706	154 941	105.32%	102.77%	
Fines, penalties and forfeits	1 105 000	(94 680)	510 320	-	510 320	8 161 929	7 651 609	738.64%	1599.37%	The budget for fines was calculated incorrectly.
Licences or permits	140 000	(44 108)	95 892	-	95 892	-	(95 892)	0.00%	0.00%	
Transfer and subsidies - Operational	36 567 850	(240 909)	36 326 941	-	36 326 941	34 314 959	(2 011 982)	93.84%	94.46%	
Government Grants and Subsidies - Operating						32 605 630				
Public Contributions and Donations						-				
Service in kind						1 709 329				
Contributed Property, Plant and Equipment						-				
Interest	233 829	14 556	248 385	-	248 385	220 484	(27 901)	94.29%	88.77%	
Operational Revenue	-	4 650 176	4 650 176	-	4 650 176	-	(4 650 176)	-100.00%	0.00%	Provision was made in the budget for availability fees. The fees levied, however, was for basic charges that is included under service charges
Other Gains	-	-	-	-	-	2 583 897	2 583 897	100.00%	100.00%	No provision was made in the budget for actuarial gains
Total Revenue (excluding capital transfers and contributions)	88 733 752	(2 616 377)	86 117 375	-	86 117 375	100 038 944	13 921 569	112.74%	116.17%	
Expenditure										
Employee related costs	32 548 323	(334 558)	32 213 765	-	32 213 765	34 756 012	2 542 247	106.78%	107.89%	Due to Task Evaluation on all the officials at the Municipality, the budget was not accurately done.
Remuneration of councillors	3 403 636	44 377	3 448 013	-	3 448 013	3 323 629	(124 384)	97.65%	96.39%	
Bulk purchases - electricity	18 315 378	148 927	18 464 305	-	18 464 305	17 344 520	(1 119 785)	94.70%	93.94%	The effect of load shedding and a power outage of almost two weeks in February 2024 resulted in a decrease in electricity bought from Eskom.
Inventory consumed	627 600	89 635	717 235	-	717 235	665 797	(51 438)	106.09%	92.83%	
Debt impairment	4 315 024	(567 509)	3 747 515	-	3 747 515	12 356 360	8 608 845	286.36%	329.72%	The main reason for the under budgeting of debt impairment is the under budgeting for traffic fines.
Depreciation and amortisation	5 747 538	25	5 747 563	-	5 747 563	7 442 664	1 695 101	129.49%	129.49%	Depreciation not correctly budgeted for. PPE unbundled in the current financial year that were still in WIP in the previous financial year that gave rise to Depreciation not budgeted for.
Interest	301 000	272	301 272	-	301 272	3 250 934	2 949 662	1080.04%	1079.07%	The sole reason for this is the recognising of the debt to the Auditor General due to National Treasury's withdrawal from the contribution to audit fees. Huge overdue charges were levied on the outstanding amount.
Contracted services	8 733 658	(626 775)	8 106 883	-	8 106 883	8 054 596	(52 287)	92.22%	99.36%	
Transfers and subsidies	390 000	(130 000)	260 000	-	260 000	277 216	17 216	71.08%	106.62%	
Irrecoverable debts written off	1 301 860	(201 819)	1 100 041	-	1 100 041	4 078 124	2 978 083	313.25%	370.72%	More indigent applications and pensioners application which were not sufficient budgeted for.
Operational costs	13 049 326	(510 337)	12 538 989	-	12 538 989	12 939 540	400 551	99.16%	103.19%	Increased cost of service delivery and operational expenses to provide basic services
Losses on disposal of Assets	-	-	-	-	-	38 351	38 351	100.00%	100.00%	
Other Losses	-	-	-	-	-	583 791	583 791	0.00%	100.00%	Actuarial loss made on long service award liability during the year not budgeted for.
Total Expenditure	88 733 343	(2 087 762)	86 645 581	-	86 645 581	105 111 534	18 465 953	118.46%	121.31%	
Surplus/(Deficit)	409	(528 615)	(528 206)	-	(528 206)	(5 072 590)	(4 544 384)	-1240241.97%	960.34%	
Transfers and subsidies - capital (monetary allocations)	18 982 150	10 428 567	29 410 717	-	29 410 717	23 046 473	(6 364 244)	121.41%	78.36%	
Surplus/(Deficit) after capital transfers & contributions	18 982 559	9 899 952	28 882 511	-	28 882 511	17 973 883	(10 908 628)	94.69%	62.23%	



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

National Treasury Budget Schedules Classification Format	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2023/24	Actual Outcome as % of Final Budget	Explanations for material variances more than 10% of a specific line item
		R	R	R	R	R	%	
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Taxation		5 186 751	131 414	5 318 165	5 318 165	5 469 700	2.85%	
Service Charges		32 410 110	(665 606)	31 744 504	31 744 504	31 205 673	-1.70%	
Other Revenue		1 484 094	(311 705)	1 172 389	1 172 389	4 420 485	277.05%	The budget for this item was incorrect.
Government - Operating		34 367 850	1 959 091	36 326 941	36 326 941	32 677 228	-10.05%	
Government - Capital		18 982 150	10 428 567	29 410 717	29 410 717	20 352 150	-30.80%	Inability to spend all grants as a result of delayed and terminated projects
Interest		4 350 000	231 876	4 581 876	4 581 876	6 182 529	34.93%	Mainly due to the delay in the start of capital projects.
Payments								
Suppliers and Employees		(77 790 321)	4 438 830	(73 351 491)	(73 351 491)	(68 383 005)	-6.77%	
Finance costs		-	-	-	-	(754)	100.00%	
Transfers and Grants		-	-	-	-	(277 216)	100.00%	
Net Cash from/(used) Operating Activities	49.2.8	18 990 634	16 212 467	35 203 101	35 203 101	31 646 791	-10.10%	
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE		-	-	-	-	183 991	100.00%	Proceeds on disposal of asset received from insurance claim not budgeted for.
Payments								
Capital Assets		(27 200 044)	(9 847 197)	(37 047 241)	(37 047 241)	(25 915 049)	-30.05%	Inability to spend and execute grant programme for the financial year fully.
Net Cash from/(used) Investing Activities	49.2.9	(27 200 044)	(9 847 197)	(37 047 241)	(37 047 241)	(25 731 057)	-30.55%	
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Increase/(Decrease) in Consumer Deposits		648 029	9 544	657 573	657 573	-	0.00%	
Payments								
Repayment of Borrowing		(51 000)	(272)	(51 272)	(51 272)	(43 042)	100.00%	
Net Cash from/(used) Financing Activities	49.2.10	597 029	9 272	606 301	606 301	(43 042)	0.00%	
NET INCREASE/(DECREASE) IN CASH HELD								
Cash and Cash Equivalents at the year begin:		(7 612 381)	6 374 542	(1 237 839)	(1 237 839)	5 872 692	-574.43%	
Cash and Cash Equivalents at the year end:		45 417 357	6 978 064	52 395 421	52 395 421	52 395 423	0.00%	
		37 804 976	13 352 606	51 157 582	51 157 582	58 268 115	13.90%	



PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

The key functional segments comprise of:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	Types of Goods/Services delivered
Vote 1 - Executive & Council	1.1 - Municipal Manager	Aggregated	Governance and Administration	Supporting service departments
	1.2 - Council General Expenses	Aggregated	Governance and Administration	Supporting service departments
Vote 2 - Director Finance	2.1 - Financial Services	Aggregated	Governance and Administration	Supporting service departments
	2.2 - Property Rates	Aggregated	Governance and Administration	Supporting service departments
Vote 3 - Director Corporate and Community	3.1 - IDP	Aggregated	Governance and Administration	Supporting service departments
	3.2 - Strategic Services	Aggregated	Governance and Administration	Supporting service departments
	3.3 - Corporate Services	Aggregated	Governance and Administration	Supporting service departments
Vote 4 - Director Corporate and Community	4.1 - Cemeteries	Aggregated	Community and Public Safety	Cleansing Services provided as well as Library services, community hall rentals, Recreation centers, Airfield Rental
	4.2 - Library	Aggregated	Community and Public Safety	
	4.3 - Disaster Management	Aggregated	Community and Public Safety	
	4.4 - Community Halls	Aggregated	Community and Public Safety	
	4.5 - Traffic Control	Aggregated	Community and Public Safety	
	4.6 - Housing	Aggregated	Community and Public Safety	
	4.7 - Sport and Recreation	Aggregated	Community and Public Safety	
	4.8 - Tourism	Aggregated	Community and Public Safety	
Vote 5 - Director Technical Services	5.1 - Electricity Services	Aggregated	Technical Services	Maintenance of infrastructure and management of services for basic service delivery
	5.2 - Water Services	Aggregated	Technical Services	
	5.3 - Sewerage	Aggregated	Technical Services	
	5.4 - Refuse	Aggregated	Technical Services	
	5.5 - Public Works	Aggregated	Technical Services	

SECONDARY SEGMENTS

Mscqa Functional Segments Identified

Mscqa Functional Segments Identified	Aggregation	Aggregation	Reportable Segment	Types of Goods/Services delivered
• Governance and Administration	Executive and council	Aggregated	Governance and Administration	Supporting service departments
	Finance and administration	Aggregated	Governance and Administration	Supporting service departments
• Community and public safety	Community and social services	Aggregated	Community and public safety	Library services, Community halls rentals and recreation centers
	Sport and recreation	Aggregated	Community and public safety	
	Public safety	Aggregated	Governance and Administration	Traffic and Fire Services
• Economic and environmental services	Planning and development	Aggregated	Economic and environmental services	Building plans
	Road transport	Aggregated	Governance and Administration	Maintenance of roads
• Trading services	Energy sources	Individually Reported	Energy sources	Electricity services
	Water management	Individually Reported	Water management	Water management
	Waste water management	Individually Reported	Waste water management	Waste water management
	Waste management	Individually Reported	Waste management service	Waste management service
• Other	Tourism	Aggregated	Governance and Administration	Tourism

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

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.



PRINCE ALBERT LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Executive and Council	Director Finance	Director Corporate Services	Director Community Services	Director Technical Services	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	-	6 474 302	750 408	2 582 914	39 196 347	49 003 970
Service Charges - Electricity Revenue	-	-	-	-	21 718 439	21 718 439
Service Charges - Water Revenue	-	-	-	-	6 531 834	6 531 834
Service Charges - Sanitation Revenue	-	-	-	-	6 541 288	6 541 288
Service Charges - Refuse Revenue	-	-	-	-	2 986 812	2 986 812
Sales of Goods and Rendering of Services	-	82 498	281 509	38 712	-	402 719
Agency Services	-	-	-	286 570	-	286 570
Interest Earned - Outstanding Debtors	-	187 255	-	-	1 417 973	1 605 228
Interest Earned - External Investments	-	6 182 529	-	-	-	6 182 529
Rent on Land	-	-	60 781	-	-	60 781
Rental from Fixed Assets	-	-	333 491	118 481	-	451 972
Licences and Permits	-	-	-	89 637	-	89 637
Operational Revenue	-	22 020	74 628	2 049 513	-	2 146 161
External revenue from non-exchange transactions	28 706 059	8 547 691	81 029	8 304 254	3 182 612	48 821 644
Property Rates	-	5 753 706	-	-	-	5 753 706
Fines	-	19 533	-	8 142 396	-	8 161 929
Transfers Recognised - Operational	28 706 059	2 183 402	81 029	161 857	1 473 283	32 605 630
Transfers Recognised - Operational (Allocations-in-Kind)	-	-	-	-	1 709 329	1 709 329
Interest Earned - Outstanding Debtors	-	220 484	-	-	-	220 484
Other Gains	-	370 566	-	-	-	370 566
Total Segment Revenue (excluding capital transfers and contributions)	28 706 059	15 021 993	831 437	10 887 167	42 378 958	97 825 614
SEGMENT EXPENDITURE						
Employee Related Costs	2 008 829	6 645 797	5 894 859	6 599 415	13 607 112	34 756 012
Remuneration of Councillors	3 323 629	-	-	-	-	3 323 629
Bulk Purchases	-	-	-	-	17 344 520	17 344 520
Other Materials	-	30 253	12 906	83 829	460 237	587 226
Debt Impairment	-	1 915 516	-	7 532 943	2 907 902	12 356 360
Depreciation and Asset Impairment	29 958	390 692	147 553	674 013	3 987 118	5 229 334
Finance Charges	-	969 770	314	101	2 280 608	3 250 792
Contracted Services	703 960	2 630 744	165 802	463 643	4 169 019	8 133 167
Transfers and Subsidies	-	-	137 216	140 000	-	277 216
Irrecoverable Debts Written Off	-	820 516	-	-	3 257 608	4 078 124
Operational Costs	620 473	4 902 406	2 775 936	702 519	3 938 347	12 939 681
Losses on disposal of Assets	-	-	-	38 351	-	38 351
Other Losses	-	583 791	-	-	-	583 791
Total Segment Expenditure	6 686 849	18 889 484	9 134 586	16 234 813	51 952 472	102 898 204
Surplus/(Deficit)	22 019 210	(3 867 491)	(8 303 149)	(5 347 646)	(9 573 513)	(5 072 590)
Transfers Recognised - Capital	745 365	-	-	-	22 301 108	23 046 473
Surplus/(Deficit) after Capital Transfers & Contributions	22 764 574	(3 867 491)	(8 303 149)	(5 347 646)	12 727 595	17 973 883
Surplus/(Deficit) after Taxation	22 764 574	(3 867 491)	(8 303 149)	(5 347 646)	12 727 595	17 973 883
Surplus/(Deficit) Attributable to Municipality	22 764 574	(3 867 491)	(8 303 149)	(5 347 646)	12 727 595	17 973 883
Surplus/(Deficit) for the year	22 764 574	(3 867 491)	(8 303 149)	(5 347 646)	12 727 595	17 973 883



PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024

	Governance and Administration	Community and Public Safety	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R	R	R	R	R	R	
SEGMENT REVENUE									
External revenue from exchange transactions	7 224 710	2 582 914	-	21 813 453	7 102 843	6 970 516	3 309 534	-	49 003 970
Service Charges - Electricity Revenue	-	-	-	21 718 439	-	-	-	-	21 718 439
Service Charges - Water Revenue	-	-	-	-	6 531 834	-	-	-	6 531 834
Service Charges - Sanitation Revenue	-	-	-	-	-	6 541 288	-	-	6 541 288
Service Charges - Refuse Revenue	-	-	-	-	-	-	2 986 812	-	2 986 812
Sales of Goods and Rendering of Services	364 007	38 712	-	-	-	-	-	-	402 719
Agency Services	-	286 570	-	-	-	-	-	-	286 570
Interest Earned - Outstanding Debtors	187 255	-	-	95 014	571 008	429 228	322 723	-	1 605 228
Interest Earned - External Investments	6 182 529	-	-	-	-	-	-	-	6 182 529
Rent on Land	60 781	-	-	-	-	-	-	-	60 781
Rental from Fixed Assets	333 491	118 481	-	-	-	-	-	-	451 972
Licences and Permits	-	89 637	-	-	-	-	-	-	89 637
Operational Revenue	96 648	2 049 513	-	-	-	-	-	-	2 146 161
External revenue from non-exchange transactions	37 253 750	8 304 254	2 208 462	175 000	880 179	-	-	-	48 821 644
Property Rates	5 753 706	-	-	-	-	-	-	-	5 753 706
Fines	19 533	8 142 396	-	-	-	-	-	-	8 161 929
Transfers Recognised - Operational	30 889 461	161 857	1 300 741	175 000	78 571	-	-	-	32 605 630
Transfers Recognised - Operational (Allocations-in-Kind)	-	-	907 721	-	801 608	-	-	-	1 709 329
Interest Earned - Outstanding Debtors	220 484	-	-	-	-	-	-	-	220 484
Other Gains	370 566	-	-	-	-	-	-	-	370 566
Total Segment Revenue (excluding capital transfers and contributions)	44 478 460	10 887 167	2 208 462	21 988 453	7 983 021	6 970 516	3 309 534	-	97 825 614
SEGMENT EXPENDITURE									
Employee Related Costs	13 782 107	6 599 415	9 213 619	963 868	1 851 109	1 157 895	1 187 999	-	34 756 012
Remuneration of Councillors	3 323 629	-	-	-	-	-	-	-	3 323 629
Bulk Purchases	-	-	-	17 344 520	-	-	-	-	17 344 520
Other Materials	43 159	83 829	-	49 783	250 109	9 220	151 125	-	587 226
Debt Impairment	1 915 516	7 532 943	-	(21 450)	1 189 528	991 865	747 959	-	12 356 360
Depreciation and Asset Impairment	(1 645 128)	674 013	2 011 538	411 882	1 359 459	1 472 389	945 180	-	5 229 334
Finance Charges	970 084	101	197	-	-	-	2 280 411	-	3 250 792
Contracted Services	3 454 461	463 643	2 009 729	570 816	1 435 623	122 894	76 001	-	8 133 167
Transfers and Subsidies	137 216	-	-	-	-	-	-	-	277 216
Irrecoverable Debts Written Off	820 516	-	-	61 582	1 567 472	953 104	675 451	140 000	4 078 124
Operational Costs	8 119 882	702 519	2 242 880	688 754	652 271	369 475	163 899	-	12 939 681
Losses on disposal of Assets	-	38 351	-	-	-	-	-	-	38 351
Other Losses	583 791	-	-	-	-	-	-	-	583 791
Total Segment Expenditure	31 505 232	16 094 813	15 477 964	20 069 756	8 305 571	5 076 842	6 228 025	140 000	102 898 204
Surplus/(Deficit)	12 973 227	(5 207 646)	(13 269 502)	1 918 697	(322 550)	1 893 675	(2 918 491)	(140 000)	(5 072 590)
Transfers Recognised - Capital	745 365	-	-	399 338	21 901 771	-	-	-	23 046 473
Surplus/(Deficit) after Capital Transfers & Contributions	13 718 592	(5 207 646)	(13 269 502)	2 318 035	21 579 221	1 893 675	(2 918 491)	(140 000)	17 973 883
Surplus/(Deficit) after Taxation	13 718 592	(5 207 646)	(13 269 502)	2 318 035	21 579 221	1 893 675	(2 918 491)	(140 000)	17 973 883
Surplus/(Deficit) Attributable to Municipality	13 718 592	(5 207 646)	(13 269 502)	2 318 035	21 579 221	1 893 675	(2 918 491)	(140 000)	17 973 883
Surplus/(Deficit) for the year	13 718 592	(5 207 646)	(13 269 502)	2 318 035	21 579 221	1 893 675	(2 918 491)	(140 000)	17 973 883



PRINCE ALBERT LOCAL MUNICIPALITY
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Executive and Council	Director Finance	Director Corporate Services	Director Community Services	Director Technical Services	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	7 178	4 196 612	779 918	2 436 619	32 899 324	40 319 652
Service Charges - Electricity Revenue	-	-	-	-	18 441 881	18 441 881
Service Charges - Water Revenue	-	-	-	-	4 787 099	4 787 099
Service Charges - Sanitation Revenue	-	-	-	-	5 898 145	5 898 145
Service Charges - Refuse Revenue	-	-	-	-	2 641 240	2 641 240
Sales of Goods and Rendering of Services	7 178	41 334	418 484	37 346	-	504 342
Agency Services	-	-	-	293 874	-	293 874
Interest Earned - Outstanding Debtors	-	-	-	-	1 130 959	1 130 959
Interest Earned - External Investments	-	4 071 462	-	-	-	4 071 462
Rent on Land	-	-	55 626	-	-	55 626
Rental from Fixed Assets	-	-	305 808	323 202	-	629 010
Licences and Permits	-	-	-	89 154	-	89 154
Operational Revenue	-	83 816	-	1 693 043	-	1 776 860
External revenue from non-exchange transactions	27 290 196	8 053 919	1 096 226	9 992 843	2 537 224	48 970 408
Property Rates	-	5 073 221	-	-	-	5 073 221
Fines	-	-	-	9 575 080	-	9 575 080
Transfers Recognised - Operational	27 290 196	1 650 000	56 000	417 763	1 510 774	30 924 733
Transfers Recognised - Operational (Allocations-in-Kind)	-	438 143	1 040 226	-	1 026 450	2 504 819
Interest Earned - Outstanding Debtors	-	186 024	-	-	-	186 024
Other Gains	-	706 531	-	-	-	706 531
Total Segment Revenue (excluding capital transfers and contributions)	27 297 374	12 250 532	1 876 144	12 429 463	35 436 548	89 290 060
SEGMENT EXPENDITURE						
Employee Related Costs	1 882 071	6 494 749	5 935 462	4 849 275	11 141 632	30 303 188
Remuneration of Councillors	3 139 209	-	-	-	-	3 139 209
Bulk Purchases	-	-	-	-	14 605 746	14 605 746
Other Materials	-	39 903	-	44 805	352 430	437 138
Debt Impairment	-	259 882	-	8 777 574	(12 675 756)	(3 638 300)
Depreciation and Asset Impairment	54 437	369 657	53 525	647 692	7 976 933	9 102 244
Finance Charges	-	628 008	2 815	923	2 093 744	2 725 490
Contracted Services	1 213 058	3 406 944	164 837	333 988	4 322 496	9 441 323
Transfers and Subsidies	434 305	-	-	270 000	-	704 305
Irrecoverable Debts Written Off	-	242 390	-	-	17 967 919	18 210 309
Operational Costs	809 167	4 930 408	2 197 145	548 496	4 090 030	12 575 247
Losses on disposal of Assets	-	10	-	-	-	10
Total Segment Expenditure	7 532 247	16 371 951	8 353 783	15 472 754	49 875 175	97 605 909
Surplus/(Deficit)	19 765 127	(4 121 419)	(6 477 639)	(3 043 291)	(14 438 627)	(8 315 849)
Transfers Recognised - Capital	1 000 000	-	-	-	5 831 346	6 831 346
Contributions Recognised - Capital	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	20 765 127	(4 121 419)	(6 477 639)	(3 043 291)	(8 607 281)	(1 484 504)
Surplus/(Deficit) after Taxation	20 765 127	(4 121 419)	(6 477 639)	(3 043 291)	(8 607 281)	(1 484 504)
Surplus/(Deficit) Attributable to Municipality	20 765 127	(4 121 419)	(6 477 639)	(3 043 291)	(8 607 281)	(1 484 504)
Surplus/(Deficit) for the year	20 765 127	(4 121 419)	(6 477 639)	(3 043 291)	(8 607 281)	(1 484 504)



PRINCE ALBERT LOCAL MUNICIPALITY
SECONDARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Governance and Administration	Economic and Environmental Services	Economic and Environmental Services	Trading Services				Other	Total
				Energy Sources	Water Management	Waste water management	Waste management		
	R	R	R	R	R	R	R	R	
SEGMENT REVENUE									
External revenue from exchange transactions	4 983 708	2 436 619	-	18 581 066	5 238 376	6 233 822	2 846 060	-	40 319 652
Service Charges - Electricity Revenue	-	-	-	18 441 881	-	-	-	-	18 441 881
Service Charges - Water Revenue	-	-	-	-	4 787 099	-	-	-	4 787 099
Service Charges - Sanitation Revenue	-	-	-	-	-	5 898 145	-	-	5 898 145
Service Charges - Refuse Revenue	-	-	-	-	-	-	2 641 240	-	2 641 240
Sales of Goods and Rendering of Services	466 996	37 346	-	-	-	-	-	-	504 342
Agency Services	-	293 874	-	-	-	-	-	-	293 874
Interest Earned - Outstanding Debtors	-	-	-	139 185	451 277	335 677	204 820	-	1 130 959
Interest Earned - External Investments	4 071 462	-	-	-	-	-	-	-	4 071 462
Rent on Land	55 626	-	-	-	-	-	-	-	55 626
Rental from Fixed Assets	305 808	323 202	-	-	-	-	-	-	629 010
Licences and Permits	-	89 154	-	-	-	-	-	-	89 154
Operational Revenue	83 816	1 693 043	-	-	-	-	-	-	1 776 860
External revenue from non-exchange transactions	36 384 341	9 992 843	1 566 774	-	1 026 450	-	-	-	48 970 408
Property Rates	5 073 221	-	-	-	-	-	-	-	5 073 221
Fines	-	9 575 080	-	-	-	-	-	-	9 575 080
Transfers Recognised - Operational	28 940 196	417 763	1 566 774	-	-	-	-	-	30 924 733
Transfers Recognised - Operational (Allocations-in-Kind)	1 478 369	-	-	-	1 026 450	-	-	-	2 504 819
Interest Earned - Outstanding Debtors	186 024	-	-	-	-	-	-	-	186 024
Other Gains	706 531	-	-	-	-	-	-	-	706 531
Total Segment Revenue (excluding capital transfers and contributions)	41 368 050	12 429 463	1 566 774	18 581 066	6 264 826	6 233 822	2 846 060	-	89 290 060
SEGMENT EXPENDITURE									
Employee Related Costs	13 890 792	4 849 275	7 492 099	448 724	1 653 313	1 075 046	893 940	-	30 303 188
Remuneration of Councillors	3 139 209	-	-	-	-	-	-	-	3 139 209
Bulk Purchases	-	-	-	14 605 746	-	-	-	-	14 605 746
Other Materials	39 903	44 805	-	64 840	100 963	10 812	175 815	-	437 138
Debt Impairment	259 882	8 777 574	-	215 521	(10 494 489)	(1 369 541)	(1 027 247)	-	(3 638 300)
Depreciation and Asset Impairment	2 464 493	647 692	1 459 893	671 103	1 327 710	1 525 636	1 005 717	-	9 102 244
Finance Charges	630 823	923	1 769	-	-	-	2 091 974	-	2 725 490
Contracted Services	4 784 839	333 988	1 803 000	636 296	1 305 360	136 387	441 452	-	9 441 323
Transfers and Subsidies	434 305	-	-	-	-	-	-	270 000	704 305
Irrecoverable Debts Written Off	242 390	-	-	209 018	11 553 202	2 789 009	3 416 690	-	18 210 309
Operational Costs	7 867 090	548 496	1 842 216	786 995	776 590	520 499	233 361	-	12 575 247
Losses on disposal of Assets	10	-	-	-	-	-	-	-	10
Total Segment Expenditure	33 753 736	15 202 754	12 598 977	17 638 243	6 222 649	4 687 847	7 231 703	270 000	97 605 909
Surplus/(Deficit)	7 614 313	(2 773 291)	(11 032 204)	942 823	42 177	1 545 975	(4 385 642)	(270 000)	(8 315 849)
Transfers Recognised - Capital	1 000 000	-	-	-	5 831 346	-	-	-	6 831 346
Contributions Recognised - Capital	-	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	8 614 313	(2 773 291)	(11 032 204)	942 823	5 873 522	1 545 975	(4 385 642)	(270 000)	(1 484 504)
Surplus/(Deficit) after Taxation	8 614 313	(2 773 291)	(11 032 204)	942 823	5 873 522	1 545 975	(4 385 642)	(270 000)	(1 484 504)
Surplus/(Deficit) Attributable to Municipality	8 614 313	(2 773 291)	(11 032 204)	942 823	5 873 522	1 545 975	(4 385 642)	(270 000)	(1 484 504)
Surplus/(Deficit) for the year	8 614 313	(2 773 291)	(11 032 204)	942 823	5 873 522	1 545 975	(4 385 642)	(270 000)	(1 484 504)



PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification 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.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.5. CONSISTENT AND NEW ACCOUNTING POLICIES

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

1.6. MATERIALITY

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

1.7. PRESENTATION OF BUDGET INFORMATION

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

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

Comparable information includes the following:

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

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

Explanations for material differences between the final budget amounts and actual amounts are included in the budget comparison statements.

Explanatory comments are provided for variances between the actual and final budget of more than 10% of the budgeted value, provided that such variances exceed R300 000.

All variances less than R300 000 is considered immaterial.

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 103	<p><u>Heritage assets</u></p> <p>There are proposed amendments to the classification of mixed-use assets, cultural significance and the fair value accounting.</p> <p>The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model.</p> <p>The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2025
GRAP 1: Going concern	<p><u>Presentation of Financial statements: Going concern</u></p> <p>The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure.</p> <p>The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
Improvement to GRAP standards (2023)	<p><u>Improvement to GRAP standards (2023)</u></p> <p>The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the Improvements once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 105, GRAP 106 and GRAP 107 (amendments)	<p>Transfer of Functions and Mergers</p> <p>The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p><u>No significant impact as the Standard is not applicable to the operations of the Municipality.</u></p>	Unknown
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged
iGRAP 22	<p>Foreign Currency Transactions and Advanced Consideration</p> <p>The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.</p> <p>Early adoption of the Interpretation is encouraged.</p> <p>No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.</p>	1 April 2025

1.9. RESERVES

1.9.1. Non-current Provisions Reserve

In terms of legislation on the management and maintenance of landfill sites, the municipality has an obligation to rehabilitate land used for waste activities. GRAP 17 requires the municipality to include an estimate of the cost of rehabilitation as part of the cost of the landfill site asset.

The current obligation is provided for as a non-current provision. When landfill sites have reached the end of their useful lives the rehabilitation costs will result in an outflow of resources.

The Non-current Provisions Reserve was established to ensure sufficient cash resources are available for the future payment of the rehabilitation costs of the landfill sites.

The Reserve was previously treated as a Capital Replacement Reserve.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.10. LEASES

1.10.1. Municipality as Lessee

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

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

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 disclosure of finance lease liability and de-recognition of financial instruments are applied to lease payables.

1.10.2. Municipality as Lessor

Operating leases are those leases that do not fall within the scope of finance lease definition. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise 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.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

- Unspent conditional grants are recognised as a liability when the grant is received.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

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

1.14. PROVISIONS

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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.

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

1.15. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

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

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

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

The Municipality contributes to various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The contributions are recognised as employee benefit expense when they are due.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as a contribution, and the remaining 30% 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 net defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

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

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

(d) 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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

raised. Payments made by the Municipality are set-off against the net defined benefit liability, including notional interest, resulting from the valuation by the actuaries. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(e) 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 the total remuneration package of the employee. In terms of the Collective Agreement for Local Government annual leave shall only be accumulated to a maximum of forty-eight (48) working days. The provision for annual leave is limited to a maximum of 48 days per 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.

(f) Staff Bonuses

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

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition

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

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- Property held by the municipality for strategic purpose.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on the 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 (including dismantling and restoration cost) necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired 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. (including transaction cost)

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period..

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If cost can however not be established, then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

1.16.3. Depreciation and Impairment

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation on assets other than land is calculated on the depreciable amount,

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

<u>Land and Buildings</u>	Years
Land	Indefinite
Buildings	10-100
<u>Infrastructure</u>	
Roads Infrastructure=	1-90
Electricity Infrastructure	1-60
Water Supply Infrastructure	1-80
Sanitation Infrastructure	1-100
Solid Waste Infrastructure	10-100
Storm Water Infrastructure	1-80
<u>Community</u>	
Airports	1-60
Centres/Halls	1-100
Libraries	1-100
Outdoor Facilities	1-100
Parks	1-100
Public Ablution Facilities	1-100
Public Open Spaces	1-100
<u>Finance lease assets</u>	
Office equipment	3
<u>Other</u>	
Transport Assets	1-15
Furniture and Office Equipment	1-20
Machinery and Equipment	1-15
Computer Equipment	1-10

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

Changes to the useful life of assets and residual value 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 accounting estimate

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

Additional considerations for impairment are included for policy 1.20: Impairment of non-financial assets.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

1.16.4. De-recognition

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

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021. For Other Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

1.17.6 Decommissioning and restoration asset

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.20 of the policy.

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

An intangible asset is an identifiable asset without physical substance.

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

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

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

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

Intangible assets are initially recognised at cost.

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

1.17.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite.

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

1.17.3. Amortisation and Impairment

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

<u>Intangible Assets</u>	Years
Computer Software	1-10

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

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

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

1.17.4. De-recognition

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

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost as on 30 June 2021.

1.18. INVESTMENT PROPERTY

1.18.1. Initial Recognition

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 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.

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

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property.

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

Transfers are made to or from investment property only when there is a change in use.

For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property to investment property, measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

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1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

1.18.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

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

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

1.18.4. De-recognition

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

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used to determine the deemed cost as on 30 June 2021.

1.19. HERITAGE ASSETS

1.19.1. Initial Recognition

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

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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.(including transaction cost)

1.19.2. Subsequent Measurement – Cost Model

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

1.19.3. Depreciation and Impairment

Heritage assets are not depreciated.

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

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

Considerations for impairment is included for policy 1.20: Impairment of non-financial assets.

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1.19.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential is 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.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 30 June 2021.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near

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future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;

- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

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

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

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

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1.20.2. Non-cash-generating assets

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

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

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

(a) External sources of information

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

(b) Internal sources of information

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

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

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

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the

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

An impairment loss is recognised immediately in surplus or deficit

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

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

1.21. INVENTORIES

1.21.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Water inventory is being 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.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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

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

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

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

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, borrowings and payables. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments. For treatment of unspent conditional grants refer to policy 1.11.

1.22.1. Initial Recognition

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

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. Subsequent Measurement

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

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1.22.2.1. Receivables

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

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

1.22.2.2. Payables and Borrowings

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

1.22.2.3. Cash and Cash Equivalents

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

1.22.2.4. Current Investments

Investments relate to call investment deposits invested in registered commercial banks are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

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

1.22.2.5. Consumer deposits

Consumer deposits are regarded as a financial liability measured at amortised cost. For further detail regarding consumer deposits refer to policy 1.37.

1.22.3. De-recognition

1.22.3.1. Financial Assets

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

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

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

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

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

1.22.3.2. Financial Liabilities

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

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

1.22.4. Offsetting of Financial Instruments

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

1.23. STATUTORY RECEIVABLES

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

1.23.1. Initial Recognition and Measurement

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

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

1.23.2. Subsequent Measurement

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

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects

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the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as 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 re-organisation.
- 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

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

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

Any difference between consideration received and amounts derecognised/recognised is recognised in surplus and deficit.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving

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approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset, and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

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

Government Grants and Subsidies 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 is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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

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.

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 12 months expires when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified

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deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality keep record of these unclaimed deposits for three years if a party should submit a claim after 12 months.

Interest revenue is recognised using the effective interest rate method.

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

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

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

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 disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed, and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality, therefore, recognises an expense and related revenue for the consumption of services in-kind.

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Revenue arising from legislation is recognised in accordance with the approved tariff.

Debt forgiven is recognised when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

1.24.2. Revenue from Exchange Transactions

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

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

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

Revenue from the services rendered is recognised when:

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

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

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

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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 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.

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.

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits, sale of goods and rendering of services and operational revenue

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

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

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

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

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.25. ACCOUNTING BY PRINCIPALS AND AGENTS

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

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

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

Identification

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

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

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

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. In the assessment reference is made to substance over form. Therefore, the exact wording of the contract is not the only indicator (for example if reference is made to "agent"). If rights and obligations are substantially transferred this could indicate a principal/agent arrangement. If not, the arrangement is accounted for as a normal supplier/customer relationship.

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.26. RELATED PARTIES

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).
- The entity, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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

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

Management personnel include:

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

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

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

1.27. UNAUTHORISED EXPENDITURE

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

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

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Post-retirement medical obligations, 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 13 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Property, Plant and Equipment

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

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

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.

Intangible Assets

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

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

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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

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

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

Water Inventory

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

Provisions and Contingent Liabilities

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

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate 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.

Management referred to the following when making assumptions regarding provisions:

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave, to a maximum of 48 days per employee, at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold 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 the last 5 days' worth of unused electricity.

Componentisation of Infrastructure assets

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

Revenue Recognition

Accounting Policy on Revenue from 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.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) when it becomes effective. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.32. TAXES – VALUE ADDED TAX

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

1.33. CAPITAL COMMITMENTS

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.

Commitments are disclosed in the notes exclusive of VAT.

1.34. EVENTS AFTER REPORTING DATE

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

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

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

1.35. SEGMENT REPORTING

A segment is an activity of an entity:

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

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

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

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

PRINCE ALBERT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The restatement of segment information is only done if there was a change in the reportable structure of the municipality and information is readily available.

1.36. CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.37. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

PRINCE ALBERT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2024

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses				Carrying Value			
	Opening Balance					Additions			Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals		Closing		
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal	Residuals													Under Construction	
Infrastructure																						
Roads	31 402 707	-	58 006	-	-	31 460 713	1 980 080	-	739 600	58 006	34 122 387	1 287 790	-	-	-	1 287 790	6 707 854	-	959 206	-	7 667 061	25 167 537
Storm Water	16 065 505	-	416 167	-	-	16 481 672	1 204 038	-	-	-	17 685 710	-	-	-	-	-	2 691 999	-	377 575	-	3 069 574	14 616 137
Electricity	16 400 997	-	-	-	-	16 400 997	-	-	2 895 450	-	19 296 447	-	-	-	-	-	2 908 295	-	394 296	-	3 302 591	15 993 856
Water Supply	56 057 909	-	346 865	-	-	56 404 774	-	-	4 870 389	-	61 275 163	-	-	-	-	-	10 508 338	-	1 356 204	-	11 864 542	49 410 621
Sanitation	46 009 218	-	-	-	-	46 009 218	51 026	-	6 648 440	-	52 708 685	163 500	-	-	-	163 500	8 428 639	-	1 000 230	-	9 428 869	43 116 315
Solid Waste	1 098 851	-	-	-	-	1 098 851	-	-	124 540	-	1 223 391	-	-	-	-	-	354 892	-	20 414	-	375 306	848 085
Landfill Site	12 393 252	-	-	-	-	12 393 252	104 713.06	-	-	-	12 497 965	304 660	-	-	-	304 660	10 732 294	-	924 766	-	11 657 060	536 245
	179 428 439	-	821 038	-	-	180 249 478	3 339 858	-	15 278 419	58 006	198 809 748	1 755 950	-	-	-	1 755 950	42 332 311	-	5 032 692	-	47 365 003	149 688 795
Community Assets																						
Community Facilities																						
Halls	6 679 193	-	-	-	-	6 679 193	-	-	-	-	6 679 193	34 894	-	-	-	34 894	727 588	-	70 160	-	797 748	5 846 551
Centres	3 561 795	-	-	-	-	3 561 795	-	-	-	-	3 561 795	-	-	-	-	-	308 959	-	36 187	-	345 146	3 216 649
Testing Stations	196 500	-	31 597	-	-	228 097	-	-	-	-	228 097	-	-	-	-	-	-	-	6 548	-	6 613	221 484
Libraries	1 199 428	-	-	-	-	1 199 428	-	-	21 420	-	1 220 848	652 400	-	-	-	652 400	132 588	-	4 893	-	137 481	430 967
Cemeteries/Crematoria	51 650	-	-	-	-	51 650	-	-	-	-	51 650	13 700	-	-	-	13 700	-	-	-	-	-	37 950
Parks	813 037	-	-	-	-	813 037	-	-	-	-	813 037	96 500	-	-	-	96 500	79 659	-	33 060	-	112 719	603 818
Public Open Space	1 410 798	-	-	-	-	1 410 798	-	-	-	-	1 410 798	332 615	-	-	-	332 615	87 769	-	26 615	-	114 384	963 799
Public Ablution Facilities	175 579	-	-	-	-	175 579	-	-	-	-	175 579	-	-	-	-	-	-	-	12 127	-	3 475	15 602
Airports	623 631	-	-	-	-	623 631	-	-	-	-	623 631	-	-	-	-	-	-	-	10 202	-	62 529	561 101
Outdoor Facilities	14 157 281	-	642 437	-	-	14 799 717	190 404	-	188 990	-	15 179 112	2 339 734	-	-	-	2 339 734	526 467	-	110 232	-	636 699	12 202 679
	28 868 892	-	674 034	-	-	29 542 926	190 404	-	210 410	-	29 943 740	3 469 842	-	-	-	3 469 842	1 927 552	-	301 371	-	2 228 923	24 244 975



PRINCE ALBERT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

30 JUNE 2024 (Continue)

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance					Additions			Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing			
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal	Residuals													Under Construction	
Other Assets																						
Other Land	1 646 152	-	-	-	-	1 646 152	-	-	-	-	-	1 646 152	392 300			392 300	-	-	-	-	-	1 253 852
Operational Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-			-						
Municipal Offices	9 253 175	-	-	-	-	9 253 175	173 393	-	936 357	-	-	10 362 924	157 000			157 000	459 600	-	120 980	-	580 580	9 625 345
Computer Equipment	2 305 758	-	-	-	-	2 305 758	234 596	-	-	-	-	2 540 354	-			-	940 079	-	236 149	-	1 176 228	1 364 126
Furniture and Office Equipment	2 130 198	-	-	-	-	2 130 198	174 347	-	-	-	-	2 304 545	-			-	1 124 693	-	153 678	-	1 278 371	1 026 174
Machinery and Equipment	2 249 346	-	-	-	-	2 249 346	366 537	-	-	-	-	2 615 883	-			-	1 006 418	-	197 118	-	1 203 536	1 412 347
Transport Assets	8 776 691	1 394 288	-	-	-	10 170 979	4 973 892	-	-	-	-	14 901 450	-			-	3 856 554	-	1 254 801	21 078	5 090 277	9 811 173
	26 361 320	1 394 288	-	-	-	27 755 608	5 922 764	-	936 357	243 420	34 371 308	549 300	-	-	549 300	7 387 344	-	1 962 726	21 078	9 328 992	24 493 016	
Leases																						
Furniture and Office Equipment	283 691	-	-	-	-	283 691	-	-	-	-	-	283 691	-			-	243 943	-	39 747	283 691	-	-
	283 691	-	-	-	-	283 691	-	-	-	-	-	283 691	-			-	243 943	-	39 747	283 691	-	-
Total	234 942 342	1 394 288	1 495 072	-	-	237 831 702	9 453 026.53	-	16 425 185.20	585 117	263 124 797	5 775 093	-	-	5 775 093	51 891 150	-	7 336 536	304 769	58 922 918	198 426 786	



PRINCE ALBERT MUNICIPALITY

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

2.2 30 JUNE 2023

Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses				Carrying Value									
	Opening Balance					Additions					Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error		Depreciation	Disposals	Closing						
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal	Residuals	Under Construction																			
Infrastructure																												
Roads	29 237 012	-	58 006	-	-	29 295 017	2 165 695	-	-	-	-	31 460 713	1 287 790	-	-	-	1 287 790	5 790 632	-	-	-	-	917 222	-	-	6 707 854	23 465 069	
Storm Water	15 296 334	-	-	-	-	15 296 334	769 171	-	416 167	-	-	16 481 672	-	-	-	-	-	2 327 684	-	-	-	-	364 315	-	-	2 691 999	13 789 673	
Electricity	15 899 945	-	-	-	-	15 899 945	392 990	-	108 062	-	-	16 400 997	-	-	-	-	-	2 568 073	-	-	-	-	340 221	-	-	2 908 295	13 492 702	
Water Supply	53 607 016	-	346 865	-	-	53 953 881	1 762 235	-	688 658	-	-	56 404 774	-	-	-	-	-	9 184 826	-	-	-	-	1 323 512	-	-	10 508 338	45 896 437	
Sanitation	45 959 572	-	-	-	-	45 959 572	49 646	-	-	-	-	46 009 218	163 500	-	-	-	-	163 500	7 431 270	-	-	-	997 369	-	-	8 428 639	37 417 079	
Solid Waste	1 098 851	-	-	-	-	1 098 851	-	-	-	-	-	1 098 851	-	-	-	-	-	334 477	-	-	-	-	20 414	-	-	354 892	743 959	
Landfill Site	11 180 948	-	-	-	-	11 180 948	1 212 305	-	-	-	-	12 393 252	304 660	-	-	-	-	304 660	9 858 754	-	-	-	873 540	-	-	10 732 294	1 356 298	
	172 279 677	-	404 871	-	-	172 684 548	6 352 042	-	1 212 887	-	-	180 249 478	1 755 950	-	-	-	-	1 755 950	37 495 717	-	-	-	4 836 594	-	-	42 332 311	136 161 216	
Community Assets																												
Community Facilities																												
Halls	6 679 193	-	-	-	-	6 679 193	-	-	-	-	-	6 679 193	35 400	-	(506)	-	34 894	656 535	-	-	-	-	71 053	-	-	727 588	5 916 711	
Centres	3 561 795	-	-	-	-	3 561 795	-	-	-	-	-	3 561 795	-	-	-	-	-	272 365	-	-	-	-	36 594	-	-	308 959	3 252 836	
Testing Stations	-	-	31 597	-	-	31 597	196 500	-	-	-	-	228 097	-	-	-	-	-	-	-	-	-	-	66	-	-	66	228 031	
Libraries	1 199 428	-	-	-	-	1 199 428	-	-	-	-	-	1 199 428	652 400	-	-	-	652 400	127 633	-	-	-	-	4 955	-	-	132 588	414 440	
Cemeteries/Crematoria	51 650	-	-	-	-	51 650	-	-	-	-	-	51 650	-	13 700	-	-	13 700	-	-	-	-	-	-	-	-	-	37 950	
Parks	813 037	-	-	-	-	813 037	-	-	-	-	-	813 037	96 500	-	-	-	96 500	44 488	-	-	-	-	35 170	-	-	79 659	636 878	
Public Open Space	1 410 798	-	-	-	-	1 410 798	-	-	-	-	-	1 410 798	332 615	-	-	-	332 615	59 848	-	-	-	-	27 921	-	-	87 769	990 414	
Public Ablution Facilities	175 579	-	-	-	-	175 579	-	-	-	-	-	175 579	-	-	-	-	-	8 556	-	-	-	-	3 571	-	-	12 127	163 452	
Airports	623 631	-	-	-	-	623 631	-	-	-	-	-	623 631	-	-	-	-	-	41 940	-	-	-	-	10 387	-	-	52 327	571 303	
Outdoor Facilities	13 827 182	-	642 437	-	-	14 469 619	-	-	330 098	-	-	14 799 717	185 000	2 154 734	-	-	2 339 734	413 841	-	-	-	-	112 626	-	-	526 467	11 933 516	
	28 342 294	-	674 034	-	-	29 016 328	196 500	-	330 098	-	-	29 542 926	1 301 915	2 168 434	(506)	-	3 469 842	1 625 208	-	-	-	-	302 344	-	-	1 927 552	24 145 532	



PRINCE ALBERT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

30 JUNE 2023 (Continue)																						
Description	Cost										Accumulated Impairment				Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance					Additions			Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing			
	Normal	Residuals	WIP	Correction of Error	Re-classification	Opening Balance	Normal	Residuals													Under Construction	
Other Assets																						
Other Land	1 646 152			-	-	1 646 152	-		-	-	-	1 646 152	650 550	-	(258 250)	392 300	-	-	-	-	-	1 253 852
Municipal Offices	6 958 431			-	-	6 958 431	-		2 294 744	-	-	9 253 175	157 000	-	-	157 000	336 003	-	123 596	-	459 600	8 636 575
Computer Equipment	2 151 794			21 176	-	2 172 970	132 788		-	-	-	2 305 758	-	-	-	711 903	3 964	224 212	940 079	-	1 365 679	
Furniture and Office Equipment	1 934 563			13 303	-	1 947 866	182 332		-	-	-	2 130 198	-	-	-	974 136	2 953	147 604	1 124 693	-	1 005 505	
Machinery and Equipment	2 180 732			55 658	-	2 236 391	12 956		-	-	-	2 249 346	-	-	-	812 093	14 769	179 556	1 006 418	-	1 242 928	
Transport Assets	6 652 910	1 394 288		-	-	8 047 198	2 123 781		-	-	-	10 170 979	-	-	-	2 769 112	-	1 087 442	3 856 554	-	6 314 425	
	21 524 582	1 394 288		90 137	-	23 009 007	2 451 857		2 294 744	-	-	27 755 608	807 550	-	(258 250)	549 300	5 603 247	21 687	1 762 411	-	7 387 344	19 818 963
Leases																						
Furniture and Office Equipment	283 691			-	-	283 691	-		-	-	-	283 691	-	-	-	-	149 307	-	94 637	-	243 943	39 747
	283 691			-	-	283 691	-		-	-	-	283 691	-	-	-	-	149 307	-	94 637	-	243 943	39 747
Total	222 430 243	1 394 288	1 078 905	90 137	-	224 993 573	9 000 399		3 837 730	-	-	237 831 702	3 865 415	2 168 434	(258 756)	5 775 093	44 873 478	21 687	6 995 985	-	51 891 150	180 165 459



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
2. PROPERTY, PLANT AND EQUIPMENT		
2.3 Property, Plant and Equipment where construction or development has been halted:		
Infrastructure Assets	-	-
Community Assets	2 952 798	
Total	<u>2 952 798</u>	<u>-</u>

Matamela Enterprises (Pty) Ltd. was appointed as principal contractor on 09 February 2024 for execution of the works under tender 157/2023, for an approved contract amount of R 2 952 797.50 (Inclusive of VAT). The Employer's Agent (Urban Engineering) managed the project on behalf of the municipality. The contractor failed to submit contractual documentation (Clause 5.3.2) and neglected to carry out the obligations under the contract (Clause 9.2.1.3.6) in terms of the General Conditions of Contract. The contract has been terminated, and the municipality will evaluate whether the tender will be re-advertised.

	2024 R	2023 R
2.4 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	10 433 730	9 501 340
Other materials	541 519	328 117
Contracted Services	3 055 841	3 086 919
Other Expenditure	3 573 485	3 628 904
Total Repairs and Maintenance	<u>17 604 576</u>	<u>16 545 281</u>

2.5 Assets pledged as security:
No municipal assets are pledged as security.

2.6 Impairment losses of Property, Plant and Equipment
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:

Community Assets	-	(2 168 434)
Total Impairment Losses	<u>-</u>	<u>(2 168 434)</u>

	2024 R	2023 R
2.7 Reversal of Impairment losses of Property, Plant and Equipment		
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
Infrastructure	2 213 331	-
Community Assets	-	506
Other	-	258 250
Total Reversal of Impairment losses	<u>2 213 331</u>	<u>258 756</u>



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

	2024 R	2023 R
2.8 Effect of changes in accounting estimates		
The remaining useful lives of assets were reviewed and it had no effect on the accumulated depreciation and the carrying values of assets.		
2.9 Contractual commitments for acquisition of Property, Plant and Equipment:		
Approved and contracted for:	16 454 925	3 185 521
Infrastructure	16 454 925	3 185 521
Total	16 454 925	3 185 521
	2024 R	2023 R
This expenditure will be financed from:		
Government Grants	11 386 562	3 185 521
Own Resources	5 068 363	
Total	16 454 925	3 185 521
2.9 Retention incurred on Property, Plant and Equipment:		
Opening Balance	345 033	636 334
Withdrawals	(153 555)	(291 301)
Retention forfeited	(58 006)	
Total	133 472	345 033
<p>Kgota Holding Civils was appointed under Tender 27/2021 for the construction of a boundary wall in at the sports field in Leeu-Gamka. It was found that there was structural failures and damages to sections of the boundary wall, which left the facility vulnerable to unauthorised entry. The contractor failed to perform remedial work during the defects liability period. After final inspection on 30 May 2024, the municipality found that the structural failures and damages remain, and therefore led to the contractor forfeiting the retention withheld by the municipality on the project.</p>		
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	13 541 294	13 605 195
Cost	14 659 576	14 639 586
Accumulated Depreciation	(94 032)	(87 338)
Accumulated Impairment Loss	(1 024 251)	(947 053)
Additions	81 189	20 000
Balance previously reported		-
Plus: Investment properties recognised for the first time - Note 43.2		20 000
Other changes	-	(10)
Balance previously reported		-
Plus: Portion 5 of the farm Bitterwater disposed - Note 43.2		(10)
Depreciation for the year	(7 273)	(6 694)
Impairment loss	-	(77 198)
Net Carrying amount at 30 June	13 615 209	13 541 294
Cost	14 740 765	14 659 576
Accumulated Depreciation	(101 305)	(94 032)
Accumulated Impairment Loss	(1 024 251)	(1 024 251)

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

	2024 R	2023 R
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	333 491	79 224
3.3 Impairment losses of Investment Property		
Impairment losses on Investment Property recognised in Statement of Financial Performance are as follows:		
Revenue Generating	-	(77 198)
Improved Property	-	(77 198)
Unimproved Property	-	-
Total Impairment Losses	-	(77 198)
	2024 R	2023 R
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	473 801	527 052
Cost	690 637	652 885
Accumulated Amortisation	(216 836)	(125 833)
Additions	60 202	37 752
Amortisation	(98 855)	(91 003)
Net Carrying amount at 30 June	435 148	473 801
Cost	750 839	690 637
Accumulated Amortisation	(315 691)	(216 836)
	2024 R	2023 R
5. HERITAGE ASSETS		
5.1 Net Carrying amount at 1 July	1 245 000	1 245 000
Cost	1 245 000	1 245 000
Net Carrying amount at 30 June	1 245 000	1 245 000
Cost	1 245 000	1 245 000
	2024 R	2023 R
Historical buildings	1 245 000	1 245 000
	1 245 000	1 245 000

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

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

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
6. OPERATING LEASE ARRANGEMENTS		
6.1 The Municipality as Lessor		
Operating Lease Asset	<u>106 060</u>	<u>139 058</u>
	2024 R	2023 R
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	106 060	139 058
Current Operating Lease Asset	<u>106 060</u>	<u>139 058</u>
	2024 R	2023 R
<u>Reconciliation</u>		
Balance at the beginning of the year	139 058	151 906
Movement during the year	(32 998)	(12 848)
Balance at the end of the year	<u>106 060</u>	<u>139 058</u>
	2024 R	2023 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease revenue as follows:		
Up to 1 Year	243 326	260 512
1 to 5 Years	491 159	394 694
More than 5 Years	-	-
Total Operating Lease Arrangements	<u>734 484</u>	<u>655 206</u>
This operating lease revenue determined from contracts that have a specific condition and does not include leases which has a undetermined conditional revenue.		
7. INVENTORY		
Consumables	399 149	454 022
Land	219 420	219 420
Water	47 481	47 481
Total Inventory	<u>666 050</u>	<u>720 923</u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	2024 R	2023 R
7.1 Inventories recognise as an expense during the year:		
Consumables	43 159	39 903
Materials and Supplies	622 637	397 236
Total	<u>665 797</u>	<u>437 138</u>



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

	2024 R	2023 R
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	3 600 390	2 616 766
Water	9 784 144	7 268 619
Property Rentals	921 136	726 549
Waste Management	4 295 984	3 140 882
Waste Water Management	6 580 314	5 115 146
Debtors VAT Portion	-	2 146 973
Other Arrears	2 194 850	2 254 299
Trading Service and Customer Service Debtors - Abeyance	1 399 944	1 589 416
Total: Receivables from exchange transactions (before provision)	28 776 762	24 858 651
Less: Provision for Debt Impairment	(22 059 566)	(17 456 593)
Total: Receivables from exchange transactions (after provision)	6 717 196	7 402 058

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

The recording of debtors' balances has been updated on the financial system. Outstanding VAT on debtors' balances are included under the different services.

(Electricity): Ageing

	2024 R	2023 R
Current (0 - 30 days)	2 095 404	1 421 766
31 - 60 Days	300 128	264 959
61 - 90 Days	216 782	326 635
+ 90 Days	988 078	603 406
Total	3 600 390	2 616 766

(Water): Ageing

	2024 R	2023 R
Current (0 - 30 days)	1 219 979	865 235
31 - 60 Days	544 856	314 901
61 - 90 Days	580 704	358 300
+ 90 Days	7 438 605	5 730 183
Total	9 784 144	7 268 619

(Property Rentals): Ageing

	2024 R	2023 R
Current (0 - 30 days)	73 723	30 929
31 - 60 Days	18 973	23 986
61 - 90 Days	18 319	54 218
+ 90 Days	810 121	617 416
Total	921 136	726 549

(Waste Management): Ageing

	2024 R	2023 R
Current (0 - 30 days)	241 688	226 231
31 - 60 Days	230 507	148 467
61 - 90 Days	225 867	134 190
+ 90 Days	3 597 922	2 631 993
Total	4 295 984	3 140 882



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R	
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continue)			
<u>(Waste Water Management): Ageing</u>			
Current (0 - 30 days)	442 545	473 276	
31 - 60 Days	376 847	272 412	
61 - 90 Days	326 760	242 640	
+ 90 Days	5 434 162	4 126 818	
Total	6 580 314	5 115 146	
<u>(Debtors VAT Portion): Ageing</u>			
Current (0 - 30 days)		173 974	
31 - 60 Days		137 267	
61 - 90 Days		150 696	
+ 90 Days		1 685 035	
Total	-	2 146 973	
<u>(Other): Ageing</u>			
Current (0 - 30 days)	11 858	1 670 820	
31 - 60 Days	7 020	5 796	
61 - 90 Days	6 684	5 745	
+ 90 Days	2 169 288	571 938	
Total	2 194 850	2 254 299	
<u>Trading Service and Customer Service Debtors - Abovance</u>			
+ 90 Days	1 399 944	1 589 416	
	1 399 944	1 589 416	
<u>(Total): Ageing</u>			
Current (0 - 30 days)	4 085 196	4 862 231	
31 - 60 Days	1 478 331	1 167 789	
61 - 90 Days	1 375 115	1 272 425	
+ 90 Days	21 838 119	17 556 206	
Total	28 776 762	24 858 651	
<u>Summary of Debtors by Customer Classification</u>			
	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2024			
Current (0 - 30 days)	3 224 318	477 143	383 736
31 - 60 Days	1 390 941	56 280	31 110
61 - 90 Days	1 292 398	60 888	21 829
+ 90 Days	20 330 775	436 103	1 071 242
Sub-total	26 238 431	1 030 413	1 507 917
Less: Provision for Debt Impairment	(21 447 438)	(612 128)	-
Total debtors by customer classification	4 790 994	418 285	1 507 917

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R	
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continue)			
<u>Summary of Debtors by Customer Classification</u>			
	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2023			
Current (0 - 30 days)	4 320 273	316 454	225 504
31 - 60 Days	897 358	176 433	93 998
61 - 90 Days	973 468	176 124	122 834
+ 90 Days	16 362 546	341 440	852 220
Sub-total	22 553 645	1 010 450	1 294 556
Less: Provision for Debt Impairment	(16 810 911)	(645 682)	-
Total debtors by customer classification	5 742 734	364 768	1 294 556
<u>Reconciliation of Provision for Debt Impairment</u>			
Balance at beginning of year		17 456 593	29 902 483
Contribution to provision		4 624 423	445 387
VAT on provision		-	-
Reversal of provision		(21 450)	(12 891 277)
Balance at end of year		22 059 566	17 456 593
The total amount of this provision consist of:			
Services		18 940 637	16 032 735
Other Debtors		3 118 929	1 423 858
Total Provision for Debt Impairment on Receivables from exchange transactions		22 059 566	17 456 593
<u>Ageing of amounts past due but not impaired:</u>			
1 month past due		1 478 331	1 167 789
2+ months past due		5 238 864	6 234 269
		6 717 196	7 402 058

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

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



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

	2024 R	2023 R
9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	3 257 975	2 753 485
Fines	62 040 092	54 533 421
Other Receivables	46 700	46 700
	<hr/>	<hr/>
	65 344 768	57 333 606
Less: Provision for Debt Impairment	(64 090 298)	(56 336 910)
	<hr/>	<hr/>
Total Receivables from non-exchange transactions	1 254 470	996 696

The fair value of other receivables approximate their carrying value.

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

(Rates): Ageing

Current (0 - 30 days)	236 045	236 199
31 - 60 Days	107 719	106 539
61 - 90 Days	102 914	76 724
+ 90 Days	2 811 298	2 334 024
	<hr/>	<hr/>
Total	3 257 975	2 753 485

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2024			
Current (0 - 30 days)	207 765	22 254	6 027
31 - 60 Days	95 150	8 010	4 558
61 - 90 Days	92 707	5 673	4 535
+ 90 Days	931 871	1 250 590	628 836
	<hr/>	<hr/>	<hr/>
Sub-total	1 327 492	1 286 527	643 956
Less: Provision for Debt Impairment	(1 029 763)	(1 270 247)	
	<hr/>	<hr/>	<hr/>
Total debtors by customer classification	297 729	16 281	643 956

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2023			
Current (0 - 30 days)	216 590	15 841	3 768
31 - 60 Days	92 534	10 076	3 929
61 - 90 Days	67 074	5 751	3 899
+ 90 Days	953 311	1 005 253	375 460
	<hr/>	<hr/>	<hr/>
Sub-total	1 329 509	1 036 920	387 056
Less: Provision for Debt Impairment	(1 232 648)	(846 916)	-
	<hr/>	<hr/>	<hr/>
Total debtors by customer classification	96 861	190 004	387 056

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Continue)		
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	56 336 910	47 529 320
Contribution to provision	7 753 388	8 807 590
Reversal of provision	-	-
Balance at end of year	64 090 298	56 336 910
The provision for Debt impairment consist of:		
Taxes	2 300 009	2 079 564
Fines	61 790 289	54 257 346
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	64 090 298	56 336 910
	2024 R	2023 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	107 719	106 539
2+ months past due	850 247	567 382
	957 966	673 921

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

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

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
10. BANK ACCOUNTS		
10.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	578 116	458 559
Call Deposits and Investments	-	-
Cash On-hand	5 987	5 987
Total Cash and Cash Equivalents - Assets	584 103	464 546
	2024 R	2023 R
10. BANK ACCOUNTS (Continue)		
10.2 <u>Short-term Investments</u>		
Call Deposits	57 684 012	51 930 877
Total Short-term Investments	57 684 012	51 930 877
A Bank Guarantee is retained for Eskom by Absa Bank	1 199 000	1 199 000
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):	578 116	342 011
	578 116	342 011
<u>Call Deposits and Investments</u>		
Prince Albert ABSA Bank - Account Number 9287334653 (Savings Account):	1 351 080	1 250 997
Prince Albert ABSA Bank - Account Number 9360966391 (Call Deposit Account):	45 151 313	-
Prince Albert Nedbank - Account Number 03/7881131594/000027 (Fixed Deposit Account):		10 181 974
Prince Albert Nedbank - Account Number 03/7881131594/000029 (Fixed Deposit Account):	11 181 620	
Prince Albert ABSA Bank - Account Number 2080395045 (Fixed Deposit Account):		40 497 906
	57 684 012	51 930 877
Details of the current account is as follow:		
<i>Prince Albert ABSA Bank - Account Number 2640560064 (Primary Bank Account):</i>		
Cash book balance at beginning of year	458 559	1 499 970
Cash book balance at end of year	578 116	458 559
Less: Cash on hand not deposited	-	(116 548)
	578 116	342 011
Bank statement balance at beginning of year	342 011	1 397 398
Bank statement balance at end of year	578 116	342 011
	2024 R	2023 R
11. LONG-TERM BORROWINGS		
Capitalised Lease Liability - At amortised cost	-	43 042
	-	43 042
Less: Current Portion transferred to Current Liabilities	-	(43 042)
Capitalised Lease Liability - At amortised cost	-	(43 042)
Total Long-term Borrowings	-	-



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
11.1 The obligations under finance leases are scheduled below:		
		Minimum payments
Amounts payable under finance leases:		
Payable within one year	-	43 042
Present value of finance lease obligations	-	43 042

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

	2024 R	2023 R
12. NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	25 338 117	25 166 324
Total Non-current Provisions	25 338 117	25 166 324

12.1 **Landfill Sites**

Balance 1 July	25 166 324	21 862 045
Increase/(Decrease) due to discounting	2 280 411	2 091 974
Unused amounts reversed	(2 213 331)	-
Capitalizing increase or decrease -cost	60 183	1 174 122
Addition- post closure cost	44 530	38 183
Balance 30 June	25 338 117	25 166 324

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

	Prince Albert	Leeu Gamka	Klaarstroom
Rehabilitation area (m ²)	23 504	13 434	5 232
Costs for rehabilitation and closure:			
Preliminary and general	1 621 803	1 025 464	491 161
Site clearance and preparation	34 551	19 748	7 691
Storm water control measures	1 867 452	1 209 325	889 993
Capping	7 740 299	4 819 585	1 926 808
Leachate management	589 422	415 923	264 832
Fencing	13 397	13 397	13 397
Other:			
Environmental authorisation (closure license)	460 688	460 688	460 688
Technical ROD	232 968	232 968	232 968
Install groundwater monitoring boreholes with lockable caps	116 595	130 125	183 945
Landscape architects	161 782	161 407	159 269
Water use license	39 000	39 000	39 000
Topographical survey as per quotation area (minimum R6 750)	17 000	12 143	7 950
Contingencies (10% of total construction costs)	1 186 693	750 344	359 388
Engineering: Professional fees	1 371 595	999 974	483 913
Site supervision (Engineer's representative)	397 522	288 463	112 705
Site supervision (Environmental control officer & OHS agent)	88 907	103 873	47 043
Total (Excl VAT)	15 939 674	10 682 427	5 680 751
Cost per rehab (m ²)	678	795	1 086

In terms of the licencing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R 25 376 300 (2023: R25 166 324) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the Government Bond rate of borrowing.



PRINCE ALBERT MUNICIPALITY

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

Location	Estimated decommission date		
Prince Albert	2025	15 499 003	14 155 604
Leeu Gamka	2032	7 534 047	9 121 313
Klaarstroom	2039	2 305 066	1 889 407
		25 338 117	25 166 324
		2024	2023
		R	R
13. NON-CURRENT EMPLOYEE BENEFITS			
Provision for Post Retirement Health Care Benefits		4 407 000	4 354 000
Provision for Ex-Gratia Pension Benefits		29 460	27 610
Provision for Long Service Awards		2 029 000	1 447 000
Total Non-current Employee Benefits		6 465 460	5 828 610
<u>Post Retirement Health Care Benefits</u>			
Balance 1 July		4 622 000	4 875 000
Contribution for the year		108 000	105 000
Interest cost		566 000	542 000
Expenditure for the year		(257 544)	(254 869)
Actuarial Loss/(Gain)		(369 456)	(645 131)
Total provision 30 June		4 669 000	4 622 000
Less: Transfer of Current Portion to Current Provisions - Note 15		(262 000)	(268 000)
Balance 30 June		4 407 000	4 354 000
<u>Ex-Gratia Pensions</u>			
Balance 1 July		40 470	37 300
Interest cost		3 570	3 740
Actuarial Loss/(Gain)		(1 110)	(570)
Total provision 30 June		42 930	40 470
Less: Transfer of Current Portion to Current Provisions - Note 15		(13 470)	(12 860)
Balance 30 June		29 460	27 610
<u>Long Service Awards</u>			
Balance 1 July		1 612 000	1 586 000
Contribution for the year		186 000	175 000
Interest cost		183 000	159 000
Expenditure for the year		(256 791)	(247 169)
Actuarial Loss/(Gain)		583 791	(60 831)
Total provision 30 June		2 308 000	1 612 000
Less: Transfer of Current Portion to Current Provisions - Note 15		(279 000)	(165 000)
Balance 30 June		2 029 000	1 447 000

13.1 Provision for Post Retirement Health Care Benefits

CHARACTERISTICS

Nature of the plan

Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement.

Continuation members and their eligible dependants receive a 70% subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.



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

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

Bonitas
LA Health
SAMWU Medical Aid

13. **NON-CURRENT EMPLOYEE BENEFITS (Continue)**

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.

Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

There are no curtailments or settlement to reflect.

VALUATION METHOD

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Post Retirement Benefits (PEMA)	4 669 000	4 622 000
Total Net defined benefit liability	4 669 000	4 622 000
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	4 622 000	4 875 000
Contribution for the year	674 000	647 000
Expenditure for the year	(257 544)	(254 869)
Actuarial Loss/(Gain)	(369 456)	(645 131)
Net defined benefit liability	4 669 000	4 622 000
Less: Transfer of Current Portion to Current Provisions - Note 15	(262 000)	(268 000)
Non-current portion: Net defined benefit liability	4 407 000	4 354 000

The total Defined Benefit Obligation has increased by 1% (or R 47,000) since the last valuation.

The main reasons for the actual movement in the DBO are listed below.

In-Service Members

The **average in-service member DBO** has increased by 4% since the last valuation due to:

- an increase in the average past service; and
- an increase in the average post-employment subsidy.

These impacts were partially offset by:

- a decrease in the average age which means members are further from retirement (more discounting) and more likely to leave before retirement; and
- an increase in the net discount rate.

The **total in-service member DBO** has increased by 19% due to the above, combined with an increase in the number of in-service members.

In-Service Non-Members

The **average in-service non-member DBO** has decreased by 1% since the last valuation due to:

- a decrease in the average age; and
- an increase in the net discount rate.

These impacts were partially offset by:

- an increase in the average post-employment subsidy; and
- an increase in the average past service.

The **total in-service non-member DBO** has increased by 12% due to the above being more than



13. **NON-CURRENT EMPLOYEE BENEFITS (Continue)**

Continuation Members

The **average continuation member DBO** has increased by 7% since the last valuation due to an increase in the average subsidy, and an increase in the proportion of members with a spouse dependant. These impacts were partially offset by an increase in the net discount rate, and an increase in the average age.

The **total continuation member DBO** has decreased by 6% due to the above being more than offset by a decrease in the number of continuation members.

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

The number of individuals entitled to a post-employment medical aid subsidy at this valuation was as follows

	2024	2023
In-service (employee) members	24	21
In-service (employee) non-members	43	38
Continuation members (e.g. Retirees, widows, orphans)	7	8
Total Members	74	67

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

	2024 R	2023 R
In-service members	1 250 000	1 052 000
In-service non-members	425 000	378 000
Continuation members	2 994 000	3 192 000
Total Liability	4 669 000	4 622 000

Key actuarial assumptions used:

Financial assumptions

	2024	2023
i) Rate of interest	%	%
Discount rate	12.26%	12.59%
CPI inflation rate	6.24%	6.79%
Medical Aid Contribution Inflation Rate	7.74%	8.29%
Net discount rate	4.20%	3.97%

Demographic assumptions

ii) Mortality during employment	SA 85 - 90	
iii) Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010	
iv) Normal retirement age	The normal retirement age is 65 for males and 60 for females	
v) Average retirement age	62	
vi) Proportion with a spouse dependant at retirement	60%	
vii) Continuation of membership at retirement	75%	
viii) Termination of service (resignation and retrenchment):		
Termination rates per annum	Age	Rate
	20 - 24	5%
	25 - 29	4%
	30 - 34	3%
	35 - 39	0%
	40 - 44	5%
	45 - 49	4%
	50 - 54	3%
	55+	0%

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

Present value of fund obligations	4 669 000	4 622 000
Net defined benefit liability	4 669 000	4 622 000

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	4 622 000	4 875 000
Service cost	108 000	105 000
Interest cost	566 000	542 000
Expenditure for the year	(257 544)	(254 869)
Actuarial (gains)/losses	(369 456)	(645 131)
Financial assumptions: increase in net discount rate	(151 000)	(622 000)
Demographic assumptions: none	-	-
Experience:		
Subsidy inflationary increases lower than assumed	(11 000)	(64 000)
Changes to membership profile different from assumed	(197 000)	76 000
Actual benefits vested, lower than expected	(10 456)	(35 131)
Present value of fund obligation at the end of the year	4 669 000	4 622 000
Less: Transfer of Current Portion to Current Provisions	(262 000)	(268 000)
Net defined benefit liability	4 407 000	4 354 000

Sensitivity Analysis

Sensitivity Analysis on the defined benefit obligation

Assumption	Change	Eligible Employees	Continuation members	Total DBO	% change
Central Assumptions		1 675 000	2 994 000	4 669 000	
Medical aid contribution inflation rate	+1%	2 076 000	3 301 000	5 377 000	15%
	-1%	1 364 000	2 732 000	4 096 000	-12%
Discount rate	+1%	1 377 000	2 744 000	4 121 000	-12%
	-1%	2 062 000	3 291 000	5 353 000	15%
Post-employment mortality	+1 yr	1 635 000	2 911 000	4 546 000	-3%
	-1 yr	1 715 000	3 077 000	4 792 000	3%
Average retirement age	-1yr	1 822 000	2 994 000	4 816 000	3%
Membership continuation	-10%	1 472 000	2 994 000	4 466 000	-4%

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

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		108 000	566 000	674 000	
Medical aid contribution inflation rate	+1%	139 000	651 000	790 000	17%
	-1%	85 000	496 000	581 000	-14%
Discount rate	+1%	87 000	539 000	626 000	-7%
	-1%	136 000	596 000	732 000	9%
Post-employment mortality	+1 yr	105 000	550 000	655 000	-3%
	-1 yr	110 000	581 000	691 000	3%
Average retirement age	-1yr	116 000	581 000	697 000	4%
Membership continuation	-10%	95 000	544 000	639 000	-5%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2025

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		116 000	557 000	673 000	
Medical aid contribution inflation rate	+1%	150 000	644 000	794 000	18%
	-1%	92 000	487 000	579 000	-14%
Discount rate	+1%	93 000	530 000	623 000	-7%
	-1%	148 000	588 000	736 000	9%
Post-employment mortality	+1 yr	114 000	542 000	656 000	-3%
	-1 yr	119 000	572 000	691 000	3%
Average retirement age	-1yr	127 000	575 000	702 000	4%
Membership continuation	-10%	103 000	532 000	635 000	-6%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

Future cashflows

The Service Cost for the ensuing year is estimated to be R116 000, whereas the Interest Cost for the next year is estimated to be R557 000.

Maturity analysis

Year	Future Year	Expected benefits vesting
2025	1	262 000
2026	2	278 000
2027	3	291 000
2028	4	307 000
2029	5	332 000
2030 - 2034	6 - 10	2 275 000
2035 - 2039	11 - 15	3 609 000
2040 - 2044	16 - 20	5 757 000
2045 - 2049	21 - 25	9 633 000
2050 - 2054	26 - 30	14 891 000
2055 - 2064	31 - 40	48 072 000
2065 - 2074	41 - 50	60 642 000
2075 - 2084	51 - 60	54 765 000
2085 - 2094	61 - 70	31 788 000
2095 - 3004	71 - 80	9 459 000

13.2 Ex-Gratia Pensions

CHARACTERISTICS

Nature of the plan

Ex-gratia pension was implemented to benefit previously disadvantaged individuals that were prevented from joining a pension fund while in service of the municipality.

Eligible employees are due to receive lump sum payments on normal retirement, medical disability, death in service, resignation or retrenchment.

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan

Inflation: The risk that future CPI inflation is higher than assumed and present in an uncontrolled manner.

Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more benefits will be payable than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the DBO for the Municipality.

There are no curtailments or settlements to reflect.

VALUATION METHOD

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Ex-Gratia Pensions	42 930	40 470
Total Net defined benefit liability	42 930	40 470

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

There are no current service costs as the benefit is fully accrued for all eligible individuals.



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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

Ex-Gratia Pensions

Balance 1 July	40 470	37 300
Interest cost	3 570	3 740
Expenditure for the year	-	-
Actuarial Loss/(Gain)	(1 110)	(570)
Net defined benefit liability	42 930	40 470
Less: Transfer of Current Portion to Current Provisions - Note 15	(13 470)	(12 860)
Non-current portion: Net defined benefit liability	29 460	27 610

Key actuarial assumptions used:

Financial assumptions

Rate of interest

	%	%
Discount rate	9.91%	10.43%
CPI inflation rate	4.45%	5.26%
General earnings inflation rate	5.45%	6.26%
Net discount rate	4.23%	3.92%

Demographic assumptions

Average retirement age	62	
Mortality during employment	SA 85 - 90	
Withdrawal from service	Age	%
	45	4%
	50	3%
	55+	0%

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	40 470	37 300
Interest cost	3 570	3 740
Expenditure for the year	-	-
<u>Actuarial (gains)/losses</u>	(1 110)	(570)
Financial assumptions: increase in net discount rate	(470)	(2 160)
Demographic assumptions: none	-	-
Experience:		
Changes to lump sums different from assumed	(500)	(580)
Addition of resignation component		1 730
Changes to eligible employees' profile different from assumed	12 720	440
Actual benefits vested, lower than expected	(12 860)	
Present value of fund obligation at the end of the year	42 930	40 470
Less: Transfer of Current Portion to Current Provisions - Note 15	(13 470)	(12 860)
Net defined benefit liability	29 460	27 610

Sensitivity Analysis

Sensitivity Analysis on the defined benefit obligation

Assumption	Change	Total DBO	% Change
Central assumptions		42 930	
Inflation rate	+1%	44 810	4%
	-1%	41 190	-4%
Discount rate	+1%	41 060	-4%
	-1%	44 950	5%
Average retirement age	+1 yr	41 840	-3%
	-1 yr	44 100	3%

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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

Sensitivity analysis on interest cost for year ending 30/06/2024

Assumption	Change	Interest cost	% Change
Central assumptions		3 570	
Inflation rate	+1%	3 770	6%
	-1%	3 380	-5%
Discount rate	+1%	3 690	3%
	-1%	3 420	-4%
Average retirement age	+1 yr	4 010	12%
	-1 yr	3 670	3%

Sensitivity analysis on interest cost for year ending 30/06/2025

Assumption	Change	Interest cost	% Change
Central assumptions		3 600	
Inflation rate	+1%	3 790	6%
	-1%	3 430	-5%
Discount rate	+1%	3 760	3%
	-1%	3 420	-4%
Average retirement age	+1 yr	3 490	12%
	-1 yr	3 720	3%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

Future cashflows

The Interest Cost for the next year is estimated to be R3 600.

Maturity analysis of the DBO

Year	Future Year	Expected benefits vesting
2025	1	13 470
2026	2	650
2027	3	720
2028	4	14 210
2029	5	420
2030 - 2034	6 - 10	34 420
2035 - 2039	11 - 15	8 750
2040 - 2044	16 - 20	-
2045 - 2054	21 - 30	-
2055 - 2064	31 - 40	-

13.3 Provision for Long Service Bonuses

CHARACTERISTICS

Nature of the plan

The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service, inclusive.

In the month that each "completed service" milestone is reached, the employee is granted an LSA. Working days awarded are valued at 1/250th of annual earnings per day.

Employees' basic salaries are used to determine the Rand value of LSA.

The Municipality does not pay any pro-rata LSA.

Regulatory framework

GRAP 25, derived from IPSAS 39 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023.

It applies to institutions falling within the ambit of the Finance Management Act.

13. **NON-CURRENT EMPLOYEE BENEFITS (Continue)**

Risks of the plan

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

There are no curtailments or settlements to reflect.

VALUATION METHOD

The Projected Unit Credit Method has been used to value the defined benefit obligation.

	2024 R	2023 R
Long Service Awards (LSA)	2 308 000	1 612 000
Total Net defined benefit liability	2 308 000	1 612 000

There are currently no long-term assets set aside off-balance sheet in respect of the DBO, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

Long Service Awards

Balance 1 July	1 612 000	1 586 000
Contribution for the year	186 000	175 000
Interest cost	183 000	159 000
Expenditure for the year	(256 791)	(247 169)
Actuarial Loss/(Gain)	583 791	(60 831)
Net defined benefit liability	2 308 000	1 612 000
Less: Transfer of Current Portion to Current Provisions - Note 15	(279 000)	(165 000)
Non-current portion: Net defined benefit liability	2 029 000	1 447 000

The **average** DBO has increased by 6% since the last valuation due to:
 an increase in the average current lump sum value; and
 an increase in the average age which means employees are closer to retirement (less discounting).

These impacts were partially offset by an increase in the net discount rate.

The **total** DBO has also increased by 6% (or R 2,460) since the last valuation, due to the above,

There were 4 employees entitled to an Ex-Gratia benefit at this valuation.

Key actuarial assumptions used:

Financial assumptions

Rate of interest

	%	%
Discount rate	11.56%	11.95%
CPI inflation rate	5.65%	6.13%
General earnings inflation rate	6.65%	7.13%
Net discount rate	4.61%	4.50%

Demographic assumptions

Average retirement age	62	
Mortality during employment	SA 85 - 90	
Withdrawal from service	Age	%
	20	9%
	30	6%
	40	5%
	50	3%
	55	0%

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

	2024 R	2023 R
13. NON-CURRENT EMPLOYEE BENEFITS (Continue)		
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 612 000	1 586 000
Contribution for the year	186 000	175 000
Interest cost	183 000	159 000
Expenditure for the year	(256 791)	(247 169)
<u>Actuarial (gains)/losses</u>	583 791	(60 830.64)
Financial assumptions: increase in net discount rate	(12 000)	(110 000)
Demographic assumptions: none	-	
Experience:		
Earnings increases higher than assumed	144 000	11 000
Changes to employee profile different from assumed	131 000	68 000
Actual benefits vesting, greater than expected	91 791	(29 831)
Changes to a number of employees' dates of employment	229 000	
Present value of fund obligation at the end of the year	2 308 000	1 612 000
Less: Transfer of Current Portion to Current Provisions - Note 15	(279 000)	(165 000)
Net defined benefit liability	2 029 000	1 447 000

Sensitivity Analysis

Sensitivity Analysis on the defined benefit obligation

Assumption	Change	DBO	% Change
Central assumptions		2 308 000	
General earnings inflation rate	+1%	2 465 000	7%
	-1%	2 167 000	-6%
Discount rate	+1%	2 167 000	-6%
	-1%	2 467 000	7%
Average retirement age	+2 yrs	2 518 000	9%
	-2 yrs	2 222 000	-4%
Rates of termination of service	x2	1 774 000	-23%
	x0.5	2 694 000	17%

Sensitivity analysis on current service and interest costs for year ending 30/06/2024

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central assumptions		186 000	183 000	369 000	
General earnings inflation rate	+1%	202 000	195 000	397 000	8%
	-1%	171 000	172 000	343 000	-7%
Discount rate	+1%	172 000	186 000	358 000	-3%
	-1%	201 000	179 000	380 000	3%
Average retirement age	+2 yrs	202 000	207 000	409 000	11%
	-2 yrs	172 000	172 000	344 000	-7%
Rates of termination of service	x2	128 000	142 000	270 000	-27%
	x0.5	230 000	212 000	442 000	20%

Sensitivity analysis on current service and interest costs for year ending 30/06/2025

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central assumptions		240 000	251 000	491 000	
General earnings inflation rate	+1%	260 000	269 000	529 000	8%
	-1%	221 000	235 000	456 000	-7%
Discount rate	+1%	223 000	255 000	478 000	-3%
	-1%	258 000	246 000	504 000	3%
Average retirement age	+2 yrs	259 000	276 000	535 000	9%
	-2 yrs	229 000	241 000	470 000	-4%
Rates of termination of service	x2	166 000	190 000	356 000	-27%
	x0.5	295 000	296 000	591 000	20%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.



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

13. NON-CURRENT EMPLOYEE BENEFITS (Continue)

Future cashflows

The Service Cost for the ensuing year is estimated to be R240 000, whereas the Interest Cost for the next year is estimated to be R251 000.

Maturity analysis

Year	Future Year	Expected benefits vesting
2025	1	262 000
2026	2	278 000
2027	3	291 000
2028	4	307 000
2029	5	332 000
2030 - 2034	6 - 10	2 275 000
2035 - 2039	11 - 15	3 609 000
2040 - 2044	16 - 20	5 757 000
2045 - 2054	21 - 30	9 633 000
2055 - 2064	31 - 40	14 891 000

13.4 Retirement funds

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 claim that the pensioner data to be confidential and were 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.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION 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 120.3% (30 June 2022 - 104.5%).

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund is in a sound financial position with a funding level of 120.1% (30 June 2022 - 131.5%).

DEFINED CONTRIBUTION FUNDS

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

Contributions paid recognised in the Statement of Financial Performance

- Consolidated Retirement Fund (previously Cape Joint Retirement Fund)
- Municipal Councillors Pension Fund
- IMATU Retirement Fund
- SAMWU National Provident Fund

Council's contributions paid to all pension funds recognised in the Statement of Financial Performance

3 018 921	2 564 394
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PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
14. CONSUMER DEPOSITS		
Electricity	88 909	88 909
Street Closure	850	-
Rental Properties	7 488	7 488
Water	621 605	551 949
Posters	4 400	4 400
Hall rentals	9 068	4 330
Balance previously reported		4 830
Less: Deposit repaid during 2022/23 not recognised as repayment of deposit		(500)
Total Consumer Deposits	732 320	657 075

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

15. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	1 005 167	836 937
Staff Leave	1 656 361	1 457 468
Current Portion of Non-Current Provisions	554 470	445 860
Current Portion of Post Retirement Benefits - Note 13	262 000	268 000
Current Portion of Ex-Gratia Pension Provisions - Note 13	13 470	12 860
Current Portion of Long-Service Provisions - Note 13	279 000	165 000
Total Provisions	3 215 998	2 740 265

The movement in current provisions are reconciled as follows:

15.1 Staff Bonuses

Balance at beginning of year	836 937	673 139
Contribution to current portion	1 876 512	1 663 327
Balance previously disclosed		1 663 368
Less: Unallocated deposit incorrectly allocated to bonus provision		(41)
Expenditure incurred	(1 708 283)	(1 499 529)
Balance at end of year	1 005 167	836 937

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

15.2 Staff Leave

Balance at beginning of year	1 457 468	1 244 399
Contribution to current portion	534 522	419 796
Expenditure incurred	(335 629)	(206 727)
Balance at end of year	1 656 361	1 457 468

Staff leave accrue to employees according to Collective Agreement for Local Government. Provision is made for the full cost of accrued leave at reporting date to a maximum of 48 working days as per the Collective Agreement for Local Government. This provision will be realised as employees take leave. 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 term.

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

	2024 R	2023 R
15.3 Current provisions		
Provision for payment of VAT on library allocations		
Balance at beginning of year	976 957	723 000
Balance previously recorded		-
Plus: Correction of error		723 000
Increases	294 391	253 957
Balance previously recorded		-
Plus: Correction of error		253 957
	<u>1 271 348</u>	<u>976 957</u>
	2024 R	2023 R
16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	17 069 276	8 226 477
Balance previously reported		3 467 867
Plus: Payments in 2023/24 iro 2022/23		404 648
Plus: Audit fees prior to 1 July 2022 captured		2 634 866
Plus: Overdue charges on audit fees before 1 July 2022		719 701
Plus: Audit fees for 2022/23 captures		2 221 540
Plus: Overdue charges on audit fees for 2022/23		628 008
Less: Capturing of over payment of employee		(20 000)
Less: Correction of journal incorrectly captured		(1 830 154)
Salary control accounts	(1 028)	257 519
Balance previously reported		-
Plus: Backbay to councillors and employees iro 2022/23 increases		237 519
Housing	372 001	372 001
Licencing and registration	5 222	(5 679)
Retentions	133 472	345 033
Unallocated deposits	69 721	106 849
Unidentified deposits	4 216	4 205
Balance previously disclosed		4 164
Plus: Unidentified deposit incorrectly allocated to bonus provision (Note 15.1)		41
Advance payments	1 127 717	1 079 429
Goods Received/Invoice Received	108 062	124 271
Total Trade Payables	<u>18 888 660</u>	<u>10 510 105</u>

Payables are being recognised net of any discounts.

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

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

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

A SCA (Service concession arrangement) Performance obligation shall be as the same value at which the receivable interest is recognised at the commencement of the service concession arrangement. Refer to note 12 for details on the receivable.

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
17. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	7 077 913	10 300 901
National Government Grants	4 424 803	8 515 657
Provincial Government Grants	2 488 696	1 785 243
District Municipality	164 414	-
Less: Unpaid Transfers and Subsidies	-	(198 513)
Provincial Government Grants	-	(198 513)
Balance previously reported	-	(180 000)
Plus: Correction of expenditure not recognised	-	(18 513)
Total Unspent Transfers and Subsidies	7 077 913	10 102 387.55

See appendix "E" for reconciliation of grants from other spheres of government.
The Unspent Grants are cash-backed.

18. VAT RECEIVABLE/(PAYABLE)

VAT Payable		
VAT Control (Payable)	33 973	215 667
VAT Contribution to Provision for Doubtful Debt Impairment	(2 674 200)	(2 363 397)
Output Tax	116 605	-
	(2 523 622)	(2 147 730)
VAT Receivable		
Input Tax Accrual	34 085	52 574
Input Tax General	215 483	92 506
Input Tax Capital	974 509	373 101
VAT Control (Receivable from SARS)	1 311 007	356 563
	2 535 085	874 743
Net VAT (Payable)/Receivable	11 463	(1 272 987)

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

19. NET ASSET RESERVES

RESERVES	10 500 000	10 500 000
Capital Replacement Reserve	-	-
Balance previously reported	-	10 500 000
Less: Transferred to non-current provisions reserve	-	(10 500 000)
Non-Current Provisions Reserve	10 500 000	10 500 000
Balance previously reported	-	-
Plus: Transferred from Capital Replacement Reserve	10 500 000	-
Total Net Asset Reserve and Liabilities	10 500 000	10 500 000

19.1 The Non-current Provisions Reserve is currently earmarked to cover the rehabilitation costs of the landfill sites.



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
20. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	5 767 477	5 125 217
Business and Commercial Property	914 834	830 429
Farm Properties	-	840 261
Public Service Infrastructure Properties	406	1 639
Residential Properties	3 068 986	3 169 031
Agricultural Properties	1 053 871	
State-owned Properties	-	255 603
Public Service Purposes Properties	276 916	
Multiple Purposes	-	28 254
Vacant Land	452 464	
Less: Revenue Forgone	(13 770)	(51 997)
Total Property Rates	5 753 706	5 073 221
<u>Valuations - 1 July 2023</u>		
Rateable Land and Buildings	2 090 837 700	2 064 918 700
Business and Commercial Property	150 486 000	135 553 000
Farm Properties		1 116 761 700
Places of Worship	13 390 000	16 710 000
Public Service Infrastructure Properties	721 000	84 351 000
Residential Properties	626 537 000	673 628 000
Public Service Purposes Properties	43 476 000	
Agricultural Property	1 188 431 700	
Multiple Purposes		37 325 000
Vacant Land	67 796 000	590 000
Less: Revenue Forgone		
Total Valuation	2 090 837 700	2 064 918 700
<u>Valuations - 1 July 2023</u>		
Per Area: Land and Buildings		
Prince Albert	842 761 000	889 324 000
Leeu-Gamka	35 481 000	32 848 000
Klaarstroom	14 997 000	16 818 000
Welgemoed	9 167 000	9 167 000
Rural	1 188 431 700	1 116 761 700
Total Property Valuations	2 090 837 700	2 064 918 700
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development. A one year extension have been granted and the new interim valuation for 2023/24 will be implemented.		
Basic Rate	c/R	c/R
Agricultural Property	0.09229 c/R	0.1185 c/R
Standard property rates excluding agriculture and vacant land	0.52741 c/R	0.64285 c/R
Vacant land	0.71356 c/R	0.64285 c/R



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

20. PROPERTY RATES (*continue*)

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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

Residential - The first R15 000 on the valuation is exempted.

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

21. GOVERNMENT GRANTS AND SUBSIDIES

	2024 R	2023 R
Government Grants and Subsidies - Operating	32 605 630	30 924 733
Equitable Share	28 653 000	26 548 000
Local Government Financial Management Grant (FMG)	1 700 000	1 650 000
Municipal Infrastructure Grant (PMU)	404 850	160 997
Expanded Public Works Programme Integrated Grant	769 000	1 237 000
Library Grant		-
Balance previously reported		1 947 000
Less: Allocation excluding VAT transferred to exchange revenue		(1 693 043)
Less: VAT on allocation transferred to current provisions		(253 957)
WC Capacity building (Bursaries)		214 305
WC Capacity building (Public Employment Support Grant)		223 774
Thusong service centre	82 933	150 000
Community Development Workers	64 366	56 000
Additional WC Drought relief for backup Generators	175 000	
Municipal Interventions Grant	346 187	
WC - Financial Management Capability Grant	137 216	
Western Cape Financial Management Grant		325 000
Human Settlements Development Grant	-	198 513
Balance previously reported		180 000
Plus: Correction of expenditure not recognised		18 513
Western Cape - Maintenance of Roads	45 862	50 000
District Municipality - Community Safety Grant	78 924	69 250
District Municipality War on Leaks Grant	78 571	
District Municipality HR Internship Grant	16 662	
Local Government SETA	53 059	41 895
Government Grants and Subsidies - Capital	23 046 473	6 831 346
Municipal Infrastructure Grant	8 331 180	3 843 421
Water Services Infrastructure Grant	11 399 824	1 987 925
Regional Socio-economic Project	745 365	1 000 000
PT - Municipal Energy Resilience Grant	399 338	
PT - Municipal Water Resilience Grant	2 170 766	
Total Government Grants and Subsidies	55 652 103	37 756 079



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>	28 653 000	26 548 000
Equitable Share	28 653 000	26 548 000
<u>Conditional</u>	26 999 103	11 208 079
Local Government Financial Management Grant (FMG)	1 700 000	1 650 000
Expanded Public Works Programme Integrated Grant	769 000	1 237 000
COVID-19 Pandemic Grant	-	-
Infrastructure Skills Development Grant	-	-
Library Grant	-	-
Balance previously reported		1 947 000
Less: Allocation excluding VAT transferred to exchange revenue		(1 693 043)
Less: VAT on allocation transferred to current provisions		(253 957)
WC Capacity building (Bursaries)	-	214 305
WC Capacity building (Public Employment Support Grant)	-	223 774
Thusong service centre	82 933	150 000
Community Development Workers	64 366	56 000
Western Cape Financial Management Grant	-	325 000
District Municipality - Community Safety Grant	78 924	69 250
Local Government SETA	53 059	41 895
Municipal Infrastructure Grant	8 736 030	4 004 418
Water Services Infrastructure Grant	11 399 824	1 987 925
Additional WC Drought relief for backup Generators	175 000	
Municipal Interventions Grant	346 187	
WC - Financial Management Capability Grant	137 216	
Western Cape - Maintenance of Roads	45 862	50 000
Human Settlements Development Grant	-	198 513
Balance previously reported		180 000
Plus: Correction of expenditure not recognised		18 513
PT - Municipal Energy Resilience Grant	399 338	
PT - Municipal Water Resilience Grant	2 170 766	
Regional Socio-economic Project	745 365	1 000 000
District Municipality War on Leaks Grant	78 571	
District Municipality HR Internship Grant	16 662	
Total Government Grants and Subsidies	55 652 103	37 756 079
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	28 653 000	26 548 000
Executive & Council	798 423	1 401 405
Finance and Administration	2 262 326	2 189 305
Community & Social Services	82 933	219 250
Planning & Development	81 029	56 000
Road Transport	1 219 712	1 510 774
Energy Sources	574 338	-
Water Management	21 980 342	5 831 346
Total Government Grants and Subsidies	55 652 103	37 756 079

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

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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.1 <u>Equitable Share</u>		
Grants received	28 653 000	26 548 000
Conditions met - Operating	(28 653 000)	(26 548 000)
Conditions still to be met	-	-

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

21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)

21.2 Local Government Financial Management Grant (FMG)

Grants received	1 700 000	1 650 000
Conditions met - Operating	(1 700 000)	(1 650 000)
Conditions still to be met	-	-

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

21.3 Integrated National Electrification Grant

Grants received	490 000	-
Conditions still to be met	490 000	-

To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

21.3 Municipal Infrastructure Grant (MIG)

Opening balance	3 951 582	-
Grants received	7 555 000	7 956 000
Conditions met - Operating	(404 850)	(160 997)
Conditions met - Capital	(8 331 180)	(3 843 421)
Conditions still to be met	2 770 552	3 951 582

The Municipal Infrastructure Grant aims to eradicate municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting.

21.4 Water Services Infrastructure Grant (WSIG)

Opening balance	4 564 075	-
Grants received	8 000 000	6 552 000
Conditions met - Capital	(11 399 824)	(1 987 925)
Conditions still to be met	1 164 251	4 564 075

The Water Services Infrastructure Grant is paid by National Treasury to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities.

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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.5 <u>Expanded Public Works Programme Integrated Grant</u>		
Grants received	769 000	1 237 000
Conditions met - Operating	(769 000)	(1 237 000)
Conditions still to be met	-	-

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure); other economic and social infrastructure, tourism and cultural industries; waste management; parks and beautification; sustainable land-based livelihoods; social services programmes; community safety programmes.

21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)

21.6 Western Cape - Maintenance of Roads

Grants received	45 862	50 000
Conditions met - Operating	(45 862)	(50 000)
Conditions still to be met	-	-

Grant received to work on roads on behalf of SANRAL.

21.7 Library Grant

Grants received	-	-
Balance previously reported		1 947 000
Less: Allocation excluding VAT transferred to exchange revenue		(1 693 043)
Less: VAT on allocation transferred to current provisions		(253 957)
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Balance previously reported		(1 947 000)
Less: Allocation excluding VAT transferred to exchange revenue		1 693 043
Less: VAT on allocation transferred to current provisions		253 957
Conditions still to be met	-	-

To transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.

21.8 Regional Socio-Economic Projects (RSEP)

Opening balance	-	2 275 047
Grants received	800 000	-
Repaid to National Revenue Fund	-	(1 275 047)
Conditions met - Capital	(745 365)	(1 000 000)
Conditions still to be met	54 635	-

To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.9 <u>WC Capacity building (Bursaries)</u>		
Opening balance	101 750	18 954
Grants received	-	300 000
Repaid to National Revenue Fund	(101 750)	(2 899)
Conditions met - Operating	-	(214 305)
Conditions still to be met	<u>-</u>	<u>101 750</u>
The bursary grant is there to encourage local scholars to further their education.		
21.10 <u>WC Capacity building (Public Employment Support Grant)</u>		
Opening balance	-	223 774
Conditions met - Operating	-	(223 774)
Conditions still to be met	<u>-</u>	<u>-</u>
The bursary grant is there to encourage local scholars to further their education.		
21.11 <u>Thusong Service Centre</u>		
Grants received	150 000	150 000
Conditions met - Operating	(82 933)	(150 000)
Conditions still to be met	<u>67 067</u>	<u>-</u>
To uphold maintenance of the Thusong centre.		
21.12 <u>WC Capacity building (Sport and Recreation Facilities)</u>		
Opening balance	300 000	300 000
Repaid to National Revenue Fund	(300 000)	-
Conditions still to be met	<u>-</u>	<u>300 000</u>
DCAS made funds available to build new cloakrooms in Prince Albert.		
21.13 <u>Additional WC Drought relief for backup Generators</u>		
Opening balance	175 000	-
Grants received	-	175 000
Conditions met - Operating	(175 000)	-
Conditions still to be met	<u>-</u>	<u>175 000</u>
To ensure that there is electricity at the water treatment plant when loadshedding is being implemented.		
21.14 <u>Community Development Workers</u>		
Opening balance	-	29 285
Grants received	76 000	56 000
Repaid to National Revenue Fund	-	(29 285)
Conditions met - Operating	(64 366)	(56 000)
Conditions still to be met	<u>11 634</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		



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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.15 <u>Municipal Drought Relief Grant</u>		
Opening balance	8 493	(953 002)
Grants received	-	961 495
	<hr/>	<hr/>
Conditions still to be met	8 493	8 493
	<hr/> <hr/>	<hr/> <hr/>
To ensure that consumers have sufficient water for basic needs during draughts.		
21.16 <u>Municipal Interventions Grant</u>		
Opening balance	1 200 000	-
Grants received	-	1 200 000
Conditions met - Operating	(346 187)	-
	<hr/>	<hr/>
Conditions still to be met	853 813	1 200 000
	<hr/> <hr/>	<hr/> <hr/>
To ensure that the shortcomings of the ICT environment are being addressed as well as promote local economic development by means of a Beehive concept.		
21.17 <u>Western Cape Financial Management Grant</u>		
Grants received	-	325 000
Conditions met - Operating	-	(325 000)
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/> <hr/>	<hr/> <hr/>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.20 <u>Financial Management Capability Grant</u>		
Grants received	200 000	-
Conditions met - Operating	(137 216)	-
	<hr/>	<hr/>
Conditions still to be met	62 784	-
	<hr/> <hr/>	<hr/> <hr/>
To assist the municipality with the compilation financial reports as legislated by National Treasury.		
21.18 <u>PT - Human Settlements Development Grant</u>		
Opening balance	(198 513)	-
Grants received	198 513	-
Conditions met - Operating	-	(198 513)
Balance previously reported		(180 000)
Plus: Correction of expenditure not recognised		(18 513)
	<hr/>	<hr/>
Conditions still to be met	-	(198 513)
	<hr/> <hr/>	<hr/> <hr/>
To assist in erecting a house for a family that lost their house in a fire.		
21.19 <u>PT - Municipal Energy Resilience Grant</u>		
Grants received	400 000	-
Conditions met - Capital	(399 338)	-
	<hr/>	<hr/>
Conditions still to be met	663	-
	<hr/> <hr/>	<hr/> <hr/>
To improve energy resilience (energy security, energy affordability, and low carbon levels) in municipalities across the Western Cape through facilitating, supporting and positioning for the implementation of energy infrastructure development (public and private) that supports economic growth, municipal financial sustainability, and a low carbon pathway.		

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.20 <u>PT - Municipal Water Resilience Grant</u>		
Grants received	3 512 000	-
Conditions met - Capital	(2 170 766)	-
Conditions still to be met	<u>1 341 234</u>	<u>-</u>
To provide financial assistance to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management across the Province.		
21.20 <u>PT - Informal Settlements Upgrading Grant</u>		
Grants received	88 373	-
Conditions still to be met	<u>88 373</u>	<u>-</u>
To provide funding to facilitate a programmatic and inclusive approach to upgrading informal settlements.		
21.19 <u>Central Karoo District Municipality - Disaster Relief Grant</u>		
Opening balance	-	69 250
Conditions met - Operating	-	(69 250)
Conditions still to be met	<u>-</u>	<u>-</u>
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.20 <u>Central Karoo District Municipality - Community Safety Grant</u>		
Grants received	160 000	-
Conditions met - Operating	(78 924)	-
Conditions still to be met	<u>81 076</u>	<u>-</u>
To provide support to local community safety forums and initiatives to promote a safe environment, through a collaborative approach that fights crime, promotes security and stimulates economic stability.		
21.20 <u>Central Karoo District Municipality - War on Leaks Grant</u>		
Grants received	78 571	-
Conditions met - Operating	(78 571)	-
Conditions still to be met	<u>0</u>	<u>-</u>
To train water agents equipped to visit communities where water leaks could be investigated and to educate community members on the importance of saving water.		
22.23 <u>Central Karoo District Municipality - HR Internship Grant</u>		
Grants received	100 000	-
Conditions met - Operating	(16 662)	-
Conditions still to be met	<u>83 338</u>	<u>-</u>
To assist municipalities to increase their capacity within Human Resources and develop the knowledge and skills of the interns employed under this programme.		



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

	2024 R	2023 R
21. GOVERNMENT GRANTS AND SUBSIDIES (Continue)		
21.20 SETA		
Grants received	53 059	41 895
Conditions met - Operating	(53 059)	(41 895)
Conditions still to be met	-	-
To implement and enhance programmes to interact with stakeholders and empower communities to partner with government in implementing socioeconomic and urban upgrading programmes.		
21.21 Total Grants		
Opening balance	10 102 388	1 963 309
Correction of Error	-	-
Grants received	53 029 378	47 202 389
Repaid to National Revenue Fund	(401 750)	(1 307 231)
Conditions met - Operating	(32 605 630)	(30 924 733)
Conditions met - Capital	(23 046 473)	(6 831 346)
Conditions still to be met/(Grant expenditure to be recovered)	7 077 913	10 102 388
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	7 077 913	10 300 901
Unpaid Conditional Government Grants and Receipts	-	(198 513)
Balance previously reported		(180 000)
Plus: Correction of expenditure not recognised		(18 513)
Total	7 077 913	10 102 388
22. SERVICE-IN-KIND		
Public Contributions - Conditional	1 709 329	2 504 819
Total Public Contributions and Donations	1 709 329	2 504 819
<u>Reconciliation of conditional contributions:</u>		
22.1 Allocations in kind - NT contribution on audit fees		
Balance previously reported		1 931 774
Less: Moved to liability		(1 931 774)
Conditions still to be met	-	-
The municipality previously qualified for a contribution from National Treasury for all audit fees exceeding 1% of the operating and capital budgets. The municipality no longer qualify for this contribution. All audit fees levied by the Auditor General are payable by the municipality. The contribution recognised during 2022/23 was transferred from a contingent liability to a liability.		
22.2 Allocations in kind - MISA - Engineering services		
Grants received	886 021	1 040 226
Conditions met - Operating	(886 021)	(1 040 226)
Conditions still to be met	-	-
The municipality received technical assistance from MISA (Municipal Infrastructure Support Agency). The applicable amount is provided by MISA calculated on the services they rendered to the municipality.		

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
22. SERVICE-IN-KIND (continue)		
22.3 <u>Allocations in kind - DBSA - Upgrading and development of Water Services Master Plan</u>		
Grants received	801 608	1 026 450
Conditions met - Operating	(801 608)	(1 026 450)
Conditions still to be met	-	-
Upgrading and development of Water Services Master Plan (WSMP) and Water Services Development Plan (WSDP) by the Development Bank of South Africa.		
22.4 <u>Allocations in kind - Business Engineering - Ease of doing business</u>		
Grants received	-	438 143
Conditions met - Operating	-	(438 143)
Conditions still to be met	-	-
Provincial Treasury rolled out a project named 'Ease of doing business' and the municipality were fortunate enough to be selected as a pilot site. No funds flowed to the municipality for the project, but received the benefits thereof. The project focussed mainly on the design of a app for the municipality.		
<u>Allocations in kind - Afriforum - Paying for fuel during power outage</u>		
Grants received	21 700	
Conditions met - Operating	(21 700)	
Conditions still to be met	-	
During February 2024 power lines supplying the Central Karoo District were damaged due to severe storms. This resulted in power outages in Prince Albert for an extended period. Pumps to supply water and service waste water treatment works were kept going with generators. Afriforum paid a fuel supplier on behalf of the Municipality to support water stability.		
22.5 <u>Total Conditional Contributions</u>		
Grants received	1 709 329	2 504 819
Conditions met - Operating	(1 709 329)	(2 504 819)
Conditions still to be met	-	-
23. LICENCES AND PERMITS		
Road and Transport	89 637	89 154
Total Licences and Permits	89 637	89 154
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	89 637	89 154
Total Licences and Permits	89 637	89 154



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
24. SERVICE CHARGES		
Electricity	21 718 439	18 441 881
Service Charges	23 075 326	19 537 024
<u>Less:</u> Revenue Forgone	(1 356 886)	(1 095 142)
Water	6 531 834	4 787 099
Service Charges	8 191 150	6 159 939
<u>Less:</u> Revenue Forgone	(1 659 315)	(1 372 841)
Waste Water Management	6 541 288	5 898 145
Service Charges	8 991 460	7 877 153
<u>Less:</u> Revenue Forgone	(2 450 172)	(1 979 008)
Waste Management	2 986 812	2 641 240
Service Charges	4 703 358	4 002 665
<u>Less:</u> Revenue Forgone	(1 716 546)	(1 361 425)
Total Service Charges	37 778 373	31 768 365
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	238 714	369 861
Cemetery and Burial	20 406	18 082
Entrance Fees	11 581	19 264
Fire Services	-	5 003
Legal Fees	-	7 178
Photocopies and Faxes	1 703	1 672
Publications - Charts/Posters	15 790	4 559
Tender Documents	23 652	12 870
Traffic Control	6 725	-
Town Planning and Servitudes	41 092	46 950
Valuation Services	43 056	23 906
Total Sales of Goods and Rendering of Services	402 719	509 346
26. RENT ON LAND		
Land	60 781	240 411
Total Rent on Land	60 781	240 411
27. RENTAL FROM FIXED ASSETS		
Investment Property	333 491	79 224
Property, Plant and Equipment	118 481	359 998
Total Rental from Fixed Assets	451 972	439 222
28. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	68 236	48 532
Financial assets	6 114 293	4 022 929
Total Interest Earned - External Investments	6 182 529	4 071 462



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
29. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	1 605 228	1 130 959
Total Interest Earned - Outstanding Receivables	1 605 228	1 130 959
30. OPERATIONAL REVENUE		
Administrative Handling Fees	86 905	-
Commission	11 272	5 487
Development Charges	74 628	
Insurance Refund	-	78 329
Merchandising, Jobbing and Contracts	1 962 609	1 693 043
Balance previously reported		-
Plus: Library allocation transferred from government grants and subsidies		1 693 043
Staff Recoveries	10 748	-
Total Operational Revenue	2 146 161	1 776 860
<u>Disclosed as follows:</u>		
Revenue from Exchange Transactions	2 146 161	1 776 860
Total Operational Revenue	2 146 161	1 776 860
31. EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	22 994 496	20 606 690
Balance previously reported		20 470 062
Plus: Backpay to senior management due to increases in upper limits		116 628
Pension and UIF Contributions	3 207 913	2 749 751
Medical Aid Contributions	984 683	721 075
Overtime	1 885 719	1 502 876
Bonuses	1 876 512	1 511 652
Motor Vehicle Allowance	446 096	371 694
Cell Phone Allowance	308 440	270 444
Housing Allowances	84 912	81 953
Other benefits and allowances	1 386 149	1 082 518
Payments in lieu of leave	534 522	419 796
Workmen's Compensation Fund	-	-
Previously reported		150 000
Less: Moved to Operational Costs		(150 000)
Post-retirement Benefit Obligations	1 046 570	984 740
Medical - Note 13.1	674 000	647 000
Current Service Cost	108 000	105 000
Interest Cost	566 000	542 000
Ex-Gratia Pension - Note 13.2	3 570	3 740
Interest Cost	3 570	3 740
Long Service Awards - Note 13.3	369 000	334 000
Current service cost	186 000	175 000
Interest cost	183 000	159 000
Total Employee Related Costs	34 756 012	30 303 188



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

	2024 R	2023 R
31. EMPLOYEE RELATED COSTS (continue)		
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager - Mr A Hendricks		
Basic Salary	1 171 734	1 000 695
Performance Bonus	107 077	-
Motor Vehicle Allowance	180 000	180 000
Cell Phone Allowance	36 000	36 000
Total	1 494 812	1 216 695
Remuneration of acting Municipal Manager Mr. N Van Stade		
Basic Salary		172 449
Total		172 449
Remuneration of the Chief Financial Officer - Mr PW Erasmus (01/07/2023 - 31/12/2023)		
Basic Salary	486 310	892 627
Medical Aid Contributions	27 788	54 079
Performance Bonus	81 512	
Cell Phone Allowance	15 000	30 000
Payments in lieu of leave	78 283	
Total	688 895	976 707
Remuneration of the Chief Financial Officer (acting) - Mr JA Van Niekerk (08/01/2024 - 08/04/2024)		
Basic Salary	267 168	
Cell Phone Allowance	7 880	
Payments in lieu of leave	23 632	
Total	298 680	-
Remuneration of the Chief Financial Officer - Mr BHC Metemba (03/06/2024 - 30/06/2024)		
Basic Salary	74 423	
Medical Aid Contributions	5 277	
Motor Vehicle Allowance	10 000	
Cell Phone Allowance	2 500	
Total	92 200	-
Remuneration of Director : Technical Services - Mr Z Nongene		
Basic Salary	945 898	71 839
Medical Aid Contributions	48 456	3 828
Acting allowance	37 021	
Performance Bonus	7 436	
Motor Vehicle Allowance	132 000	11 000
Cell Phone Allowance	30 000	2 500
Total	1 200 811	89 167

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

	2024 R	2023 R
32. REMUNERATION OF COUNCILLORS		
Ms E Maans	319 732	319 889
Mr S Botes		394 794
Ms MD Jaftha	736 442	740 929
Ms LK Jaquet	908 801	722 600
Mr SD Koonthea	422 296	321 220
Mr. A Mackay	319 732	319 889
Mr K Baaidjies	319 732	319 889
Mr. NA Claassen	296 894	
Total Councillors' Remuneration	3 323 629	3 139 209

Remuneration paid to Councillors can be summarised as follow:

	Salary	Other Allowances	Cell Phone & Data Allowances	Total
Executive Mayor / Mayor: Ms LK Jaquet	708 197	153 600	47 004	908 801
Deputy-Mayor: Mr SD Koonthea	289 241	62 150	42 870	394 261
Executive Speaker: Ms MD Jaftha	567 038	122 400	47 004	736 442
Councillors	949 711	146 150	188 264	1 284 125
Total Councillors' Remuneration	2 514 187	484 300	325 142	3 323 629

In-kind Benefits

The Executive Mayor and Speaker are full-time Councillors. Each is provided with an office and secretarial support at the cost of the Municipality.



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

	2024 R	2023 R
33. CONTRACTED SERVICES		
Outsourced Services	808 670	1 752 133
Administrative and Support Staff	190 903	-
Business and Advisory	62 367	69 966
Clearing and Grass Cutting Services	-	303 077
Internal Auditors	504 950	852 423
Security Services	50 450	46 945
Electrical	-	479 721
Consultants and Professional Services	5 195 857	3 788 978
Business and Advisory	3 757 371	2 392 263
Accounting and Auditing	1 048 230	1 115 746
Balance previously reported		1 063 066
Plus: Payments made during 2023/24 iro 2022/23		52 680
Audit Committee	49 587	85 803
Medical Examinations	15 569	23 128
Organisational	1 099 713	22 856
Research and Advisory	820 373	1 050 206
Quality Control	186 856	-
Valuer and Assessors	537 043	94 524
Infrastructure and Planning	1 340 171	1 201 264
Engineering	886 021	-
Land and Quantity Surveyors	454 150	1 201 264
Balance previously reported		1 156 211
Plus: Payments made during 2023/24 iro 2022/23		45 052
Laboratory Services	90 207	37 672
Water	90 207	37 672
Legal Cost	8 107	157 779
Legal Advice and Litigation	8 107	157 779
Balance previously reported		74 279
Plus: Payments made during 2023/24 iro 2022/23		83 500
Contractors	2 050 070	1 835 231
Electrical	461 271	-
Maintenance of Buildings and Facilities	313 500	589 026
Maintenance of Equipment	655 445	714 329
Balance previously reported		702 219
Plus: Payments made during 2023/24 iro 2022/23		12 109
Maintenance of Unspecified Assets	619 853	531 877
Total Contracted Services	8 054 596	7 376 342

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
34. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	7 336 536	7 017 635
Balance previously reported		6 995 948
Plus: Depreciation calculated on assets recognised for the first time		21 687
Intangible Assets	98 855	91 040
Investment Property carried at cost	7 273	6 694
Total Depreciation and Amortisation	7 442 664	7 115 369
35. FINANCE COSTS		
Long-term Borrowings	754	5 508
Non-current Provisions	2 280 411	2 091 974
Payables	969 770	629 279
Total Finance Costs	3 250 934	2 726 761
36. BULK PURCHASES		
Electricity	17 344 520	14 605 746
Balance previously reported		16 197 184
Less: Reversal of prior year correction duplicated		(1 591 438)
Total Bulk Purchases	17 344 520	14 605 746
	2024 R	2023 R
37. TRANSFERS AND SUBSIDIES		
Operational	277 216	704 305
Monetary Allocations	277 216	704 305
Households	137 216	214 305
Non-profit Institutions	140 000	490 000
Total Transfers and Subsidies	277 216	704 305



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
38. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	247 703	133 066
Balance previously reported		131 650
Plus: Payments made iro 2022/23		1 416
Audit Fees	3 446 778	3 164 779
Bank Charges, Facility and Card Fees	189 930	215 444
Bursaries (Employees)	-	75 000
Cleaning Services	83 332	3 694
Commission	319 319	454 299
Balance previously reported		363 201
Plus: Payments made iro 2022/23		91 098
Communication	722 756	730 739
Deeds	30 442	19 115
Entertainment	88 313	56 261
External Computer Service	1 083 281	2 972 324
Balance previously reported		2 964 603
Plus: Payments made iro 2022/23		7 720
Hire Charges	62 767	17 780
Insurance Underwriting	744 958	631 294
Levies Paid - Water Resource Management Charges	38 980	55 231
Licences	112 550	102 298
Management Fee	86 905	-
Municipal Services	1 037 370	817 060
Balance previously reported		787 913
Plus: Payments made iro 2022/23		29 146
Printing, Publications and Books	165 439	348 427
Balance previously reported		347 781
Plus: Payments made iro 2022/23		646
Professional Bodies, Membership and Subscription	506 254	506 453
Remuneration to Ward Committees	180 800	204 655
Skills Development Fund Levy	276 927	224 179
Travel and Subsistence	934 834	1 123 745
Uniform and Protective Clothing	180 746	105 615
Vehicle Tracking	54 180	49 396
Wet Fuel	2 128 975	2 478 104
Workmen's Compensation Fund	216 000	150 000
Balance previously reported		-
Plus: Moved from Employee Related Costs		150 000
Total Operational Costs	12 939 540	14 638 957
39. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 8	4 602 973	12 445 890
Receivables from Non-exchange Revenue - Note 9	7 753 388	(8 807 590)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	12 356 360	3 638 300

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

	2024 R	2023 R
40. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Investment Property	-	(10)
Balance previously reported		-
Less: Portion 5 of the farm Bitterwater disposed		(10)
Property, Plant and Equipment	(38 351)	-
Total Gains/ (Loss) on Sale of Fixed Assets	(38 351)	(10)
41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Property, Plant and Equipment		-
Reversal of impairment loss/(Impairment loss) on Fixed Assets	-	(1 986 875)
Change in estimate on the remeasurement of the landfill site provision	2 213 331	
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	2 213 331	(1 986 875)
42. WATER LOSSES		
Real Losses	156 194	993 651
Total Water Losses	156 194	993 651
43. CORRECTION OF ERROR IN TERMS OF GRAP 3		2023 R
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
43.1 Property, Plant and Equipment		
Balance previously reported		180 097 009
Cost		90 137
First time recognitions - computer equipment		21 176
First time recognitions - furniture and office equipment		13 303
First time recognitions - machinery and equipment		55 658
Accumulated Depreciation		(21 687)
Recognition of depreciation on first time recognitions - computer equipment		(3 964)
Recognition of depreciation on first time recognitions - furniture and office equipment		(2 953)
Recognition of depreciation on first time recognitions - machinery and equipment		(14 769)
Restated Balance		180 165 459
43.2 Investment Property		
Balance previously reported		13 521 304
Cost		20 000
Four properties in Leeu Gamka were identified that were not recognised previously		20 000
Investment Property written off		(10)
Portion 5 of the farm Bitterwater was written off during 2022/23, but not captured		(10)
Restated Balance		13 541 294
43.3 Inventory		
Balance previously reported		718 995
Inventory issued during 2022/23 double counted		1 928
Restated Balance		720 923

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

	2023 R
43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)	
43.4 Unpaid transfers and subsidies	198 513
Balance previously reported	180 000
Costs incurred from a grant were not recognised in total during 2022/23	18 513
Restated Balance	<u><u>198 513</u></u>
43.5 Consumer Deposits	
Balance previously reported	657 575
A deposit repaid during 2022/23 iro hall rentals was incorrectly captured against trade creditors	(500)
Restated Balance	<u><u>657 075</u></u>
43.6 Current Employee Benefits	
Balance previously reported	2 740 306
An unidentified deposit was incorrectly captured against current employee benefits	(41)
Restated Balance	<u><u>2 740 265</u></u>
43.7 Trade and Other Payables from Exchange Transactions	
Balance previously reported	5 523 649
An unidentified deposit was incorrectly captured against current employee benefits	41
Plus: Payments iro 2022/23 were made during 2023/24	611 953
Plus: Audit fees prior to 1 July 2022 captured	2 634 866
Plus: Overdue charges on audit fees before 1 July 2022	719 701
Plus: Audit fees for 2022/23 captures	2 221 540
Plus: Overdue charges on audit fees for 2022/23	628 008
A deposit repaid during 2022/23 iro hall rentals was incorrectly captured against trade creditors	500
Reversal iro bulk electricity purchases during 2022/23 were captured incorrectly	(1 830 154)
Restated Balance	<u><u>10 510 105</u></u>
43.8 VAT payable	
Balance previously reported	1 057 656
VAT on payments iro of 2022/23 made during 2023/24	(23 384)
VAT on reversal iro bulk electricity during 2022/23 captured incorrectly	238 716
Restated Balance	<u><u>1 272 987</u></u>

2023
R

43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

43.9 Accumulated Surplus

Balance previously reported	195 351 186
Backpay of Councillors iro 2022/23 paid during 2023/24	(120 891)
Backpay of senior management iro 2022/23 paid during 2023/24	(116 628)
A deposit held for Treintjiesrivier was transferred to the accumulated surplus	4 000
Payment of creditors iro 2022/23 during 2023/24	(334 359)
Costs incurred from a grant were not recognised in total during 2022/23	18 513
Correction of year-end creditors iro 2021/22	(26 400)
Correction of goods received note	25 709
Capturing of over payment of employee	(20 000)
First time recognitions - computer equipment	21 176
First time recognitions - furniture and office equipment	13 303
First time recognitions - machinery and equipment	55 658
Recognition of depreciation on first time recognitions - computer equipment	(3 964)
Recognition of depreciation on first time recognitions - furniture and office equipment	(2 953)
Recognition of depreciation on first time recognitions - machinery and equipment	(14 769)
Four properties in Leeu Gamka were identified that were not recognised previously	20 000
Portion 5 of the farm Bitterwater was written off during 2022/23, but not captured	(10)
Reversal iro bulk electricity purchases during 2022/23 were captured incorrectly	1 591 438
Inventory issued during 2022/23 double counted	1 928
Audit fees prior to 1 July 2022 transferred to liability	(2 634 866)
Audit fees for 2022/23 transferred to liability	(2 221 540)
Overdue charges on audit fees prior to 1 July 2022 recognised as expenditure	(719 701)
Overdue charges for 2022/23 recognised as expenditure	(628 008)
VAT on library allocations incorrectly receipted as government grants	
VAT on library allocation prior to 1 July 2022	(723 000)
VAT on library allocation for 2022/23	(253 957)
Restated Balance	189 281 864

43.10 Capital Replacement Reserve

Balance previously reported	10 500 000
In accordance with the Municipality's Accounting Policy this reserve was transferred to a Non-Current Provisions Reserve	(10 500 000)
Restated Balance	-

43.11 Non-Current Provisions Reserve

Balance previously reported	-
In accordance with the Municipality's Accounting Policy this reserve was transferred from a Capital Replacement Reserve to a Non-Current Provisions Reserve	10 500 000
Restated Balance	10 500 000

43. CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

43.12 Changes to the Statement of Financial Performance due to correction of errors:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates	20	5 073 221	-	5 073 221
Surcharges and Taxes		-	-	-
Government Grants and Subsidies - Operating	21	32 853 220	(1 928 487)	30 924 733
Government Grants and Subsidies - Capital	21	6 831 346	-	6 831 346
Service in kind	22	4 436 593	(1 931 774)	2 504 819
Contributed Property, Plant and Equipment		-	-	-
Actuarial Gains	13	706 531	-	706 531
Availability Charges		-	-	-
Fines, Penalties and Forfeits		9 575 080	-	9 575 080
Interest Earned - Non-exchange Transactions		186 024	-	186 024
Licences and Permits from Non-Exchange Transactions		-	-	-
Service Charges	24	31 768 365	-	31 768 365
Sales of Goods and Rendering of Services	25	509 346	-	509 346
Rent on Land	26	240 411	-	240 411
Rental from Fixed Assets	27	439 222	-	439 222
Interest Earned - External Investments	28	4 071 462	-	4 071 462
Interest Earned - Exchange Transactions	29	1 130 959	-	1 130 959
Licences and Permits from Exchange Transactions	23	89 154	-	89 154
Agency Services		293 874	-	293 874
Operational Revenue	30	83 816	1 693 043	1 776 860
Total		98 288 623	(2 167 217)	96 121 406
Expenditure				
Employee related costs	31	30 316 560	(13 372)	30 303 188
Remuneration of Councillors	32	3 018 319	120 891	3 139 209
Irrecoverable Debt Written Off	33	18 210 309	-	18 210 309
Contracted Services		7 182 995	193 346	7 376 342
Depreciation and Amortisation	34	7 093 682	21 687	7 115 369
Actuarial Losses	13	-	-	-
Finance Costs	35	2 098 753	628 008	2 726 761
Bulk Purchases	36	16 197 184	(1 591 438)	14 605 746
Inventory Consumed	7	428 076	9 062	437 138
Operating Leases		-	-	-
Transfers and Subsidies	37	704 305	-	704 305
Operational Costs	38	14 069 163	569 793	14 638 957
Reversal of Impairment Loss/(Impairment Loss) on Receivables	39	(3 638 300)	-	(3 638 300)
Total		95 681 046	(62 022)	95 619 025
Gains and Losses				
Gains/(Loss) on Sale of Fixed Assets	40	-	(10)	(10)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	41	(1 986 875)	-	(1 986 875)
Total		(1 986 875)	(10)	(1 986 885)
Net Surplus/(Deficit) for the year		620 702	(2 105 205)	(1 484 504)

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	17 973 883	(1 484 504)
<u>Adjustments for:</u>		
Depreciation and Amortisation	7 442 664	7 115 369
Loss/(Gain) on Sale of Fixed Assets	38 351	10
Impairment Loss/(Reversal of Impairment Loss)	12 356 360	(3 638 300)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(2 213 331)	1 986 875
Government Grants and Subsidies received	53 029 378	47 202 389
Government Grants and Subsidies recognised as revenue	(55 652 103)	(37 756 079)
Service in kind		
Repayment of unspent grants	(401 750)	(1 307 231)
Contributed asset		-
Contribution to provisions – Non-Current Provisions	3 250 180	2 721 254
Change in Provision for Rehabilitation Cost	-	-
Contribution from/to provisions - Non-Current Employee Benefits	532 235	482 701
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	583 791	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(370 566)	(706 531)
Contribution from/to - Current Employee Benefits	367 122	376 866
Write-off of Current Employee Benefits	-	-
Contribution to provisions – Bad Debt		
Reversal of Provision for Bad Debt		
Bad Debts written off	4 078 124	18 210 309
Change in Estimate of Traffic Fines		
Unamortised Discounts - Interest Received	-	
Unamortised Discounts - Interest Paid	-	
Operating lease income accrued	32 998	12 848
Operating lease expenses accrued	-	-
Operating Surplus/(Deficit) before changes in working capital	41 047 337	33 215 977
Changes in working capital	(9 400 546)	(14 923 750)
Increase/(Decrease) in Provisions	294 391	253 957
Increase/(Decrease) in Trade and Other Payables	7 466 790	1 381 966
Increase/(Decrease) in Employee Benefits		
Increase/(Decrease) in Taxes	(1 284 450)	(67 565)
Increase/(Decrease) in Short-term Loans		
(Increase)/Decrease in Inventory	54 873	(174 369)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(7 996 234)	(7 017 816)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(8 011 162)	(9 308 969)
Increase/(Decrease) in Consumer deposits	75 245	9 045
Cash generated/(absorbed) by operations	31 646 791	18 292 226



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
45. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 10	578 116	458 559
Cash Floats - Note 10	5 987	5 987
Total cash and cash equivalents	584 103	464 546
	2024 R	2023 R
46. SHORT-TERM DEPOSITS		
Call Deposits and Investments - Note 10	57 684 012	51 930 877
47. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 45	584 103	464 546
Short-term Deposits - Note 45	57 684 012	51 930 877
Less:	(7 066 450)	(11 573 888)
Unspent Transfers and Subsidies - Note 17	(7 077 913)	(10 300 901)
VAT - Note 18	11 463	(1 272 987)
Net cash resources available for internal distribution	51 201 666	40 821 535
Allocated to:		
Non-Current Provisions Reserve	(10 500 000)	(10 500 000)
Resources available for working capital requirements	40 701 666	30 321 535
48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
48.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	7 727 404	4 672 507
Correction of prior period error		
Restated opening balance	7 727 404	4 672 507
Unauthorised expenditure current year - operational	19 134 745	7 727 404
Unauthorised expenditure current year - capital	-	-
Written off by Council	-	(4 672 507)
Prior Period	-	(4 672 507)
Transfer to receivables for recovery	-	-
Current	-	-
Prior Period	-	-
Unauthorised expenditure awaiting authorisation	26 862 149	7 727 404



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

2024
R

2023
R

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED
(Continue)

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved budget - Vote 3: Director Corporate Services. The over expenditure is largely due to the contribution to the provision for staff leave that amounts to R119 442. this is a non-cash item.	None	-	
Over expenditure of approved budget - Vote 5: Director Technical Services. The over spending is largely due to interest and depreciation on the lanfill sites calculations (R2954 156), irrecoverable debt written off (R3 196 027) and expenditure recognised iro the in-kind services received from different contributors. All these items are non-cash items.	None	7 255 755	
Over expenditure of approved budget - Vote 4: Director Community Services. The overspending of the budget is mainly due to the impairment losses in respect of traffic fines that amounts to R7 132 942. this is a non-cash item.	None	6 951 855	7 727 404
Over expenditure of approved budget - Vote 2: Financial services. The main contributors to the overspending of the budget are: Contributions to provisions due to actuarial calculations (R1 630 361), Impairment losses on receivables (R1 915 516) and write off of bead debts (R773 610). All of this is non-cash items.	None	4 927 135	
		<u>19 134 745</u>	<u>7 727 404</u>

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash items	19 134 745	7 727 404
	<u>19 134 745</u>	<u>7 727 404</u>
	2024 R	2023 R

Analysed as follows: Non-cash

Vote 2 - Director Finance

Gains and Losses: Fair Value Adjustment - Actuarial Assessments - Long Service Awards - Losses	583 791	
Gains and Losses: Impairment Loss - Other Receivables from Non-exchange Revenue - Property Rates	220 445	
Gains and Losses: Impairment Loss - Trade and Other Receivables from Exchange Transactions - Non Specific Accounts	1 695 071	
Expenditure: Employee Related Cost - Municipal Staff - Post-retirement Benefit - Medical - Interest Cost	752 570	
Included in the budgeted amount is an amount of R1 800 000 in respect of actuarial gains. This amount was subtracted from employee related costs. In the actual results the actuarial gain on post-employment medical aid benefits is treated as revenue as per the revised regulated mSCOA chart.	1 800 000	
Total non-cash items Vote 2	<u>5 051 877</u>	

Vote 4 - Director Community

Gains and Losses: Impairment Loss - Other Receivables from Non-exchange Revenue - Non Specific Accounts	7 132 942	7 727 404
Total non-cash items Vote 4	<u>7 132 942</u>	<u>7 727 404</u>



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

	2024 R	2023 R
48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
<i>(Continue)</i>		
<u>Vote 5 - Director Technical Services</u>		
Expenditure: Depreciation and Amortisation - Depreciation - Solid Waste Infrastructure - Landfill Sites	923 745	
Expenditure: Depreciation and Amortisation - Depreciation - Transport Assets	693 554	
Expenditure: Depreciation and Amortisation - Depreciation - Electrical Infrastructure - MV Networks	88 707	
Expenditure: Depreciation and Amortisation - Depreciation - Computer Equipment	59 160	
Expenditure: Depreciation and Amortisation - Depreciation - Roads Infrastructure - Road Furniture	88 201	
Expenditure: Depreciation and Amortisation - Depreciation - Machinery and Equipment	79 620	
Gains and Losses: Impairment Loss - Trade and Other Receivables from Exchange Transactions - Waste Management	53 783	
Expenditure: Interest, Dividends and Rent on Land - Interest Paid - Interest costs non-current Provisions	2 030 411	
Irrecoverable debt written off - Electricity	61 582	
Irrecoverable debt written off - Water	1 567 472	
Irrecoverable debt written off - Waste Water Management	953 104	
Irrecoverable debt written off - Waste Management	675 451	
Total non-cash items Vote 5	7 274 788	

The overspending of the Budget per municipal vote can be summarised as follows:

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Vote 1 - Executive and Council	6 686 849	7 339 439	652 590	-
Vote 2 - Director Finance	18 889 484	13 962 349	(4 927 135)	4 927 135
Vote 3 - Director Corporate	9 134 586	9 150 788	16 202	-
Vote 4 - Director Community	16 234 813	9 282 958	(6 951 855)	6 951 855
Vote 5 - Director Technical Services	54 165 802	46 910 047	(7 255 755)	7 255 755
	105 111 534	86 645 581	(18 465 953)	19 134 745

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
<u>Unauthorised expenditure current year - capital</u>				
Vote 1 - Executive and Council	-	-	-	-
Vote 2 - Director Finance	1 356 051	1 969 035	612 984	-
Vote 3 - Director Corporate	-	-	-	-
Vote 4 - Director Community	840 179	4 841 132	4 000 953	-
Vote 5 - Director Technical Services	23 718 698	30 237 074	6 518 376	-
	25 914 929	37 047 241	11 132 312	-

	2024 R	2023 R
48.2 <u>Fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	107 354	107 354
Correction of prior period error		
Restated opening balance	107 354	107 354
Fruitless and wasteful expenditure current year	4 670	
Written off by Council	-	-
Transfer to receivables for recovery - not written off	-	-
Fruitless and wasteful expenditure awaiting further action	112 024	107 354



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

2024
R

2023
R

48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED
(Continue)

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest on a payment of legal fees	None		
Interest on late payment of contributions to Workmans Compensation Fund. The municipality is in consultation with the Workmans Compensation Fund to write off the interest charges on overdue accounts. Said amount have been escalated to MPAC.	None		107 354
Cost of cancellation of accommodation for SALGA National Members Assembly	None	4 670	
		<u>4 670</u>	<u>107 354</u>

48.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	1 694 266	76 223
Correction of prior period error		
Restated opening balance	<u>1 694 266</u>	<u>76 223</u>
Irregular expenditure current year	5 123 605	1 694 266
Expenditure written off i.t.o. Section 32 of MFMA	-	(76 223)
Current	-	-
Prior Period	-	(76 223)
Written off as supported by council	-	-
Transfer to receivables for recovery - not written off	-	-
Irregular expenditure awaiting further action	<u>6 817 871</u>	<u>1 694 266</u>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Non-compliance with SCM Regulations in payments made to a service provider above the contract amount.	None		166 571
Non-compliance with the Preferential Procurement Regulations of 2022 in payments made to service providers between R 2 000.00 and R 30 000.00 from 16 January 2023 to 30 June 2023.	None	1 401 237	1 527 695
Non-compliance with SCM Regulation 17(1)(c) - less than three quotations obtained without recording the reasons thereof	None	1 049 830	
Non-compliance with SCM Regulations 12(1)(c) and 17(a) - three quotes were not obtained for transactions above R 2 000	None	679 294	
Non-compliance with SCM Regulation 19(a) - payments made without following competitive process	None	1 993 244	
		<u>5 123 605</u>	<u>1 694 266</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA, except for the non-compliance on PPR. No steps have been taken at this stage to recover any monies.

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

	2024 R	2023 R
49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
49.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		
Opening balance	-	
Council subscriptions	500 000	500 000
Amount paid - current year	(500 000)	(500 000)
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-
49.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	6 204 116	4 730 122
Correction of prior period error		(1 375 554)
Restated opening balance	6 204 116	3 354 568
Current year audit fee	3 977 927	3 934 273
External Audit - Auditor-General - payable by municipality	3 008 157	3 306 265
Balance previously reported		943 239
Plus: Correction of error		2 363 025
Overdue charges	969 770	628 008
External Audit - Auditor-General - payable by National Treasury		-
Balance previously reported		1 931 774
Less: Correction of error		(1 931 774)
Amount paid - current year	(2 234 462)	(1 084 725)
External Audit - Auditor-General - paid by municipality	(2 234 462)	(1 084 725)
Balance previously reported		(943 239)
Plus: Correction of error		(141 486)
Balance unpaid	7 947 580	6 204 116
The municipality previously qualified for a contribution from National Treasury iro audit exceeding 1% of their total operating and capital budgets. In terms of the set criteria the municipality no longer qualify for this contribution. The municipality is in negotiations with the Auditor General to reverse the interest on overdue accounts as the municipality was under the impression that National Treasury would still make a contribution.		
49.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	1 057 656	1 340 552
VAT inputs	7 407 425	5 648 103
VAT outputs	(5 230 276)	(5 140 414)
Paid	429 246	409 973
Received	(3 636 379)	(1 200 557)
Closing balance	27 672	1 057 656

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

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

	2024 R	2023 R
49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continue)		
49.4 <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
Opening balance	-	
Current year payroll deductions	5 867 031	4 665 456
Amount paid - current year	(5 867 031)	(4 665 456)
Balance unpaid (included in creditors)	-	-
49.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
Opening balance	-	
Current year payroll deductions and Council Contributions	6 678 708	5 653 837
Amount paid - current year	(6 678 708)	(5 653 837)
Balance unpaid (included in creditors)	-	-

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

The following Councillors had arrear accounts outstanding for more than 90 days during the year.

	Outstanding more than 90 days	
	90+ Days	120+ Days
K Baaidjies	39 881	265
N Claassen	7 989	

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

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

30 June 2024

	Amount	<u>Type of Deviation</u>	
		Impractical/ Impossible	Emergency
MDL Engineering Company	39 458	29 980	9 479
Integral Laboratories	9 062	9 062	-
Golden Dividend 536	130 634	130 634	-
Klein Karoo Agri	17 852	-	17 852
Jan Abraham Nel	106 547	25 495	81 052
Mzondi Retailers	48 500	-	48 500
Motus Corporation	2 312	2 312	-
Klein Karoo Agri (PTY) Ltd.	6 183	6 183	-
Bailey & Le Roux	16 700	16 700	-
	377 248	220 366	156 883

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

49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT
(Continue)

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

30 June 2023

	Amount	Type of Deviation	
		Impractical/ Impossible	Emergency
Vanessa Botha	2 500	2 500	-
Arena Holdings	26 826	26 826	-
Bailey & Le Roux Surveyors	5 720	5 720	-
DDP Values	47 695	47 695	-
CVW Consulting Engineers	35 000	35 000	-
Specialist systems Engineering	54 020	54 020	-
Golden Dividend 536	23 530	23 530	-
Payday Software Systems	11 410	11 410	-
MDL Engineering Company	29 950	29 950	-
Weidebosch Development Trust	108 062	108 062	-
Jan Abraham Nel	40 229	-	40 229
Total	384 942	344 713	40 229

49.9 Material losses

Electricity distribution losses

	2024 R	2023 R
Units purchased (Kwh)	9 077 052	9 274 705
Units lost during distribution (Kwh)	1 007 719	1 580 359
Percentage lost during distribution	11.10%	17.04%
Distribution loss (Rand Value)	2 164 197	2 678 412

Water distribution losses

	2024 R	2023 R
Units purified (kl)	638 833	651 739
Units lost during distribution (kl)	156 494	162 533
Percentage lost during distribution	24.50%	24.94%
Distribution loss (Rand Value)	156 194	993 651

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

49.10 Awards to suppliers with close relations to people in the service of the state

The following suppliers indicated that a family member is in service of the state as required of Section 45 of the Supply Chain Management Regulations

2023/24 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments R
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	448 268
CF Wicomb	N Wicomb	Owner	Clerk PMU	Daughter	PAM	27 725
Neil Lyners & Ass (RF) (PTY) LTD	A du Toit	Shareholder	Professional Officer	Daughter	COCT Metro	413 380



49. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT
(Continue)

49.11 Awards to suppliers with close relations to people in the service of the state (Continue)

2022/23 Contracts awarded

Company name	Related person	Company capacity	Capacity	Relationship	State department	Payments
						R
Jan Abraham Nel	M Nel	Owner	Teacher	Spouse	WCED	677 510
C & C Catering	N Jantjies	Director	PAM Empl.	Daughter	PAM	2 700
Andi Gardern Services S Vn Rooi		Owner	Teacher	Spouse	WCED	180 000

50. FINANCIAL RISK MANAGEMENT

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

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

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

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

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

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

	2024 R	2023 R
0.25% (2023: 0.5%) Increase in interest rates	145 670	261 762
1.00% (2023: 0.25%) Decrease in interest rates	(582 681)	(130 881)

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

50. FINANCIAL RISK MANAGEMENT (*Continue*)

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

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 8 and 9 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2024 %	2024 R	2023 %	2023 R
<u>Exchange Receivables</u>				
Electricity	12.51%	3 600 390	10.53%	2 616 766
Water	34.00%	9 784 144	29.24%	7 268 619
Property Rentals	3.20%	921 136	2.92%	726 549
Waste Management	14.93%	4 295 984	12.63%	3 140 882
Waste Water Management	22.87%	6 580 314	20.58%	5 115 146
Debtors VAT Portion	0.00%	-	8.64%	2 146 973
Abeyance	4.86%	1 399 944	6.39%	1 589 416
Other	7.63%	2 194 850	9.07%	2 254 299
	<u>100.00%</u>	<u>28 776 762</u>	<u>100.00%</u>	<u>24 858 651</u>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included prime + 2% where applicable.

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

50. FINANCIAL RISK MANAGEMENT (*Continue*)

	2024 %	2024 R	2023 %	2023 R
<u>Exchange Receivables</u>				
Services	100.00%	22 059 566	100.00%	17 456 593
	100.00%	22 059 566	100.00%	17 456 593

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

	2024 %	2024 R	2023 %	2023 R
Government	0.00%	-	0.00%	-
Industrial	2.77%	612 128	3.70%	645 682
Residential	97.23%	21 447 438	96.30%	16 810 911
Indigents	0.00%	-	0.00%	-
	100.00%	22 059 566	100.00%	17 456 593

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

2024

	Exchange Receivables
1 month past due	1 478 331
2+ months past due	5 238 864
	6 717 196

2023

1 month past due	1 167 789
2+ months past due	6 234 269
	7 402 058

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

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

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

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

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

		2024 R	2023 R
50. FINANCIAL RISK MANAGEMENT (Continue)			
	Financial assets exposed to credit risk at year end are as follows:		
	Receivables from exchange transactions	28 776 762	24 858 651
	Cash and Cash Equivalents	578 116	458 559
	Short-term investments	57 684 012	51 930 877
		87 038 890	77 248 087

(e) Liquidity Risk

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2024				
Trade and Other Payables	18 888 660	-	-	-
	18 888 660	-	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Liabilities	43 042	-	-	-
Trade and Other Payables	10 510 105	-	-	-
	10 553 147	-	-	-



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

2024
R

2023
R

51. FINANCIAL INSTRUMENTS

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

51.1 Financial Assets

Classification

		2024 R	2023 R
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	3 600 390	2 616 766
Water	Financial Instruments at amortised cost	9 784 144	7 268 619
Property Rentals	Financial Instruments at amortised cost	921 136	726 549
Waste Management	Financial Instruments at amortised cost	4 295 984	3 140 882
Waste Water Management	Financial Instruments at amortised cost	6 580 314	5 115 146
Debtors VAT Portion	Financial Instruments at amortised cost	-	2 146 973
Abeyance	Financial Instruments at amortised cost	1 399 944	1 589 416
Other Arrears	Financial Instruments at amortised cost	2 194 850	2 254 299
Cash and Cash Equivalents / Short term investments			
Bank Balances	Financial Instruments at amortised cost	578 116	458 559
Short term investment	Financial Instruments at amortised cost	57 684 012	51 930 877
Cash on hand	Financial Instruments at amortised cost	5 987	5 987
Total Financial Assets		87 044 877	77 254 074

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:

Receivables from Exchange Transactions	Electricity	3 600 390	2 616 766
Receivables from Exchange Transactions	Water	9 784 144	7 268 619
Receivables from Exchange Transactions	Property Rentals	921 136	726 549
Receivables from Exchange Transactions	Waste Management	4 295 984	3 140 882
Receivables from Exchange Transactions	Waste Water Management	6 580 314	5 115 146
Receivables from Exchange Transactions	Debtors VAT Portion	-	2 146 973
Receivables from Exchange Transactions	Abeyance	1 399 944	1 589 416
Receivables from Exchange Transactions	Other Arrears	2 194 850	2 254 299
Cash and Cash Equivalents	Bank Balances	578 116	458 559
Cash and Cash Equivalents	Call Deposits	57 684 012	51 930 877
Cash and Cash Equivalents	Cash on hand	5 987	5 987
Total Financial Assets		87 044 877	77 254 074



PRINCE ALBERT MUNICIPALITY

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

51.2 Financial Liabilities	Classification	2024 R	2023 R
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	-	43 042
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	17 069 276	8 226 477
Salary control accounts	Financial Instruments at amortised cost	(1 028)	257 519
Housing	Financial Instruments at amortised cost	372 001	372 001
Dep Treintjiesrivier	Financial Instruments at amortised cost	-	-
Licencing and registration	Financial Instruments at amortised cost	5 222	(5 679)
Retentions	Financial Instruments at amortised cost	133 472	345 033
Unallocated deposits	Financial Instruments at amortised cost	69 721	106 849
Unidentified deposits	Financial Instruments at amortised cost	4 216	4 205
Advance payments	Financial Instruments at amortised cost	1 127 717	1 079 429
Goods Received / Invoices received	Financial Instruments at amortised cost	108 062	124 271
Other liabilities			
Consumer deposits		143 125	132 925
		19 031 784	10 686 072

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Capitalised Lease Liability	-	43 042
Trade and Other Payables	Trade Payables	17 069 276	8 226 477
Trade and Other Payables	Salary control account	(1 028)	257 519
Trade and Other Payables	Housing	372 001	372 001
Trade and Other Payables	Dep Treintjiesrivier	-	-
Trade and Other Payables	Licencing and registration	5 222	(5 679)
Trade and Other Payables	Retentions	133 472	345 033
Trade and Other Payables	Unallocated deposits	69 721	106 849
Trade and Other Payables	Unidentified deposits	4 216	4 205
Trade and Other Payables	Advance payments	1 127 717	1 079 429
Other liabilities	Consumer deposits	143 125	132 925
Goods Received / Invoices received	Trade Payables	108 062	124 271
		19 031 784	10 686 072

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
52. STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Taxes		
VAT Payable		
VAT Control (Payable)	33 973	215 667
VAT Credit: Output Tax Accrual	(2 674 200)	(2 363 397)
Output Tax	116 605	-
	(2 523 622)	(2 147 730)
VAT Receivable		
Input Tax Accrual	34 085	52 574
Input Tax General	215 483	92 506
Input Tax Capital	974 509	373 101
VAT Control (Receivable from SARS)	1 311 007	356 563
	2 535 085	874 743
Net VAT (Payable)/Receivable	11 463	(1 272 987)
Receivables from Non-Exchange Transactions	65 298 068	57 286 906
Rates	3 257 975	2 753 485
Fines	62 040 092	54 533 421
Total Statutory Receivables (before provision)	65 298 068	57 286 906
Less: Provision for Debt Impairment	(64 090 298)	(56 336 910)
Total Statutory Receivables (after provision)	1 207 770	949 996
Statutory Receivables arises from the following legislation:		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
Statutory receivables are initially measured at transaction value, and subsequently at cost.		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	236 045	236 199
31 - 60 Days	107 719	106 539
61 - 90 Days	102 914	76 724
+ 90 Days	2 811 298	2 334 024
Total	3 257 975	2 753 485
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	56 336 910	47 529 320
Contribution to provision	7 753 388	8 807 590
Balance at end of year	64 090 298	56 336 910
<u>Ageing of amounts past due and impaired:</u>		
1 month past due	64 090 298	56 336 910
2+ months past due	64 090 298	56 336 910



PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
52. STATUTORY RECEIVABLES (continue)		
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	971 725	713 797
2+ months past due	236 045	236 199
	1 207 770	949 996
<u>Interest Received from Statutory Receivables</u>		
Receivables from Non-Exchange Transactions	220 484	186 024
	220 484	186 024
<p>Interest is levied at a rate determined by the council on outstanding rates amounts.</p> <p>Exemptions taken for Statutory Receivables according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.</p>		
53. IN-KIND DONATIONS AND ASSISTANCE		
<p>The municipality received the following in-kind donations and assistance:</p>		
Organisation	Contribution towards:	
National Treasury	Contribution towards audit fees	-
Business Engineering (Ease of Doing business)		438 143
DBSA	Engineering services	801 608
MISA	Engineering services	886 021
Afriforum	Fuel	21 700
Total In-kind Donations and Assistance		1 709 329
54. PRINCIPAL - AGENT ARRANGEMENTS		
54.1 <u>Principal in Principal-Agent Arrangement (Material)</u>		
<p>Prince Albert Municipality is the Principle in arrangements with service providers who sell prepaid electricity on the municipality's behalf. Prepaid vendors earn commission on the value of each transaction.</p>		
Compensation paid for agency activities		
Commission - Note 38	319 319	454 299
Total Compensation paid	319 319	454 299
Resources		
<p>There are no municipal resources under the custodianship of the agents, nor have they been recognised as such.</p>		

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
54. PRINCIPAL - AGENT ARRANGEMENTS (continue)		
54.2 <u>Agent in arrangement</u>		
<p>Prince Albert Municipality is the Agent in the Principle/Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.</p> <p>The municipality does not incur any expenses on behalf of the Provincial Department. No significant risks are noted to arise from the arrangement as the municipality merely collects monies on behalf of the department as part of its existing service offering at the traffic department and the municipal cashier collection points. No resources are held on behalf of the Provincial Department, other than the receipts.</p>		
	2024 R	2023 R
Compensation received for agency activities		
Agency fees	286 570	293 874
Total Compensation received	286 570	293 874
<p>Prince Albert Municipality was paid 12% commission by the Provincial Department of Transport for acting as an agent on its behalf during the financial year.</p>		
55. CONTINGENT LIABILITY		
<p>In terms of Section 23(5) of the Public Audit Act, National Treasury, in the past, paid any audit fees exceeding 1% of the municipality's operating and capital budgets. National Treasury did not pay the full amounts for 2018/19, to 2021/22. This causes doubt if this outstanding amounts will be paid and if the municipality will receive any assistance in future. No correspondence have been received why National Treasury did not pay the full amount and if any payments will be made in future.</p> <p>Through correspondence with the Auditor General SA it was determined that interest were raised on outstanding amounts. No clarity could be obtained on the total outstanding amount owed. The municipality is of the opinion that it is not liable for the interest raised as National Treasury did not fulfill its commitment.</p>		
Municipality's calculation of the outstanding amount (inclusive of VAT)		6 661 895
<p>According to prescribed criteria the municipality doesn't qualify for a contribution from National Treasury anymore. A liability in this regard has been created.</p>		
<p>The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Prince Albert Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services, A Binding General Ruling, on treatment of VAT on transfer payments, was issued by SARS on 3 October 2024. The VAT on library allocations was moved to a provision as it is uncertain what the period for repayment of VAT will be. Interest calculated on VAT for the last five years on library allocations is disclosed as contingent liability as it is uncertain whether the interest will be payable.</p>		
	355 166	320 218
	355 166	6 982 113

PRINCE ALBERT MUNICIPALITY

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

	2024 R	2023 R
56. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure excluding VAT:		
Approved and contracted for:	16 454 925	3 185 521
Total commitments consist out of the following:		
Construction of new sidewalks and uprading of Stormwater infrastructure in Bitterwater, Leeu-Gamka.	-	3 185 521
Construction of borehole pipeline and associated infrastructure	684 201	
Construction of new water treatment package plant in Leeu-Gamka	7 032 532	
Construction of high mast lights and solar PV	3 669 829	
Construction of slurry seal in Prince Abert	5 068 363	
	16 454 925	3 185 521
This expenditure will be financed from:		
Government Grants	11 386 562	3 185 521
Internally generated funds	5 068 363	-
	16 454 925	3 185 521

57. RELATED PARTIES

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

Relationships	
Councilors	Refer to the General information
Municipal Manager	Refer to the General information
Members of key management	Director Financial Services
Members of key management	Director Technical Services

57.1 Related Party Transactions

Outstanding balances on municipal accounts

Year ended 30 June 2024

Councillors	Ward	Rates & Services	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2024						
Councillors						
L Jaquet	2	-	-	-	-	-
MD Jaftha	4	-	-	-	-	-
S Koonthea	3	1 970	-	2	1 972	-
K Baadjies	1	35 071	-	7 987	43 058	-
E Maans	Proportional	2 065	-	0	2 066	-
N Claassen	Proportional	10 971	-	961	11 932	-
AJ Mackay	Proportional	-	-	-	-	-
		50 077	-	8 951	59 028	-
Municipal Manager and Section 57 Employees						
A Hendricks		-	-	-	-	-
PW Erasmus		-	-	-	-	-
Z Nongene		-	-	-	-	-
		-	-	-	-	-



57. RELATED PARTIES (continue)

	Ward	Rates & Services charges	Other	Interest	Outstanding Balance	Provision for Debt Impairment
Year ended 30 June 2023						
Councillors						
L Jaquet	2	2 656	-	44	2 700	-
MD Jaftha	4	918	-	-	918	-
S Koonthea	3	547	-	-	547	-
K Baadjies	1	-	-	-	-	-
E Maans	Proportional	2 261	-	7	2 268	-
N Claassen	Proportional	-	-	-	-	-
AJ Mackay	Proportional	39 775	-	4 395	44 170	-
		46 157	-	4 446	50 603	-
Municipal Manager and Section 57 Employees						
A Hendricks		-	-	-	-	-
Z Nongene		-	-	-	-	-
PW Erasmus		-	-	-	-	-
		-	-	-	-	-

57. RELATED PARTIES (Continue)

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

Related party relationship

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

57.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding amounts granted prior to this date.

57.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

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

58. FINANCIAL SUSTAINABILITY

The municipality's revenue base is limited and the current situation in the municipal area is not favourable to increase the revenue.

The collection rate for debtors is below the accepted norm of 95%, but have shown improvement from the previous financial year from 81.46% to 83.20%.

80.67% 64.53%

The accepted norm for net debtors days is less than 30 days and here we see an slight increase in days from 63 to 64 days. This indicates that the municipality's outstanding debtors have risen materially and not all account holders are not paying for the services they receive from the municipality timeously.

63.69 Days 79.07 Days

The accepted norm for the cash/cost coverage ratio is 1 to 3 months. The municipality is well over this norm eventhough it dropped slightly from the previous financial year.

5.46 Months 4.92 Months

The accepted norm for the current ration is between 1.5 to 2.1. The municipality is above the accepted norm and have increased considerably.

2.15 2.33

Level of cash backed reserves. The accepted norm is that reserves should be cash backed by 100%. The municipality is well positioned, but have to bear in mind that the only reserve is the Capital Replacement Reserve. This reserve is earmarked to cover the rehabilitation costs of the landfill sites. The current balance of the CRR is R10 500 000 which is insufficient to cover the future costs of rehabilitation.

487.53% 400.90%

Net cash inflow/(outflow)

5 872 692 6 534 407

These financial statements were prepared on a going concern basis. Taking the aforementioned into consideration it is a fair assumption that the municipality will be a going concern for the foreseeable future.

COGTA is currently assisting the municipality with revenue enhancement strategies and verification of consumer data.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

59. EVENTS AFTER REPORTING PERIOD

No material events to be reported.

60. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

60.1 Ownership and Management Control

The municipality has no shareholding or directors. The categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Western Cape.

	Senior Management	Middle Management	Junior Management
Race classification			
African	2	-	1
Coloured	1	5	2
White	-	-	-
Gender			
Male	3	5	2
Female	-	-	1
Age			
Youth (between the ages of 18 - 35)	-	3	2
Middle aged (between the ages of 36 - 50)	2	2	1
Senior (older than 50)	1	-	-
Disability			
Male			
Female			
	Target Score	Bonus Score	Actual Score
Contribution to Scorecard			



**APPENDIX A
PRINCE ALBERT LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2023	Received during the period	Redeemed written off during the period	Balance at 30 June 2024
CAPITALISED LEASE LIABILITY							
Office Equipment - Admin		Konica Minolta	2023/11/30	17 868	-	(17 868)	-
Office Equipment - Technical Services		Konica Minolta	2023/11/30	11 230	-	(11 230)	-
Office Equipment - Finance		Konica Minolta	2023/11/30	8 067	-	(8 067)	-
Office Equipment - Library		Konica Minolta	2023/11/30	5 876	-	(5 876)	-
Total Lease Liabilities				43 042	-	(43 042)	-
TOTAL EXTERNAL LOANS				43 042	-	(43 042)	-

Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
-	-
-	-
-	-
-	-
-	-
-	-
-	-

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

2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
			Governance and Administration			
25 771 194	(7 532 247)	18 238 947	Executive and council	31 664 754	(6 824 065)	24 840 689
14 467 411	(16 371 951)	(1 904 539)	Finance and administration	15 572 507	(18 346 412)	(2 773 906)
			Community and Public Safety			
1 934 881	(3 117 168)	(1 182 287)	Community and social services	2 156 098	(3 818 114)	(1 662 016)
19 264	(1 803 917)	(1 784 652)	Sport and recreation	11 581	(1 982 144)	(1 970 563)
9 953 603	(10 281 669)	(328 067)	Public safety	8 522 083	(10 222 707)	(1 700 624)
198 513	-	198 513	Housing	-	-	-
			Economic and Environmental Services			
521 771	(8 353 783)	(7 832 012)	Planning and development	521 289	(9 612 289)	(9 091 000)
1 510 774	(12 107 858)	(10 597 084)	Road transport	2 127 433	(14 485 608)	(12 358 175)
-	-	-	Environmental protection	-	-	-
			Trading Services			
18 581 066	(17 638 243)	942 823	Energy sources	22 387 791	(20 069 756)	2 318 035
12 096 171	(6 222 649)	5 873 522	Water management	29 884 792	(8 305 571)	21 579 221
6 233 822	(4 687 847)	1 545 975	Waste water management	6 970 516	(5 076 842)	1 893 675
2 846 060	(7 231 703)	(4 385 642)	Waste management	3 266 573	(6 228 025)	(2 961 452)
-	(270 000)	(270 000)	Other	-	(140 000)	(140 000)
94 134 531	(95 619 035)	(1 484 504)	Sub Total	123 085 417	(105 111 534)	17 973 883
-	-	-	Less Inter-Departmental Charges	-	-	-
94 134 531	(95 619 035)	(1 484 504)	Total	123 085 417	(105 111 534)	17 973 883

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

2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
			Executive and Council			
27 255 479	(3 192 012)	24 063 467	Municipal Manager	28 653 000	(2 632 144)	26 020 856
1 041 895	(4 340 235)	(3 298 340)	Council General Expenses	798 423	(4 054 705)	(3 256 282)
			Director Finance			
7 177 311	(16 371 951)	(9 194 640)	Financial Services	9 268 287	(18 889 444)	(9 621 157)
5 073 221	-	5 073 221	Property Rates	5 753 706	(40)	5 753 666
			Director Corporate			
-	(183 383)	(183 383)	IDP	-	(621 437)	(621 437)
56 000	(56 000)	-	Strategic Services	64 366	(64 366)	-
1 820 144	(8 114 401)	(6 294 256)	Corporate Services	767 071	(8 448 782)	(7 681 712)
			Director Community			
18 082	-	18 082	Cemeteries	20 406	-	20 406
1 697 548	(1 950 937)	(253 389)	Library	2 052 759	(2 189 442)	(136 683)
74 254	(828 363)	(754 109)	Disaster Management	1 787	(1 210 853)	(1 209 066)
468 198	(337 867)	130 331	Community Halls	199 627	(417 819)	(218 192)
9 953 603	(10 281 669)	(328 067)	Traffic Control	8 522 083	(10 222 707)	(1 700 624)
198 513	-	198 513	Housing	-	-	-
19 264	(1 803 917)	(1 784 652)	Sport and Recreation	11 581	(1 982 144)	(1 970 563)
-	(270 000)	(270 000)	Tourism	-	(140 000)	(140 000)
-	-	-	Security	78 924	(71 848)	7 077
			Director Technical Services			
18 581 066	(17 638 243)	942 823	Electricity Services	22 387 791	(20 069 756)	2 318 035
12 096 171	(6 222 649)	5 873 522	Water Services	29 806 221	(8 305 571)	21 500 650
6 233 822	(4 687 847)	1 545 975	Sewerage	6 970 516	(5 076 842)	1 893 675
859 186	(7 231 703)	(6 372 517)	Refuse	5 522 865	(6 228 025)	(705 160)
1 510 774	(12 107 858)	(10 597 084)	Public Works	2 206 004	(14 485 608)	(12 279 604)
94 134 531	(95 619 035)	(1 484 504)	Sub Total	123 085 417	(105 111 534)	17 973 883
-	-	-	Less Inter-Departmental Charges	-	-	-
94 134 531	(95 619 035)	(1 484 504)	Total	123 085 417	(105 111 534)	17 973 883

APPENDIX D
PRINCE ALBERT LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT
30 JUNE 2024
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation/Impairment				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Depreciation	Disposals/ Impairment	Closing Balance	
Executive and council	3 204 422	173 393	936 357	-	4 314 171	308 289	61 272	-	369 561	3 944 610
Finance and administration	45 424 365	419 695	-	-	45 844 060	7 591 897	539 835	-	8 131 732	37 712 328
Community and social services	6 571 876	317 931	21 420	243 420	6 667 806	2 394 325	443 205	21 078	2 816 453	3 851 354
Sport and recreation	8 462 927	-	188 990	-	8 651 918	494 347	107 850	-	602 197	8 049 721
Road transport	58 456 417	8 290 530	739 600	-	67 486 548	14 812 067	2 310 719	-	17 122 786	50 363 762
Energy sources	16 400 997	-	2 895 450	-	19 296 447	2 908 295	394 296	-	3 302 591	15 993 856
Water management	56 404 774	-	4 870 389	-	61 275 163	10 508 338	1 356 204	-	11 864 542	49 410 621
Waste water management	46 009 218	51 026	6 648 440	-	52 708 685	8 592 139	1 000 230	-	9 592 369	43 116 315
Waste management	13 492 103	-	124 540	-	13 616 643	11 391 846	945 180	-	12 337 026	1 279 617
	254 427 100	9 252 575	16 425 185	243 420	279 861 440	59 001 542	7 158 792	21 078	66 139 257	213 722 183

APPENDIX E
PRINCE ALBERT LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2023	Correction of Error	Restated Balance 30 June 2023	Contributions during the year	Interest Investment	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2024	Unspent 30 June 2024 (Creditor)	Unpaid 30 June 2024 (Debtor)
<u>National Government Grants</u>											
Equitable Share	-	-	-	28 653 000	-	-	(28 653 000)	-	-	-	-
Finance Management Grant	-	-	-	1 700 000	-	-	(1 700 000)	-	-	-	-
Water Services Infrastructure Grant	4 564 075	-	4 564 075	8 000 000	-	-	-	(11 399 824)	1 164 251.05	1 164 251	-
Municipal Infrastructure Grant	3 951 582	-	3 951 582	7 555 000	-	-	(404 850)	(8 331 180)	2 770 551.71	2 770 552	-
Integrated National Electrification Grant	-	-	-	490 000	-	-	-	-	490 000.00	490 000.00	-
Expanded Public Works Programme	-	-	-	769 000	-	-	(769 000)	-	-	-	-
Total National Government Grants	8 515 657	-	8 515 657	47 167 000	-	-	(31 526 850)	(19 731 005)	4 424 802.76	4 424 802.76	-
<u>Provincial Government Grants</u>											
Regional Socio-economic Project (RSEP)	-	-	-	800 000	-	-	-	(745 365)	54 635.48	54 635	-
WC Capacity building (Bursaries)	101 750	-	101 750	-	-	(101 750)	-	-	-	-	-
WC Sport and Recreation Facilities (DCAS)	300 000	-	300 000	-	-	(300 000)	-	-	-	-	-
Thusong service centre	-	-	-	150 000	-	-	(82 933)	-	67 066.60	67 067	-
Community Development Workers	-	-	-	76 000	-	-	(64 366)	-	11 633.86	11 634	-
Municipal Drought Relief Grant	8 493	(0)	8 493	-	-	-	-	-	8 493.05	8 493	-
Additional WC Drought relief for backup Generators	175 000	-	175 000	-	-	-	(175 000)	-	-	-	-
Municipal Interventions Grant	1 200 000	-	1 200 000	-	-	-	(346 187)	-	853 813.43	853 813	-
PT - Financial Management Capability Grant	-	-	-	200 000	-	-	(137 216)	-	62 784.21	62 784.21	-
PT - Human Settlements Development Grant	(180 000)	(18 513)	(198 513)	198 513	-	-	-	-	-	-	-
Western Cape - Maintenance of Roads	-	-	-	45 862	-	-	(45 862)	-	-	-	-
PT - Municipal Energy Resilience Grant	-	-	-	400 000	-	-	-	(399 338)	662.50	662.50	-
PT - Municipal Water Resilience Grant	-	-	-	3 512 000	-	-	-	(2 170 766)	1 341 233.78	1 341 233.78	-
PT - Informal Settlements Upgrading Grant	-	-	-	88 373	-	-	-	-	88 373.00	88 373.00	-
Total Provincial Government Grants	1 605 243	(18 513.00)	1 586 730	5 470 748	-	(401 750)	(851 564)	(3 315 468)	2 488 695.91	2 488 695.91	-
<u>District Municipality Grants</u>											
CKDM Community Safety Grant	-	-	-	160 000	-	-	(78 924)	-	81 075.92	81 076	-
CKDM War on Leaks Grant	-	-	-	78 571	-	-	(78 571)	-	0.43	0	-
CKDM HR Internship Grant	-	-	-	100 000	-	-	(16 662)	-	83 337.56	83 338	-
Total District Municipality Grants	-	-	-	338 571	-	-	(174 158)	-	164 413.91	164 414	-
<u>Other Grant Providers</u>											
Allocations in kind - MISA - Engineering services	-	-	-	886 021	-	-	(886 021)	-	-	-	-
Allocations in kind - DBSA - Revise water master plans	-	-	-	801 608	-	-	(801 608)	-	-	-	-
Allocations in kind - Afriforum - fuel during power outage	-	-	-	21 700	-	-	(21 700)	-	-	-	-
SETA	-	-	-	53 059	-	-	(53 059)	-	-	-	-
Total Other Grant Providers	-	-	-	1 762 388	-	-	(1 762 388)	-	-	-	-
Total Grants	10 120 901	(18 513.00)	10 102 388	54 738 707	-	(401 750)	(34 314 959)	(23 046 473)	7 077 912.58	7 077 913	-

APPENDIX F
PRINCE ALBERT MUNICIPALITY
APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Ref	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2023	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
			R	R	R	R	R	R	R	R	%	%
FINANCIAL PERFORMANCE												
Revenue By Source												
Exchange Revenue												
Service Charges		2	33 147 489	(1 550 333)	31 597 156	–	31 597 156	37 778 373		6 181 217	19.56%	13.97%
Service Charges - Electricity Revenue			16 382 238	75 748	16 457 986	–	16 457 986					
Service Charges - Water Revenue			6 838 547	(1 337 804)	5 500 743	–	5 500 743					
Service Charges - Sanitation Revenue			6 846 582	(224 124)	6 622 458	–	6 622 458					
Service Charges - Refuse Revenue			3 080 122	(64 153)	3 015 969	–	3 015 969					
	Service Charges							37 778 373				
Sale of Goods and Rendering of Services	Sales of Goods and Rendering of Services	4	362 000	(41 786)	320 214	–	320 214	402 719		82 505	25.77%	11.25%
Agency services	Agency Services		260 000	(260 000)	–	–	–	286 570		286 570	#DIV/0!	10.22%
Interest earned from Receivables	Interest Earned - Exchange Transactions		2 012 746	(523 166)	1 489 580	–	1 489 580	1 605 228		115 648	7.76%	-20.25%
Interest earned from Current and Non Current Assets	Interest Earned - External Investments		4 350 000	231 876	4 581 876	–	4 581 876	6 182 529		1 600 653	34.93%	42.13%
Rent on land	Rent on Land		71 540	(11 149)	60 391	–	60 391	60 781		390	0.65%	-15.04%
Rental from Fixed Assets	Rental from Fixed Assets		477 554	52 622	530 176	–	530 176	451 972		(78 204)	-14.75%	-5.36%
Licences and Permits	Licences and Permits		–	–	–	–	–	89 637		89 637	#DIV/0!	#DIV/0!
Operational Revenue	Operational Revenue		58 000	49 503	107 503	–	107 503	2 146 161		2 038 658	1896.37%	3600.28%
											#DIV/0!	#DIV/0!
Non-Exchange Revenue												
Property rates	Property Rates		5 462 877	135 888	5 598 765	–	5 598 765	5 753 706		154 941	2.77%	5.32%
Fines, penalties and forfeits	Fines, Penalties and Forfeits		1 105 000	(594 680)	510 320	–	510 320	8 161 929		7 651 609	1499.37%	638.64%
Licences or permits	Licences and Permits		140 000	(44 108)	95 892	–	95 892	–		(95 892)	-100.00%	-100.00%
Transfer and subsidies - Operational			36 567 850	(240 909)	36 326 941	–	36 326 941	34 314 959		(2 011 982)	-5.54%	-6.16%
	Government Grants and Subsidies - Operating							32 605 630				
	Service in kind							1 709 329				
Interest	Interest Earned - Non-exchange Transactions		233 829	14 556	248 385	–	248 385	220 484		(27 901)	-11.23%	-5.71%
Operational Revenue	Availability Charges		4 484 867	165 309	4 650 176	–	4 650 176	–		(4 650 176)	-100.00%	-100.00%
Total Revenue (excluding capital transfers and contributions)			88 733 752	(2 616 377)	86 117 375	–	86 117 375	97 455 048	–	11 337 673	13.17%	9.83%

Expenditure By Type												
Employee Related Costs	Employee related costs	13	32 548 323	(522 647)	32 025 676	–	32 025 676	34 756 012	2 730 336	2 730 336	8.53%	6.78%
Remuneration of Councillors	Remuneration of Councillors	14	3 403 636	44 377	3 448 013	–	3 448 013	3 323 629	–	(124 384)	-3.61%	-2.35%
Bulk purchases - electricity	Bulk Purchases		18 315 378	148 927	18 464 305	–	18 464 305	17 344 520		(1 119 785)	-6.06%	-5.30%
Inventory consumed	Inventory Consumed		627 600	71 674	699 274	–	699 274	665 797		(33 477)	-4.79%	6.09%
Debt impairment	(Reversal of Impairment Loss)/Impairment Loss on Receivables		4 315 024	(567 509)	3 747 515	–	3 747 515	12 356 360		8 608 845	229.72%	186.36%
Depreciation and amortisation	Depreciation and Amortisation		5 747 538	25	5 747 563	–	5 747 563	7 442 664		1 695 101	29.49%	29.49%
Interest	Finance Costs		301 000	272	301 272	–	301 272	3 250 934		2 949 662	979.07%	980.04%
Contracted services	Contracted Services		8 733 658	(334 018)	8 399 640	–	8 399 640	8 054 596		(345 044)	-4.11%	-7.78%
Transfers and subsidies	Transfers and Subsidies		390 000	2 000	392 000	–	392 000	277 216		(114 784)	-29.28%	-28.92%
Irrecoverable debts written off	Irrecoverable Debt Written Off		1 301 860	(201 819)	1 100 041	–	1 100 041	4 078 124		2 978 083	270.72%	213.25%
Operational costs			13 049 326	(729 044)	12 320 282	–	12 320 282	12 939 540		619 258	5.03%	-0.84%
	Operational Costs							12 939 540				
Losses on disposal of Assets	Gains/(Loss) on Sale of Fixed Assets		–	–	–	–	–	–		–	#DIV/0!	#DIV/0!
Other Losses			–	–	–	–	–	–		–	#DIV/0!	#DIV/0!
Total Expenditure			88 733 343	(2 087 762)	86 645 581	–	86 645 581	104 489 392	2 730 336	17 843 811	20.59%	17.76%
Surplus/(Deficit)			409	(528 615)	(528 206)	–	(528 206)	(7 034 344)		(6 506 138)	1231.74%	-1719988.62%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	24	18 982 150	10 428 567	29 410 717	–	29 410 717	23 046 473		(6 364 244)	-21.64%	21.41%
Surplus/(Deficit) after Capital Transfers & Contributions			18 982 559	9 899 952	28 882 511	–	28 882 511	16 012 128			-44.56%	-15.65%
Taxation		27		–	–	–	–	–			0.00%	0.00%
Surplus/(Deficit) after Taxation			18 982 559	9 899 952	28 882 511	–	28 882 511	16 012 128			-44.56%	-15.65%
Attributable to Minorities		28		–	–	–	–	–			0.00%	0.00%
Surplus/(Deficit) Attributable to Municipality			18 982 559	9 899 952	28 882 511	–	28 882 511	16 012 128			-44.56%	-15.65%
Share of Surplus/(Deficit) of Associate		29		–	–	–	–	–			0.00%	0.00%
Surplus/(Deficit) for the year			18 982 559	9 899 952	28 882 511	–	28 882 511	16 012 128			-44.56%	-15.65%
CAPITAL EXPENDITURE AND FUND SOURCES												
Total expenditure and funds sources												
Total Capital expenditure			27 200 044	9 847 197	37 047 241	–	37 047 241	(0)	–	(37 047 241)	-100.00%	-100.00%
Sources of capital funds												
Transfers recognised - capital			16 507 044	(1 727 844)	14 779 200	8 943 562	23 722 762	19 359 440		(4 363 322)	-18.39%	17.28%
Public contributions and donations			–	–	–	–	–	–		–	0.00%	0.00%
Borrowing			–	–	–	–	–	–		–	0.00%	0.00%
Internally generated funds			10 693 000	(3 365 000)	7 328 000	5 996 479	13 324 479	6 555 488		(6 768 991)	-50.80%	-38.69%
Total sources of capital funds			27 200 044	(5 092 844)	22 107 200	14 940 041	37 047 241	25 914 929	–	(11 132 312)	-30.05%	-4.72%
CASH FLOWS												
Net cash from / (used) in operating activities			–	–	–	–	–	31 646 791	–	–	0.00%	0.00%
Net cash from / (used) in investing activities			–	–	–	–	–	(25 731 057)	–	–	0.00%	0.00%
Net cash from / (used) in financing activities			–	–	–	–	–	(43 042)	–	–	0.00%	0.00%
Net increase/(decrease) in cash and cash equivalents at year end			–	–	–	–	–	5 872 692	–	–	0.00%	0.00%
Cash and cash equivalents at the beginning of the year			–	–	–	–	–	52 395 423	–	–	0.00%	0.00%
Cash and cash equivalents at the end of the year			–	–	–	–	–	58 268 115	–	–	0.00%	0.00%

2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Ref	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2022	Unauthorised expenditure	Variance	Variance (Actual Outcome as % of Final Budget)	Variance (Actual Outcome as % of Original Budget)
			R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue By Source												
Property Rates	Property Rates	1	4 969 365	2 155 423	7 124 788		7 124 788	5 073 221		(2 051 567)	-28.79%	2.09%
Service Charges		2	33 450 721	13 215 256	46 665 977	–	46 665 977	31 768 365		(14 897 612)	-31.92%	-5.03%
Service Charges - Electricity Revenue			20 686 640	–	20 686 640		20 686 640					
Service Charges - Water Revenue			5 951 334	11 095 515	17 046 849		17 046 849					
Service Charges - Sanitation Revenue			4 636 208	1 543 200	6 179 408		6 179 408					
Service Charges - Refuse Revenue			2 176 539	576 541	2 753 080		2 753 080					
	Service Charges							31 768 365				
	Availability Charges			–			–					
Rental of Facilities and Equipment		3	340 358	(0)	340 358	210 687	551 045	679 633		128 588	23.34%	99.68%
	Rent on Land							240 411				
	Rental from Fixed Assets							439 222				
Interest Earned - External Investments	Interest Earned - External Investments	4	2 375 792	1 271 619	3 647 411		3 647 411	4 071 462		424 051	11.63%	71.37%
Interest Earned - Outstanding Debtors		5	2 011 474	–	2 011 474		2 011 474	1 316 983		(694 491)	-34.53%	-34.53%
	Interest Earned - Exchange Transactions							1 130 959				
	Interest Earned - Non-exchange Transactions							186 024				
Dividends Received		6	–	–	–		–	–		–	0.00%	0.00%
Fines, penalties and forfeits	Fines, Penalties and Forfeits	7	1 107 062	(1 819)	1 105 243		1 105 243	9 575 080		8 469 837	766.33%	764.91%
Licences and Permits	Licences and Permits	8	153 487	–	153 487		153 487	89 154		(64 333)	-41.91%	-41.91%
Agency Services	Agency Services	9	120 000	180 000	300 000		300 000	293 874		(6 126)	-2.04%	144.89%
Transfers and subsidies	Government Grants and Subsidies - Operating	10	34 259 982	2 231 529	36 491 511		36 491 511	30 924 733		(5 566 778)	-15.25%	-9.74%
Allocations-in-kind								2 504 819		2 504 819	100.00%	100.00%
Other Revenue		11	831 539	95 454	926 993	(210 687)	716 306	2 286 206		1 569 900	219.17%	174.94%
	Operational Revenue							1 776 860				
	Sales of Goods and Rendering of Services							509 346				
Gains		12	–	–	–	618 702	618 702	706 531		87 829	14.20%	100.00%
	Actuarial Gains							706 531				
Total Revenue (excluding capital transfers and contributions)			79 619 780	19 147 462	98 767 242	618 702	99 385 944	89 290 060	–	(10 095 884)	-10.16%	12.15%

Expenditure By Type												
Employee Related Costs	Employee related costs	13	28 537 546	1 045 456	29 583 002	751 515	30 334 517	30 303 188	–	(31 329)	-0.10%	6.19%
Remuneration of Councillors	Remuneration of Councillors	14	3 456 008	–	3 456 008	(228 272)	3 227 736	3 139 209	–	(88 527)	-2.74%	-9.17%
Debt Impairment		15	4 160 357	15 978 115	20 138 472	(1 984 875)	18 153 597	14 572 009	–	(3 581 588)	-19.73%	250.26%
	Reversal of Impairment Loss/(Impairment Loss) on Receivables							(3 638 300)				
	Bad Debts Written Off							18 210 309				
Depreciation and Asset Impairment		16	5 473 845	0	5 473 845	(71 150)	5 402 695	9 102 244	3 699 549	3 699 549	68.48%	66.29%
	Depreciation and Amortisation							7 115 369				
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							1 986 875				
Finance Charges	Finance Costs	17	448 500	0	448 500	40 000	488 500	2 726 761	2 238 261	2 238 261	458.19%	507.97%
Bulk Purchases - electricity	Bulk Purchases	18	18 403 619	(1 403 619)	17 000 000	–	17 000 000	14 605 746	–	(2 394 254)	-14.08%	-20.64%
Inventory consumed		19	539 000	(40 000)	499 000	(22 189)	476 811	437 138	–	(39 673)	-8.32%	-18.90%
	Inventory Consumed							437 138				
	Bulk Purchases (Water only)							–				
Contracted Services	Contracted Services	20	6 848 200	509 918	7 358 118	(289 463)	7 068 655	7 376 342	307 687	307 687	4.35%	7.71%
Transfers and Subsidies	Transfers and Subsidies	21	490 000	–	490 000	–	490 000	704 305	214 305	214 305	43.74%	43.74%
Other Expenditure		22	11 260 747	1 882 169	13 142 916	60 734	13 203 650	14 638 957	1 435 307	1 435 307	10.87%	30.00%
	Operational Costs							14 638 957				
	Operating leases							–				
Losses		23	–	–	–	100 000	100 000	–	–	(100 000)	-100.00%	0.00%
Total Expenditure			79 617 822	17 972 039	97 589 861	(1 643 700)	95 946 161	97 605 899		1 659 738	1.73%	22.59%
Surplus/(Deficit)			1 958	1 175 423	1 177 381	2 262 402	3 439 783	(8 315 839)		(11 755 622)	-341.75%	-424810.89%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	24	14 110 200	1 498 513	15 608 713	–	15 608 713	6 831 346		(8 777 367)	-56.23%	-51.59%
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		25	–	–	–	–	–	–		–	0.00%	0.00%
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	26	–	–	–	–	–	–		–	0.00%	0.00%
Surplus/(Deficit) after Capital Transfers & Contributions			14 112 158	2 673 936	16 786 094	2 262 402	19 048 496	(1 484 494)		(20 532 990)	-107.79%	-110.52%
Taxation		27	–	–	–	–	–	–		–	0.00%	0.00%
Surplus/(Deficit) after Taxation			14 112 158	2 673 936	16 786 094	2 262 402	19 048 496	(1 484 494)		(20 532 990)	-107.79%	-110.52%
Attributable to Minorities		28	–	–	–	–	–	–		–	0.00%	0.00%
Surplus/(Deficit) Attributable to Municipality			14 112 158	2 673 936	16 786 094	2 262 402	19 048 496	(1 484 494)		(20 532 990)	-107.79%	-110.52%
Share of Surplus/(Deficit) of Associate		29	–	–	–	–	–	–		–	0.00%	0.00%
Surplus/(Deficit) for the year			14 112 158	2 673 936	16 786 094	2 262 402	19 048 496	(1 484 494)		(20 532 990)	-107.79%	-110.52%
CAPITAL EXPENDITURE AND FUND SOURCES												
Total expenditure and funds sources												
Total Capital expenditure			16 341 547	5 765 653	22 107 200	–	22 107 200	11 663 577	–	(10 443 623)	-47.24%	-28.63%
Sources of capital funds												
Transfers recognised - capital			12 141 547	2 637 653	14 779 200	(456 523)	14 322 677	6 840 227		(7 482 450)	-52.24%	-43.66%
Public contributions and donations			–	–	–	–	–	–		–	0.00%	0.00%
Borrowing			–	–	–	–	–	–		–	0.00%	0.00%
Internally generated funds			4 200 000	3 128 000	7 328 000	(1 400 000)	5 928 000	4 823 350		(1 104 650)	-18.63%	14.84%
Total sources of capital funds			16 341 547	5 765 653	22 107 200	(1 856 523)	20 250 677	11 663 577	–	(8 587 100)	-42.40%	-28.63%
CASHFLOWS												
Net cash from / (used) in operating activities			14 596 907	(911 688)	13 685 219	–	13 685 219	18 292 226	–	4 607 008	33.66%	25.32%
Net cash from / (used) in investing activities			(12 745 086)	(15 476 238)	(28 221 324)	–	(28 221 324)	(11 659 486)	–	16 561 838	-58.69%	-8.52%
Net cash from / (used) in financing activities			9 626	524	10 150	–	10 150	(98 333)	–	(108 483)	-1068.80%	-1121.54%
Net increase/(decrease) in cash and cash equivalents at year end			1 861 447	(16 387 402)	(14 525 955)	–	(14 525 955)	6 534 407	–	21 060 363	-144.98%	251.04%
Cash and cash equivalents at the beginning of the year			26 371 833	25 610 388	51 982 221	–	51 982 221	45 861 016	–	(6 121 205)	-11.78%	73.90%
Cash and cash equivalents at the end of the year			28 233 280	9 222 986	37 456 266	–	37 456 266	52 395 423	–	14 939 157	39.88%	85.58%