

2024-2025

XHARIEP DISTRICT MUNICIPALITY

# ANNUAL REPORT (FINAL) Volume I

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# Preface

## PROPOSED REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. It replaces a template dating back to August 2003.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others.

Notes are included throughout the format to assist the compiler to understand the various information requirements. Once the draft has been finalised, training will be provided to facilitate the implementation of this initiative, and separate additional guidance may be issued if necessary.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

October 2009

# Chapter 2

## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

It is my privilege, as the Executive Mayor of Xhariep District Municipality, to present the Annual Performance Report for the 2024/2025 financial year. This report reflects not only our institutional performance and financial position, but also the collective journey we have undertaken with our communities, council, and administration in pursuit of sustainable development and quality service delivery.

The past year has tested our resilience. We have operated in a context of economic pressure, service delivery backlogs, and infrastructure demands that require urgent attention. Despite these challenges, there has been progress in strengthening governance, improving financial management, and advancing our service delivery commitments. The unqualified audit opinion from the Auditor-General confirms that the systems and oversight measures we have put in place are beginning to yield results, even as the findings remind us of the work that still lies ahead.

We acknowledge the outcomes of our planned basic service delivery and infrastructure targets against the SDBIP. While progress has been made, more must be done. This calls for urgency, focus, and stronger collaboration. Corrective measures include expediting infrastructure projects, improving water quality compliance, utilizing conditional grants effectively, and strengthening consequence management. With determination and collective effort, we are confident of achieving more meaningful and sustainable progress.

As a political leadership collective, we are committed to working hand in hand with the administration, our communities, and stakeholders across all spheres of government. Our goal is to ensure that budgets are implemented effectively, projects are completed on time, and services are delivered consistently. We will continue to engage with residents, community structures, and partners to ensure that our development agenda is people-centered, inclusive, and sustainable.

I wish to thank the Municipal Manager and administration for their continued dedication, the Council for its steadfast oversight, and the people of Xhariep for their patience, resilience, and active participation in shaping the future of our district. The year ahead will demand discipline, unity of purpose, and determination. With these values guiding us, I am confident that we can turn our challenges into opportunities and deliver a future that reflects the aspirations and potential of our communities.

Yours in local government

.....

NI Mehlomakulu

Executive Mayor

T1.0.1

# Chapter 2

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

It is with a deep sense of responsibility and commitment to transparency that I present the Annual Report for the 2024-2025 financial years. This period has been one of both challenge and learning for Xhariep District Municipality. While the road has not been without obstacles, it has also been a time for reflection, growth, and renewed determination to fulfill our constitutional mandate of delivering quality services to our communities.

The unqualified audit opinion received from the Auditor-General is a testament to the progress we have made in strengthening financial management and improving compliance with legislative and regulatory frameworks, including the Municipal Finance Management Act, the Division of Revenue Act, and the Standards of Generally Recognised Accounting Practice. This outcome reflects the collective effort of management and staff to enhance financial reporting, ensure the integrity of our information, and promote accountability.

However, the report also highlights areas that require urgent attention. Instances of unauthorised, irregular, and fruitless and wasteful expenditure, weaknesses in supply chain management processes, and internal control deficiencies cannot be overlooked. These issues, while challenging, provide us with a clear understanding of where we need to focus our energy. They remind us that practical actions, effective systems, and consequence management that must consistently be applied must match our commitment to good governance.

Service delivery remains central to our mandate, and while progress has been made, we recognise the need to accelerate implementation to meet community expectations. Targeted measures, including stronger project management, better budget alignment, and effective use of grants, have been identified. Challenges, including delays in water quality testing and underutilized funds, offer opportunities for improvement, calling for greater urgency, enhanced capacity, and stronger collaboration to ensure sustainable and reliable service delivery.

I wish to acknowledge the dedication of our employees, and their efforts, and continuity to remain essential to our progress. I also extend my appreciation to the Council for its oversight role and to the Auditor-General's office for providing constructive insights that guide our path forward.

As we look ahead to the new financial year, our focus will be on restoring public confidence, enhancing governance, and driving tangible improvements in service delivery. We envision a municipality where budgets are implemented with precision, projects are completed on time, and services are delivered with consistency and quality. With determination, accountability, and unity of purpose, we will create an environment where the people of Xhariep can see and feel the impact of effective local government. Together, we can turn our challenges into opportunities and build a future that reflects the potential, resilience, and aspirations of our district.

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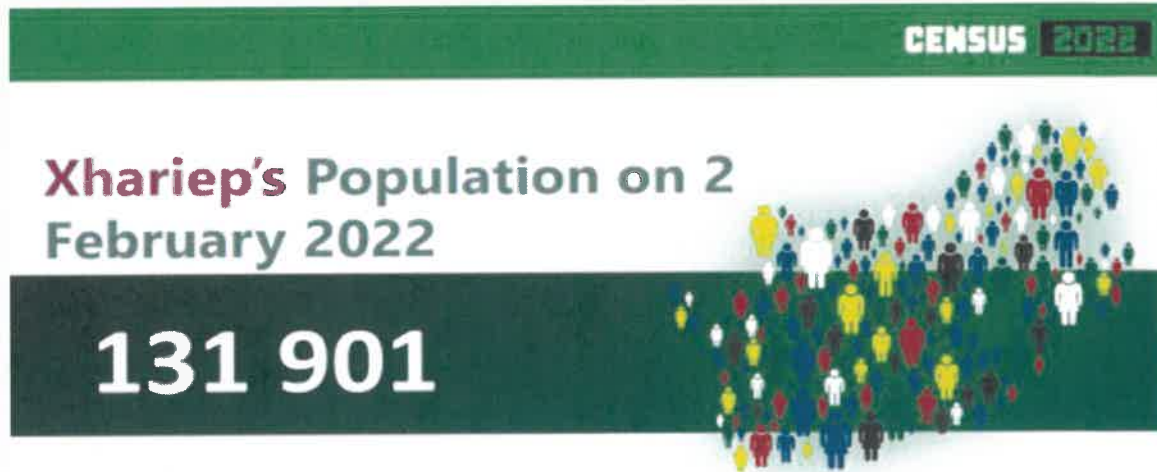
**LY Moletsane**  
**Municipal Manager**

T1.1.1

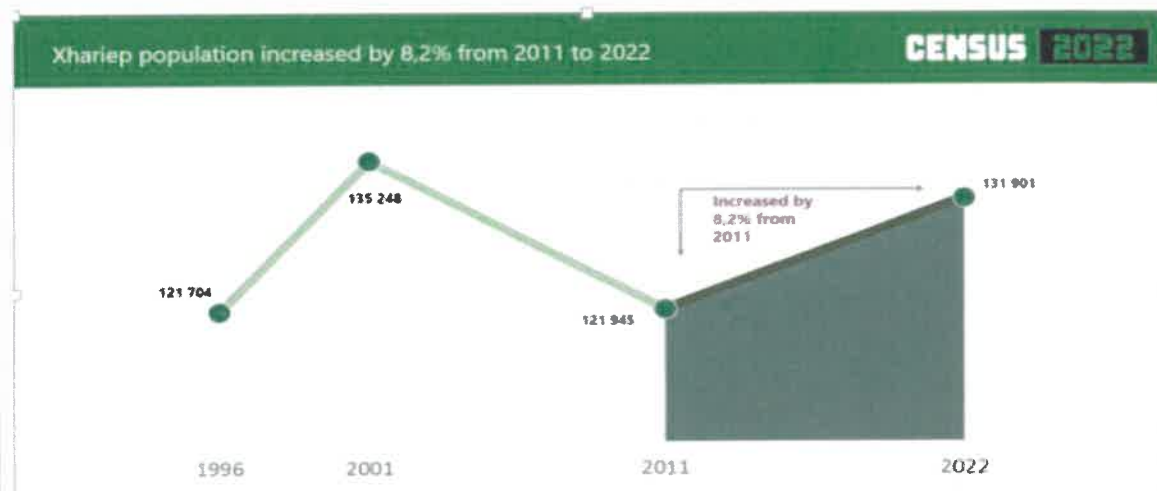
# Chapter 2

## 1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### Population Details



In 2011 the Xhariep district total population was 121 945 and in 2022 the district has increased its population size to 131 901 which amount to 8.2% and is ranked number five in the Free State Province. The female population has increased to 68 657 compared to males at 63 244.



Source: Statistics SA Census Survey 2022

T1.2.2

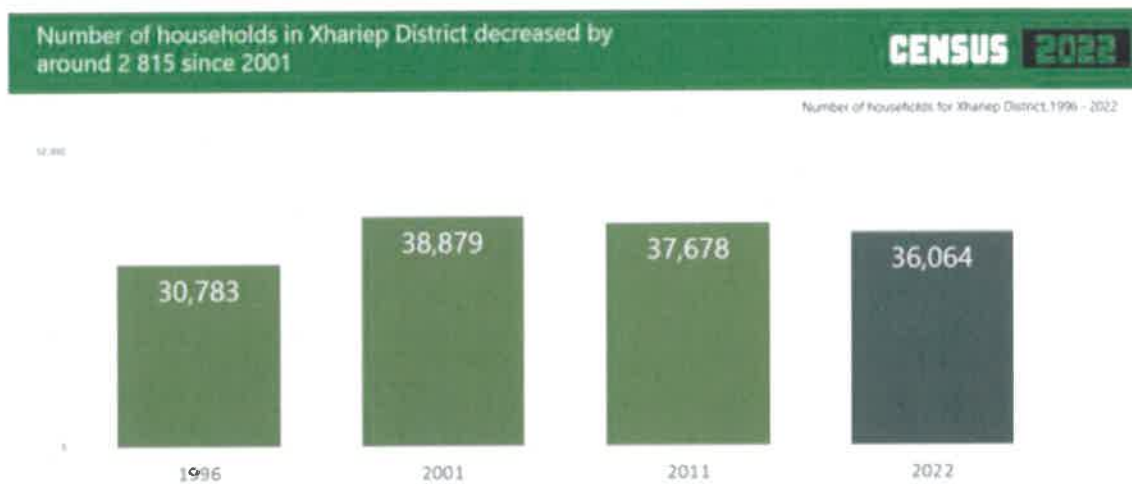
# Chapter 2

## INTRODUCTION TO BACKGROUND DATA

Out of 16 district functions, Xhariep district municipality is performing 6(37.5%) of these functions. Xhariep District is the smallest compared to the others within Free State Province with about 5.2% share of the total provincial population. With 125 884 people, the Xhariep District Municipality housed 0.2% of South Africa's total population in 2017. Compared to Free State's average annual growth rate (0.62%), the growth rate in Xhariep's population at -0.73% was significant lower than that of the province

T 1.2.1

The Census Survey Report of 2022 is a large-scale survey which happened in between Censuses 2011 and 2022. The main objective of the survey is to provide population and household statistics at municipal level to all stakeholders including the government and private sector to support planning and decision-making.



It is concerning that the number of households in Xhariep District decreased by around 2 815 since 2001 and it is ranked number five (5) in the entire province. In 2022 the average household size was 3.7

# Chapter 2

Natural Resources	
Major Natural Resource	Relevance to Community
Water (Gariiep Dam)	Supply of water to households and generation of electricity.
Diamonds(Jagersfontein and Koffiefontein)	Job creation, Revenue enhancement, Economic development, human settlement.
Uranium (Edenburg)	Job creation, Revenue enhance, Economic development, human settlement
Land	Job creation through farming and settlement of communities
Sun (Radiation energy)	Job creation through erection of solar hubs

T1.2.7

## BACKGROUND DATA

Xhariep District forms the southern part of the Free State Province and is one of four district municipalities in the Free State. The municipality measures 34289 km sq. It is bordered by Tokologo Municipality in Lejweleputswa District to the north, Mangaung Metro and Mantsopa Municipality in Thabo Mofutsanyana District to the north-east. Other borders are with the Kingdom of Lesotho to the east, Ukhahlamba Municipality in Eastern Cape Province to the south, Pixley ka Seme Municipality in Northern Cape Province to the west and Frances Baard Municipality in Northern Cape Province to the north-west. Topographically the district is bordered for most of its eastern border by the Maluti and Drakensberg mountains. Hydrological the district is located between the Vaal River to the north, and Orange River to the south, with rivers within the district draining towards these rivers. Xhariep consists of three local municipal areas, with Letsemeng forming the north western section, Kopanong the middle section, Mohokare the south eastern section of the district

T1.2.8

## 1.2. FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

The municipality is heavily dependent on grants with little revenue base, the government grants are from National and other spheres of government. This dependency puts a lot of pressure and strain on the municipality's ability to finance both operating and capital expenditures.

The municipality's structure does not respond to the core functions of the municipality due to cash flow challenges. Revenue strategies and performance of powers and functions of the municipality as stipulated in the municipal Structures Act will assist in the long term sustainability of the municipality.

T1.4.1

# Chapter 2

Financial Overview - 2024/2025			
			R' 000
Details	Original budget	Adjustment Budget	Actual
<b>Revenue</b>	64 168 000	65 508 000	68 550 048
Grants	62 140 000	62 440 000	62 133 203
LG SETA	-	-	254 564
Debt Assistance	-	-	2 191 136
Rental of facilities	755 000	831 000	722 775
Interest Earned	950 000	1 832 000	1 551 138
Interest on debtors	5 000	6 000	1 347 576
			349 656
Other Income	318 000	394 000	
Public contributions donations and other transfers	-	-	-
<b>Expenditure</b>	<b>(63 913 000)</b>	<b>(65 437 000)</b>	<b>(75 667 267)</b>
<b>Loss on disposal of assets and liabilities</b>	-	-	<b>(78 772)</b>
<b>Actuarial gains/losses</b>	-	-	<b>359760</b>
<b>Surplus / Deficit</b>	255 000	71 000	(6 836 231)
			T1.4.2

Operating Ratios	
Detail	%
Employee Cost	64.57%
Repairs & Maintenance	16.64%
Finance Charges	0.72%
T1.4.3	

# Chapter 2

## COMMENT ON OPERATING RATIOS

Employee-related costs account for 64.57% of total expenditure, highlighting a significant portion of the municipality's operating budget. Repairs and maintenance expenditure stands at 16.64%, which is notably above National Treasury's recommended benchmark of 8%, suggesting potential overinvestment in asset upkeep. Finance charges are at 0.72%, reflecting prudent financial management and limited exposure to debt and credit risk.

T1.4.3

## ORGANISATIONAL DEVELOPMENT PERFORMANCE

Organization Development (OD) is about improving performance at the individual, group, and Municipal organizational levels. It is about improving the organization's ability to effectively respond to changes in its external environment, and it's about increasing internal capabilities by ensuring the Xhariep District Municipal structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

Done well, such improvement can be transformational—producing fundamental changes in the way individuals, groups, and organizations functions.

T1.5.1

## 1.3. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT 2023-2024 (Previous Financial Year)

The Municipality received an unqualified opinion. The following are the issues that lead to the audit outcome mentioned above:

- Material adjustments in the Annual Financial Statements
- Material Impairment
- Material uncertainty relating to going concern;
- Irregular, Fruitless and Wasteful Expenditure; and
- Non investigation by MPAC.
- No follow up on Audit Action Plan and reporting

T1.6.1

# Chapter 2

## 1.4. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalised the 4th quarter Report for previous financial year	
4	Submit draft 2024-2025 Annual Report to Internal Audit	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – October
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	January
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February
14	Council adopts Oversight report	March
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

T1.7.1

## CHAPTER 2 – GOVERNANCE

# Chapter 2

## INTRODUCTION TO GOVERNANCE

A municipal council is made up of the Municipal councilors who are democratically elected by registered votes within the municipal control. The Speaker is the chairperson of the Municipal Council which she presides over both Ordinary and Special Council meeting and she is also responsible for the discipline of the Municipal Councilors.

The Mayoral Committee consists of Municipal Councilors appointed by the Executive Mayor to serve in the Mayoral Committee. The number of Municipal Councilors on the Mayoral Committee is the minimum number that is needed for efficient and effective government.

The Executive Committee chaired by the Executive Mayor is responsible for the executive functions of the municipality.

T2.0.1

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The current term of the Municipal Council was inaugurated on the 26 November 2021 and consists of sixteen (16) Councilors.

The Municipal Council consists of ten (10) Councilors who are representing the African National Congress, four (4) Councilors representing Democratic Alliance and two (2) Councilors representing the Economic Freedom Fighters. The Council was appointed or elected as follows: Executive Mayor (1), Speaker (1), 10 Councilors are appointed in three (3) Portfolio Committees which are headed by Members of the Mayoral Committee.

The Council has appointed 3 Councilors as MPAC Committee, The Municipal Manager as the Accounting Officer and the three Section 56 Managers were appointed by the Municipal Council of Xhariep District Municipality.

The Municipal Manager and the managers directly accountable to the Municipal Manager organize Administration in a manner that enables the Municipality to be responsive to the needs of the Community within its jurisdiction.

The Municipal Manager is accountable for the overall performance of the Municipality and she is accountable to the Executive Mayor and Council.

T2.1.0

## 2.1 POLITICAL GOVERNANCE

# Chapter 2

## INTRODUCTION TO POLITICAL GOVERNANCE

In line with the provisions of the Local Government: Municipal Structures Act 117 of 1998, Xhariep District Municipality has an established political component.

The main role of the political component is provided for in the Structures Act.

Section 80 of the Municipal Structures Act specifies procedures for establishing committees in Municipal council with an executive committee.

One of the functions of the portfolio committee is to process the report tabled before by the Departments before they could be forwarded to the Mayoral Committee and eventually to Council.

In terms of section 79 of the Structures Act, a Municipal Council has established Committees such, as MPAC, which is composed of three (3) Councilors necessary for the effective and efficient performance of its functions.

The Annual Report is prepared by the Performance Management Unit in collaboration with other departments after the Management has satisfied itself with the contents of the report it is then submitted to Council for noting. Subsequent to this process, the Annual report is submitted to Oversight Committee before the 31 March each year thereafter to Provincial Authorities.

The Internal Audit conducts audit throughout the year in terms of their audit plan and prepare Audit packs that are then submitted to Internal Audit Committees. After consideration of these reports the Audit Committee forwards its recommendations to Council for consideration.

T2.1.1

# Chapter 2

## POLITICAL STRUCTURE

### MAYOR

**Clr NI Mehlomakulu**

Exercises powers delegated to the Mayor by Council or the Executive Committee

### SPEAKER

**Clr MA Shasha**

Presides at Council meetings and exercises powers delegated to the Speaker in terms of section 59 of the Local Government: Municipal Systems Act, Act 32 of 2000.

### CHIEF WHIP

**N/A**

To ensure political mandates are executed

### MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Clr AM Lebaka: Chairperson of the Budget and Treasury Committee

Clr NJ Garekoe: Chairperson of the Corporate Services Committee

Clr MV Malgas: Chairperson of the Corporate Services Committee

Clr TD Mochechepa: Chairperson of Planning & Social Development

Clr MG Mokheseng: Chairperson of Planning & Social Development

### COMPOSITION OF COUNCIL AS AT 30 JUNE 2020

Political Party	Total	Directly elected	Seconded
African National Congress	10	4	6
Democratic party	4	1	3

# Chapter 2

Economic Freedom Fighters	2	1	1
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T2.1.1

## COUNCILLORS

The current Council structure consist of 16 Councillors, six (6) Councilors are directly elected and ten (10) are Seconded from the three local Municipalities which are, Kopanong, Letsemeng and Mohokare local Municipality. The six full time Councilors includes the Speaker, the Executive Mayor, the three (3) Mayoral Committee members and the Chairperson of the MPAC.

### Directly Elected Councilors

Cllr AM Shasha

Cllr NI Mehlomakulu

Cllr AM Molai

Cllr AJJ Van Rensburg

Cllr TI Phatsoane

Cllr PM Dibe

### Seconded Councilors from Local Municipalities:

#### Kopanong Local Municipality

Cllr MG Mokheseng

Cllr RW Van Wyk

Cllr ME Lekoenea

Cllr Malgas

#### Letsemeng Local Municipality

Cllr AN November

Cllr MM Potgieter

Cllr AM Lebaka

#### Mohokare Local Municipality

Cllr TD Mochechepa

Cllr IS Riddle

Cllr NA Adoons

T2.1.2

# Chapter 2

## POLITICAL DECISION-TAKING

The Constitution gives both the legislative and executive powers of a Municipality to the Municipal Council. All Municipal Councilors are involved in taking decisions about how the Municipal Council is run, what services it should provide and how it should spend its money.

The Municipal Council is responsible for all the decisions of a Municipality but it may give specific functions to Committees as provided for in part 5; section 79 of the Structures Act. The Section 80 Committee sit as per schedule of Council meeting which is approved by Council to process the reports placed before them and make recommendations to the Mayoral Committee. The recommendation of the Section 80 may be changed by the Mayoral Committee or may be forwarded to the Council as they are. Then Council pronounces itself on the recommendations/ issues tabled before it. Where members share a different view on any matter under consideration, they vote on the matter, either by show of hands or through a secret ballot as stipulated in the standing rules and Orders. All decisions taken by Council are called resolutions which are implemented by the administration. In Xhariep District Municipality, these resolutions are taken to Departments through Execution list. Thereafter a Resolution register on resolutions implemented is developed to be presented in Council sitting.

T2.1.3

## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the accounting officer who accounts to the political head, Executive Mayor as well as Council. He further provides guidance and advice to the political structures; also manage the administration of the institution.

The Director: Corporate Services administer the Department of Corporate Services and advise the Municipal Manager with issues relating to administration, human resources and information technology. The Chief Financial Officer administers Budget and treasury Office and advise the Municipal Manager on matters that relate to the finances of the Municipality. The Director: Planning and Social Development is responsible for the affairs of the Department of Planning and Social Development, advises and assists the Municipal Manager on all matters that relates to this department, i.e. planning, local economic development and municipal health services

T2.2.1

# Chapter 2

## TOP ADMINISTRATIVE STRUCTURE

### MUNICIPAL MANAGER

Mrs Lebohang Yvonne Moletsane

### DIRECTOR: Corporate Services

Mbulelo Aven Jafta

### Chief Financial Officer

Mr MM Tamasane

Mr TS Matsiliso(Acting)

Mr MM Tamasane(Acting)

### Director: Planning & Social Development

Mrs NY Augustus(Acting)

Mr OA Kale

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are mainly informal, making the system flexible to respond to changing circumstances. The approach of the Act is therefore that it does not seek to govern intergovernmental relations in its totality but provides only the broad framework in terms of which spheres of government interact with one another.

T 2.3.0

## 2.3 INTERGOVERNMENTAL RELATIONS

### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The District is part of the Premiers' Coordinating Forum which is used to facilitate intergovernmental relations between the province and local government in the province. The District also participates in Provincial Forums which include Provincial IDP Forum, Provincial Energy Forum, Provincial AIDS Forum as well as South African Local Government Association (SALGA).

T2.3.2

# Chapter 2

## DISTRICT INTERGOVERNMENTAL STRUCTURES

Meetings are held once in a quarter, whereby the District Municipality is responsible for ensuring the co-ordination of intergovernmental relations within the district municipality with local municipalities in the district.

**District Coordinating Forum:** Forum consists of the Executive Mayor and 3 primary members of which is the Local Mayors.

### Technical Support Committee

Forum consists of the District Municipal Manager and 3 primary members (Local Municipal Manager). The forum must meet at least once per year with service providers and other role players concerned with the development in the district to co-ordinate effective provision of services and planning in the district.

T2.3.4

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality is committed to governing its area of its jurisdiction and its citizens in accordance with the spirit of the Constitution of the Republic of South Africa. This requires the Municipality to undertake community consultation, participation and empowerment as central features. The review of the institution's current Integrated Development Plan included community participation through Stakeholder Engagements and public participation meetings. Through such measures, the communities are able to provide input on their priorities for the period under review. Some benefits include building and strengthening partnerships with various organisation from communities and broader civil society to establish a people's contract in ensuring that citizen participation and representative democracy are combined to promote people-centered and people-driven development and governance.

T 2.4.0

# Chapter 2

## 2.4 PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The Xhariep District Municipality has a functional Communication Unit. The Communication Unit is a strategic component within the municipality that cut across all departments and units including the public. The Communication Unit also ensures that communication is well coordinated, effectively managed and responsive to the diverse information needs of the people. To fulfill this mammoth task, the communication unit has established the following mechanism, namely;

- a) District Communicators Forum
- b) Periodic update of the municipal website
- c) Quarterly newsletter
- d) Council notices

The council meetings are opened to the public; this is to ensure that the public is informed and council businesses are at the public domain.

T2.4.1

# Chapter 2

Public Meetings				
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending
IDP AND BUDGET CONSULTATIONS	11 April 2024	6	12	50
IDP AND BUDGET CONSULTATIONS	12 April 2024	2	10	39
IDP AND BUDGET CONSULTATIONS	17 April 2024	3	13	19

T2.4.3

## COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Some of the benefits of public meetings include community being part of the decision-making process and, as result, minimizing community protests and civil unrests. The other benefit is that community will take ownership of development within their environment and have a sense of belonging.

T2.4.3.1

# Chapter 3

## 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T2.5.1	

### COMPONENT D: CORPORATE GOVERNANCE

#### OVERVIEW OF CORPORATE GOVERNANCE

As the Head of Administration the Municipal Manager is responsible for the following tasks:

- The formation and development of an economical, effective, efficient and accountable administration.
- The management of the municipality's administration in accordance with legislation applicable to the municipality.

# Chapter 3

- The implementation of the municipality's integrated development plan.
- The management and provision of services to the local communities in a sustainable and equitable manner.
- The appointment of staff subject to the Employment Equity Act, 1998.
- The management and effective utilisation and training of staff.
- The maintenance of discipline of staff.
- The promotion of sound Labour relations and compliance with Labour legislation.
- Advising the political structures and political office bearers of the municipality.
- Managing communications between the municipality's administration and its political structures and political office bearers.
- Carrying out the decisions of the political structures and political office bearers of the municipality.
- The administration and implementation of the municipality's by-laws and other legislation.
- The exercise of any powers and the performance of any duties delegated by the municipal council.
- Facilitating participation by the local community in the affairs of the municipality.
- The implementation of national and provincial legislation.

T2.6.0

## 2.5 RISK MANAGEMENT

### RISK MANAGEMENT

MFMA, section 62 (1) (c) (i) states that the Accounting Officer of a municipality is responsible for the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems off financial and risk management and internal control.

Paragraph 13 of Chapter 13 of the Public Sector Risk Management Framework states that the Risk Management Committee must provide timely and useful reports to the Accounting Officer/Authority on the state of Risk Management, together with accompanying recommendations to address any deficiencies identified.

Risk Management Committee comprised of an independent The Risk Management Committee Chairperson and Directors as members appointed by the Accounting Officer. The risk management policies were approved by council for 2024-2025 financial year. The following are the responsibilities of Risk Management:

# Chapter 3

1. Facilitating annual risk assessment within the municipality
2. Advising and guiding the municipality in terms of Institutional risk matters.
3. Developing the Risk Management Strategic documents and Implementation Plan.
4. Coordinating risk management activities.
5. Compilation of Risk Register

T2.6.1

## 2.7 ANTI-CORRUPTION AND FRAUD

### FRAUD AND ANTI-CORRUPTION STRATEGY

In terms of section 3.2.1 of Treasury Regulations, the Accounting Officer must ensure that a risk assessment is conducted regularly to identify emerging risks to the institution. A Fraud and Corruption Management Strategy must be used to direct the internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks.

During the year under review Fraud and Corruption Policy and Strategy was approved, the municipality continued to enforce strategies to combat fraud and corruption. Anti-Fraud and Corruption awareness campaign was conducted by issuing of the Fraud and Awareness Pamphlets as part of efforts to strengthen mechanisms to prevent and combat fraud and corruption.

T2.7.1

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the municipality was reviewed to ensure that it is in line with the Municipal Supply Chain Management Regulations, other applicable legislations and guidelines of National Treasury. The reviewed SCM policy of the municipality for 2024/25 financial year was approved by the Council in May 2024. The municipality also developed the Preferential Procurement Policy in line with the new Preferential Procurement Regulation of 2022, which was also part of the policies approved by Council in June 2023.

The municipality (as far as the National Treasury SCM implementation check list is concerned, both quarterly and annually) does not have IT related projects above R10m, hence it has not yet utilized the services of SITA to procure such goods or service; and Lastly, an institutional delegation of powers has to be established in collaboration with Free State Provincial Treasury.

# Chapter 3

No Councillor is a member of any committee handling Supply Chain processes. All three (3) Officials in Supply Chain have the MFMA minimum competency requirements in 2016.

Non – compliance with Supply Chain Management Policy and other applicable legislations which resulted in irregular expenditure – As a remedial action to this problem, such expenditure to be investigated by MPAC, consequence management to be implemented and the SCM checklist to be reviewed and implemented effectively to ensure for an example, that all transactions, prior to awarding, are given to suppliers/service providers that are CSD compliant and/or comply with all the necessary bidding requirements.

T2.8.1

## 2.10 WEBSITES

Municipal Website : Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (2023-2024)	Yes
The annual report (2024-2025) published/to be published	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2024-2025) and resulting scorecards	Yes
All service delivery agreements (2024-2025)	No
All long term borrowing contracts (2024-2025)	No
All supply chain management contracts above a prescribed value (give value) for 2024-2025	No
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2024-2025	No
Contracts agreed in 2024-2025 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No

# Chapter 3

Public-private partnership agreements referred to in section 120 made in 2024-2025	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2024-2025	No	
		T2.10.1

## COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

The Communications Unit is the custodian of the municipality website content. All documents and content are sent to the communications unit for verification and upload onto the municipal website.

The role of the IT Unit is to ensure that website is up and running. The municipality has a new website with domain name: [www.xhariep.gov.za](http://www.xhariep.gov.za) , some of the information is still sitting on the Provincial website ([www.xhariep.fs.gov.za](http://www.xhariep.fs.gov.za)) that was created for all Free State Municipalities. The municipality is using both the websites, while further developing the new website.

T2.10.1

# Chapter 3

## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### COMPONENT A: BASIC SERVICES

#### INTRODUCTION TO BASIC SERVICES

The district municipality started to perform the functions of Environmental Health with effect from December 2009. Critically, the Municipal Structures Amendment Act (Act 33 of 2000) provides for an extensive annual review of the division of powers and functions between Category B and Category C to ensure effective implementation of these assigned powers following an advice provided by the Municipal Demarcation Board emanating from the Boards' annual capacity assessment report.

Basic services being offered by the District Municipality is as per Health profession Act, 1974 (Act no. 56 of 1974) Regulations defining the scope of the profession of Environmental Health: Amendment: Water and Waste Water quality, Food control, Waste management, Health Surveillance of premises, Vector control, Surveillance and prevention of communicable diseases, Environmental pollution, Disposal of the dead and noise control.

T3.1.0

Employees: Planning Services					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	3	3	3	0	0%
4 – 6	7	8	6	2	25%
7 – 9	2	2	2	0	0%
10 – 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>14</b>	<b>15</b>	<b>13</b>	<b>2</b>	<b>13,3%</b>

T3.10.4

# Chapter 3

Financial Performance 2024-2025: Planning Services					
					R'000
Details	2023-2024	2024-2025			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	14 335	15 007	13 312	16 920	(3 608)
<b>Expenditure:</b>					
Employees	10 564	12 525	10 596	11 542	(946)
Repairs and Maintenance	0	0	0	0	0
Other	3 771	2 837	3 268	3 300	(32)
<b>Total Operational Expenditure</b>	14 335	15 362	13 864	14 842	(978)
<b>Net Operational Expenditure</b>	0	(355)	(552)	2 078	(2 630)
					T3.10.5

## 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### INTRODUCTION TO ECONOMIC DEVELOPMENT

The review of the LED strategy is ongoing with the desktop work having been complete; this includes provision of current statistics that are acquired with the assistance of the DESTEA research unit and the COGTA. Free State COGTA is assisting the Xhariep District Municipality together with all its local municipalities in developing / review of the Local Economic Development Plans. A draft document for the district is in place, the final outstanding review processes to ensure priorities of the 7<sup>th</sup> administration of government are incorporated and proper alignment concluded together with Free State COGTA, the draft document will be tabled in council for adoption as a draft document for further public consultation, upon completion of the public inputs process, the final LED will then be tabled and adopted in Council during the 2025/2026 financial year.

COGTA continues to assist local municipalities in the Free State, in particular the Xhariep District with the development and review of LED Strategies, DESTEA continues as the lead department in economic development alignment with all municipalities is yet to be realised.

T3.11.1

# Chapter 3

Jobs Created during 2024-2025 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created	Jobs lost/displaced by other initiatives	Net total jobs created in year	Method of validating jobs created/lost
	No.	No.	No.	
2022-2023	101	0	101	National Route N1 section 14 between Springfontein north and Trompsburg, KM 2.20 to 18,60
	36	0	36	Periodic maintenance of the National Route N1 section 13, between Springfontein South and Springfontein North Km 41.60 to Km 2.20
	94	0	94	Periodic maintenance of the National Route N1 section 13, from Driekuil (km 20.0) to Mount Road (Km 41.6)
2023-2024	0	0	0	-
	0	0	0	-
	0	0	0	-
2024-2025	0	0	0	-
	0	0	0	-
	0	0	0	-

T3.11.5

# Chapter 3

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2022-2023	3	166
2023-2024	3	210
2024-2025	3	189
* - Extended Public Works Programme		T3.11.6

Employees: Local Economic Development Services					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	2	2	2	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>
					T3.11.8

# Chapter 3

## 3.64 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

### INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABBATOIR LICENSING AND INSPECTIONS, ETC

A key responsibility in rendering an effective Municipal Health Services is the monitoring of food and health surveillance of private and government premises in order to ensure compliance with R638, Foodstuffs, Cosmetics and Disinfectants act 1972 (Act no. 54 of 1972) and the National health act, 2003 (Act no 61 of 2003).

District Environmental Health Practitioners conduct health inspections to determine the level of compliance and issue out compliance notices to non-compliant food premises and issue a certificate of acceptability (COA) to compliant food premises. Certificate of health and COAs are issued to compliant premises such as ECD's, old age homes, orphanage homes. EHPS seize expired foods and issue prohibition orders where there is a need to do so. Business licenses are the competency of local municipalities and not the district; however local municipalities are supposed to consult the EHPs prior to the issuing of licenses.

Surveillance of premises is conducted to monitor the health and hygiene standards of premises. Quarterly monitoring of all premises is conducted by the Environmental Health Practitioners. The compliance of food premises inspected in the district was: Quarter 1:45%, Quarter 2: 2.5%, Quarter 3: 77% and Quarter 4: 24%.

#### Challenges:

Staff shortage

Budget Constraints

#### Health and Hygiene

Health and hygiene awareness activities were successfully carried out by the Environmental Health Practitioners in an effort to influence behavioral change and educate the public on matters concerning health and the environment. The topics covered included food safety, hand hygiene, water safety, and sanitation awareness and so on. The key focus groups were the community members, patients, School learners and food handlers. The total number of people reached during the awareness campaigns conducted in the four quarters of the 2023/24 financial year were 1467.

#### Waste Management and Health surveillance of premises

The Environmental Health Practitioners in Xhariep District Municipality conducted landfill site audits in the second quarter of the 2024/25 financial year to determine the level of compliance. **Waste Management functions of Environmental Health under the Health Professions Act, 1974 (Act no. 56 of 1974) Regulations defining the scope of profession of Environmental Health: Amendment.** All landfill sites in the district were found to be non-complaint in terms of the National Environmental Management Waste Act, 59 of 2008. The current compliance rate is; Mohokare LM (0%), Kopanong LM (0%) and Letsemeng LM (0 %). This might have a negative impact on both human health and the Environment.

#### Disposal of the dead and exhumation of human remains

# Chapter 3

Another key role is the implementation of Regulations Relating to the Management of Human Remains – Government Notice Number – R 363 of 22 May 2013. The District Environmental Health Practitioners conducted compliance inspections at funeral undertaker’s premises and issued out compliance notices to both government and private which were found to be non-compliant with legislation and where premises were compliant; a certificate of competence was issued. Monitoring was conducted in the fourth quarter of the financial year 35% of the premises that were visited were compliant.

## **Water quality monitoring**

The Environmental Health Practitioners monitored the quality of drinking water at the point of use on a monthly basis to ensure that community members receive water that is safe for human consumption and the water does not pose a risk on human health. The results obtained from the laboratory after analysis is communicated with the local municipalities, the Department of Health and the community where necessary. This is done to ensure that the local municipalities supply the community with treated water and complies with the standards in terms of SANS 241:2015. The total number of drinking water samples for the financial year 2024/25 was 396 samples excluding the re-samples.

## **Wastewater effluent monitoring**

Wastewater samples were also collected in the financial year to monitor the quality of wastewater effluent discharged into the environment in terms of the National Water Act, 36 of 1998; the general authorization limits. The total number of samples collected was 16 and only 12.5% of the wastewater treatment plants were found to be compliant; the wastewater effluent discharged into the environment is untreated and may cause environmental pollution in terms of the National Environmental Management Act, 107 of 1998.

T3.64.1

## 3.67 DISASTER MANAGEMENT

### INTRODUCTION TO DISASTER MANAGEMENT

**Disaster Management** is a continuous and integrated multi-sectorial and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, -mitigation, -preparedness, -response, -recovery and -rehabilitation

Top Four Service Delivery Priorities:

#### **1. Community Safety**

The Disaster Management Division, through the Provincial and District Disaster Management Advisory Forum, discusses and develops detailed Safety Plans. The Disaster Management Unit also implements community safety initiatives targeting both the public and various sectors. Public engagement plays an integral role in promoting community safety. The recent appointment of a Fire Service Officer has strengthened the

# Chapter 3

Programme by presenting the District Municipality's Fire Plans at various platforms, while emphasising the importance of fire prevention and mitigation.

## **2. Preparedness**

through the District Joint Operations Centre (JOC), the Disaster Management Division presents preparedness plans to address potential disasters that may affect communities. Preparedness is also extensively discussed at the Disaster Management Advisory Forum with relevant stakeholders. The Fire Service Unit is currently planning a demonstration for Xhariep District staff on disaster prevention and mitigation. This Programme will subsequently be rolled out to communities across all three local municipalities.

## **3. Recovery and Rehabilitation**

In terms of the Disaster Management Act 57 of 2002, each District Municipality is required to have a Recovery and Rehabilitation Plan in place for disaster situations. This has been implemented on several occasions after disasters have occurred. The Disaster Management Division, in consultation with the Provincial Disaster Management Centre (PDMC) under COGTA-Free State, has also incorporated Xhariep District Municipality into their Recovery and Rehabilitation Plan.

## **4. Educational Programmes**

The District Disaster Management Division, in consultation with the Department of Education and the District Office, has allocated time for educational programmes in both primary and secondary schools. The Programme has recently been joined by the Working on Fire initiative, which operates across the District Municipality. All local municipalities have received Disaster Management and Fire Safety presentations. This educational initiative is ongoing, and SALGA also intends to join the Programme by contributing necessary resources.

T3.67.1

# Chapter 3

Employees: Disaster Management					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	1	2	2	0	0%
7 – 9	0	0	0	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0%</b>
					T3.67.4

# Chapter 3

## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services.

### 3.69 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

Municipality is currently executing three service delivery related matters, i.e. local economic development, Disaster Management and Municipal Health Services. The Local Economic Development Division that is located within the Department of Planning and Social Development has made strides in providing financial assistance and providing training to Small Micro and Medium Enterprises. The Municipality has assisted interested individuals or group of people to establish their own businesses, in particular cooperatives.

The Environmental Health Services Division that is also located within the Department of Planning and Social Development is monitoring the quality of drinking water and final waste water effluent from different local municipalities that fall within its jurisdiction on frequent intervals as required by applicable legislations and policies. Furthermore this division insures compliance of food premises and local municipalities' landfill sites.

The Disaster Management Division is located in the Department of Planning and Social Development. The division is responsible to ensure a safe and unwavering environment to the Xhariep district community.

T3.69.1

# Chapter 3

Employees: The Executive and Council					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4		4	0	0%
4 - 6	6		6	0	0%
7 - 9	5		5	0	0%
10 - 12	0		0	0	0%
13 - 15	0		0	0	0%
16 - 18	0		0	0	0%
19 - 20	0		0	0	0%
<b>Total</b>	<b>15</b>		<b>15</b>	<b>0</b>	<b>0%</b>
					T3.69.4

# Chapter 3

Financial Performance 2024-2025: The Executive and Council					
					R'000
Details	2023-2024	2024-2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	16 751	12 544	13 602	14 874	(1 272)
<b>Expenditure:</b>					
Employees	12 458	12 685	12 788	12 551	237
Repairs and Maintenance	0	0	0	0	0
Other	4 293	1 378	1 645	4 864	(3 219)
<b>Total Operational Expenditure</b>	16 751	14 063	14 433	17 415	(3 154)
<b>Net Operational Expenditure</b>	0	(1 519)	(831)	(2 541)	1 710
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.69.5

Employees: Financial Services					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	3	3	0	0
4 - 6	4	4	4	2	50%
7 - 9	5	5	5	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>16.7%</b>
					T3.70.4

# Chapter 3

Financial Performance 2024-2025: Financial Services					
R'000					
Details	2023-2024	2024-2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	36 478	16 867	15 738	15 813	(75)
Expenditure:					
Employees	10 271	10 914	9 704	9 781	(77)
Repairs and Maintenance	0	0	0	0	0
Other	26 207	1 627	3 052	7 124	(4 072)
<b>Total Operational Expenditure</b>	36 478	12 332	12 756	16 905	(4 149)
<b>Net Operational Expenditure</b>	0	4 326	2 982	(1 092)	4 074
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.70.5

# Chapter 3

## 3.71 HUMAN RESOURCE SERVICES

### INTRODUCTION TO HUMAN RESOURCE SERVICES

The management set itself priorities to overhaul the services the institution provides to its internal clients, the key three amongst them were;

Purify leave management

Provide accurate inputs- information to payroll

Recruit people with required competencies

So far this division has made major strides in ensuring that leave of employees is managed in accordance with Municipal Human Resources Policy Manual. Every week there is reconciliation of attendance registers, VIP register with completed leave forms; and follow-ups on employees who did not sign registers or completed leave forms. The principle of no work no pay is applied on employees who are found not to have followed proper procedure in absenting themselves from work.

The official providing information to employees in payroll on remuneration and benefits of employees work s closely with the payroll division in order to ensure that accurate information is forwarded to division before processing the salaries of councillors and employees. The inputs are compiled, checked, approved by different individuals in order to ensure that correct information is provided to payroll. Such information is forwarded to payroll on or before the 15<sup>th</sup> of each month in order to give officials in payroll an ample time to process the remuneration and benefits of both councillors and officials

The Human Resources Division advertises all vacant positions as required by the Human Resources Policy Manual and set competencies that are needed from the interested individuals. It is important to highlight that the Municipality appoints only incumbents who meets minimum competency requirements as placed on the advertisement.

T3.71.1

# Chapter 3

Employees: Human Resource					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	2	5	2	3	60%
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>43%</b>

T3.71.4

# Chapter 3

Financial Performance 2024-2025: Human Resource Services					
					R'000
Details	2023-2024	2024-2025			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
<b>Total Operational Revenue</b>	35 111	19 748	22 852	21 301	1 551
Expenditure:					
Employees	19 691	20 277	20 145	20 389	(244)
Repairs and Maintenance	633	140	1 722	1 253	469
Other	14 787	1 630	2 516	4 942	(2 426)
<b>Total Operational Expenditure</b>	35 111	22 048	24 383	26 584	(2 201)
<b>Net Operational Expenditure</b>	0	(2 299)	(1 531)	(5 283)	3 752
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.71.5

## 3.72 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services

### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main objective of the IT Unit is to

1. Ensure internet connectivity at all times: This was achieved through enhancement of the bandwidth from 10mbps to 50mbps and the connectivity is much stronger.
2. Ensure stable Network infrastructure: The network is fairly stable. The project to Revamp Municipal Network Infrastructure was halted due to litigations by the service provider, demanding payment for incomplete work. The project still not completed.
3. Ensure Servers and server room is fully functional: The servers are fully functional. The network infrastructure in a better state, but the Network Infrastructure Revamp project was halted in its final stages, fire extinguishing unit will also be replaced, the floor was listed as well in case of flooding.

# Chapter 3

4. Ensure information systems are fully operational: The municipality is housing the Financial Information System on the cloud. All Information Systems are functioning properly.

5. Ensure smooth Telecommunications: The project to install fully functional Telephone System was halted due to litigations by the service provider, demanding payment for incomplete work; as a result the telephone system is not functioning. This project will resume and the Telephone System will be acquired through the RT15 contract.

6. Ensure printing facility is available: The municipality has recently bought a printer for the archives office for volume printing. There are also small printers bought for various offices to address printing at a smaller scale. We are currently assessing three printers that were left by the previous service provider to check if the municipality cannot buy them to augment of the printing capacity we have.

7. Ensure Municipal Website is fully functional: The municipality has a new functional website that we are further developing.

T3.72.1

Employees: ICT Services					
Job Level	2023-2024	2024-2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1		1	0	0%
4 - 6	1		1	0	0%
7 - 9	0		0	0	0%
10 - 12	0		0	0	0%
13 - 15	0		0	0	0%
16 - 18	0		0	0	0%
19 - 20	0		0	0	0%
<b>Total</b>	<b>2</b>		<b>2</b>	<b>0</b>	<b>0%</b>

T3.72.4

# Chapter 3

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year

### TOP LAYER PERFORMANCE INFORMATION

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/S TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
<b>MUNICIPAL MANAGER</b>												
TL 1	Develop and enhance human capital service to minimise service delivery	MT&ID	Employment contracts	Number of signed performance agreements by the MM and section 56 managers	4	4	0	-	-	4	4	0
TL2	Develop and enhance human capital service to minimise service delivery	MT&ID	Performance Management	Assessment of the Performance of Senior Management on a quarterly basis	4	3	(1)	Assessment due date is September 2025 as per the signed performance agreements	-	2 x informal 2 x formal	2 x informal 2 x formal	0

# Chapter 3

TL3	Develop and enhance human capital service to minimise service delivery	MT&ID	Performance Management	No. of performance analysis reports to Management on a quarterly basis	4	4	0	-	4	4	0
TL4	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Overseeing the functionality of Audit Committee	Quarterly Audit Committee meetings	4	6	2	Two Special Audit Committee meetings were held for the preparation of the Annual Financial Statements (AFS).	4	3	(1)
TL5	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Overseeing the functionality of MPAC	Number of MPAC meetings held	4	1	(3)	The MPAC was unable to convene as scheduled during the year under review, as the committee did not hold its remaining three sittings within the planned	4	2	(2)

# Chapter 3

TL6	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Ensure the sitting of Management	Number of formal (minuted) meetings to which all senior managers were invited held	4	0	(4)	Senior Management meets regularly; however, records or minutes of these meetings are not maintained.	rescheduling if initial dates cannot be met.	4	0	(4)
TL7	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Providing support to Local Municipalities through Technical IGR engagements	No. of Technical IGR meetings held	4	4	0	-	-	4	2	(2)
TL8	Sustain good corporate governance through	GG&PP	Overseeing the functionality of the Risk	No. of Risk Management reports submitted to the Risk	4	4	0	-	-	4	3	(1)

# Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/IS TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
	effective and accountable clean administration		Management Committee	Management Committee on a quarterly basis								
TL9	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Improved audit outcomes	Monitoring the implementation of AGSA audit action plan and report quarterly	2	2	0	-	-	2	2	0
TL10	Continue with accountable and developmental orientated monetary management to sustain a sound fiduciary position	MFV&M	Ensure compliance with Section 32 of the MFMA	Monthly reports on irregular, unauthorised, fruitless and wasteful expenditure	12	12	0	-	-	12	12	0

# Chapter 3

## CHIEF FINANCIAL OFFICER

TL11	To manage the finances of the municipality to ensure financial viability	MFV&M	Annual Financial Statements	Compilation AFS on or before 31 Aug 2024 and submission to AGSA	1	1	0	-	-	1	1	0	-	1	1	0				
TL12	To manage the finances of the municipality to ensure financial viability	MFV&M	Oversee the review and implementation of the Audit Action Plan	Updated Action Plan	2	2	0	-	-	2	2	0	-	2	2	0				
TL13	To manage the finances of the municipality to ensure financial viability	MFV&M	Ensure that the FMG conditional operational grant is fully utilised by 30 June 2025	% of FMG conditional operational grant spent on a quarterly basis	100%	100%	0	-	-	100%	100%	0	-	100%	100%	0				
TL14	To manage the finances of the municipality to ensure financial viability	MFV&M	Oversee the implementation of the SCM Policy	Quarterly reports on the deviations of the SCM Policy	4	4	0	-	-	4	4	0	-	4	4	0				



# Chapter 3

viability	MFV&M	owned based																		
TL18 To manage the finances of the municipality to ensure financial viability	MFV&M	Ensure compliance to the SCM regulations	Number of awards made in terms of SCM Reg 32	4	4	0	-	-	4	4	0	-	4	4	0	-	4	4	0	0
TL19 To manage the finances of the municipality to ensure financial viability	MFV&M	Compilation of MFMA Sec 71 reports to Provincial and National Treasury	Monthly MFMA Sec 71 reports	12	12	0	-	-	12	12	0	-	12	12	0	-	12	12	0	0
TL20 To manage the finances of the municipality to ensure financial viability	MFV&M	Compilation of MFMA Sec 52 (d) reports to Provincial and National Treasury	Quarterly Sec 52 (d) (MFMA) reports	4	4	0	-	-	4	4	0	-	4	4	0	-	4	4	0	0
TL21 To manage the finances of the municipality to ensure	MFV&M	Compilation of SCM reports to Provincial and National	SCM quarterly reports	4	4	0	-	-	4	4	0	-	4	4	0	-	4	4	0	0



# Chapter 3

	accountable clean administration		submission of the WSP	LGSETA in April 2025									
TL25	Sustain good corporate governance through effective and accountable clean administration	MT&ID	Employment Equity	Monitor and report on the implementation of the Employment Equity Plan	1	1	0	-	-	1	1	0	
TL26	Sustain good corporate governance through effective and accountable clean administration	MT&ID	Work Skills Plan	Number of municipal officials completed training(MFMP) in the 2024-2025 financial year	4	4	0	-	-	New KPI	New KPI	New KPI	
TL27	Oversee the achievement of good governance through the implementation of council resolution	GG&PP	Planning of the sitting of Council and Council Committees	Develop schedule for the sitting of Council and Council Committees and table before Council	1	1	0	-	-	1	1	0	

# Chapter 3

TL28	Oversee the achievement of good governance through the implementation of council resolution	GG&PP	Sitting of Council and Council Committees	Number of Council portfolio committee meetings held	6	4	(2)	The non-submission of management reports and their failure to convene meetings hindered the sittings of Council Portfolio Committees.	Management will convene regular meetings and ensure timely submission of reports to enable the effective functioning of Council Portfolio Committees	6	4	(2)
TL29	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Sitting of Council and Council Committees	Number of ExCo or Mayoral Executive meetings held	6	5	(1)	The failure of Council Portfolio Committees to convene meetings and submit reports on time impeded the holding of Mayoral Executive meetings.	Council Portfolio Committees will adhere to a fixed meeting schedule and submit reports timeously to ensure the smooth convening of Mayoral Executive meetings	6	6	0
TL30	Sustain good corporate governance through	GG&PP	Ensure that Council sits as regulated by the MSA(	Number of Council meetings(ordinary)held	4	4	0	-	-	4	4	0

# Chapter 3

	effective and accountable clean administration	GG&PP	Act 32 of 2000)	Stakeholder relations	No. of Political IGR meetings held	4	2	(2)	The Political IGR was unable to convene as scheduled during the year under review, as the committee missed two planned sittings.	4	0	(4)
TL31	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Stakeholder relations	No. of Political IGR meetings held	4	2	(2)	The Political IGR was unable to convene as scheduled during the year under review, as the committee missed two planned sittings.	4	0	(4)	
TL32	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Stakeholder relations	No. of District AIDS Council meetings held	2	2	0	-	4	1	(3)	
TL33	To maintain a skilled, capable and diverse workforce in a	MT&ID	Ensure functionality of Local Labour Forum	No. of Local Labour Forum meetings	4	2	(2)	The LLF was unable to convene as scheduled during the year	4	2	(2)	

# Chapter 3

	good working environment																	
TL34	To maintain a skilled, capable and diverse workforce in a good working environment	MT&ID	Performance Management System	Implementation of the Individual performance management (Senior Management Level) before 30 June 2025	2	2	0	-	implemented to ensure the LLF holds all planned sittings.	2	2	0						
TL35	Embed good governance through sound administrative practices and improved stakeholder relation	GG&PP	Overseeing the functionality of the Risk Management Committee	No. of Risk Management reports submitted to the Risk Management Committee by Senior Management	4	4	0	-		4	3	(1)						
TL36	Embed good governance through sound administrative practices and improved stakeholder relation	GG&PP	Anti-Fraud and Corruption	Quarterly reports on disciplinary cases for misconduct relating to fraud and corruption	4	4	0	-		4	1	(3)						

# Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/S TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
<b>DIRECTOR: PLANNING AND SOCIAL DEVELOPMENT</b>												
TL37	Provide safe and healthy environment for the community	BSD&ID	Maintaining and improving the standard of water quality (compliance to SANS 241)	Ensure that water quality tests are done on a quarterly basis	4	4	0	-	-	4	3	(1)
TL38	Provide safe and healthy environment for the community.	BSD&ID	Maintaining and improving the standard of water quality (compliance to SANS 241)	Total number of water samples tested	396	396	0	-	-	396	363	(33)
TL39	Provide safe and healthy environment for the community.	BSD&ID	Maintaining and improving the standard of water quality (compliance to SANS 241)	Number of water sample tests that complied with SANS 241	396	330	(66)	66 water samples did not comply with SANS 241 standards due	All non-compliant samples were resampled	396	306	(57)

# Chapter 3

TL40	Provide safe and healthy environment for the community.	BSD&ID	Wastewater samples compliant to water use license conditions	requirements Total wastewater samples tested for all determinants over the municipal financial year	20	16	(4)	to the presence of E. coli and total coliforms Four wastewater samples in Mohokare could not be collected as planned due to the non-operational status of the Smithfield and Zastron plants.	20	20	0
TL41	Provide safe and healthy environment for the community.	BSD&ID	Wastewater samples compliant to water use license conditions	Number of wastewater samples tested per determinant that meet compliance to specified water use license requirements	20	2	(14)	The target for wastewater samples compliant to water use license conditions is 20 as per the approved SDBIP 2024-2025. However, only 16 samples were collected due to non-	20	0	(20)

# Chapter 3

TL42	Strategic support on the implementation of municipal programmes and projects	BSD&ID	Ensure that the RRAMS grant is fully utilised by 30 June 2025	% of RRAMS grant spent on a quarterly basis	100%	99%	(1%)	operational status of the Smithfield and Zastron plants. Of these 16 collected, only 2 complied	operational capacity, and ensuring compliance with the National Environmental Management Act, 107 of 1998.	100%	100%	0
TL43	Strategic support on the implementation of municipal programmes and projects	BSD&ID	Play an oversight role in terms of the implementation of the RRAMS project	No. of reports to Management/ Council on the implementation of the RRAMS project	4	0	(4)	The reports for Quarter 1 and Quarter 2 were tabled concurrently in Quarter 3, rather than being submitted individually in	The responsible Manager must ensure strict adherence to the prescribed quarterly reporting timelines, with each report	4	0	(4)

# Chapter 3

TL44	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Job Creation	No. of work opportunities created through the Expanded Public Works Programme	140	189	49	accordance with the prescribed quarterly reporting requirements. Furthermore, only these two reports are traceable in the management minutes, while the Quarter 3 and Quarter 4 reports could not be traced.	being submitted and tabled within its respective quarter.	160	210	50
TL45	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Ensure participation of all local municipalities towards the implementation	No of LED Forums	4	4	0	Additional EPWP workers were recruited due to the availability of a favorable EPWP budget.	-	4	2	(2)

# Chapter 3

creation	LED	of LED										
TL46	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Lobbying of external stakeholders to invest in Xhariep	No. of stakeholder engagement meetings	2	2	0	-	-	2	2	0
TL47	Provide safe and healthy environment for the community	BSD&ID	Ensuring compliance of funeral undertakers premises	No. of reports on Funeral parlours compliance status	1	1	0	-	-	1	1	0
TL48	Sustain good corporate governance through effective and accountable clean administration	GG&PP	Overseeing the functionality of the Risk Management Committee	No. of Risk Management reports submitted to the Risk Management Committee by Senior Management	4	4	0	-	-	4	3	(1)

# Chapter 3

## DEPARTMENTAL PERFORMANCE

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/S TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
<b>MUNICIPAL MANAGER</b>												
D1	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Implementation of the Risk Management, anti-fraud and anti-corruption initiatives	No. of Risk Management, anti-fraud and anti-corruption awareness conducted	1	1	0	-	-	1	1	0
D2	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Risk Management	Development of the Risk Management Register before 30-Sep- 2024	1	1	0	-	-	1	1	0
D3	Embed good governance through	GG&PP	Risk Management	No. of quarterly risk assessments performed for	4	4	0	-	-	4	4	0



# Chapter 3

D6	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Development of the Risk based audit plan	Risk based audit plan approved by Audit Committee by 30 Sep 2024	1	1	0	-	-	1	1	0
D7	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Compilation of the draft Annual Report	Draft Annual Report approved by Council on or before 31 January 2025	1	1	0	-	-	1	1	0
D8	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Compilation of the Oversight Report on Annual Report (MFMA 129(1) and MSA 46(2))	Oversight Report adopted by Council on or before 31 March 2025	1	1	0	-	-	1	1	0

# Chapter 3

D9	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Mid- Year review of the performance of the municipality (MFMA S72)	Mid-year report submissions (Mayor, Provincial and National Treasury) by 25 January 2025	1	1	0	-	-	1	1	0
D10	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Develop IDP / Budget (Time schedule of key deadlines (Process Plan) (MSA 28 / MFMA 21)	Approved IDP Framework and Process Plan on or before 31 Aug 2024	1	1	0	-	-	1	1	0
D11	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	IDP and Budget Public Participation meetings	No. of meetings held before the approval of the IDP and Budget	3	3	0	-	-	3	3	0

# Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/S TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
D12	Embed good governance through sound administrative practices and improved stakeholder relations	GG&PP	Comply final IDP (MSA 34)	Final IDP approved by Council on or before 30 June 2025	1	1	0		-	-	1	0
D13	Embed financial viability and sustainability through good financial management	MFV&M	Sound Financial Management	No of monthly MFMA Sec 71 Reports presented to the Executive Mayor	12	12	0		-	-	12	0
<b>FINANCIAL SERVICES</b>												
D14	Embed financial viability and sustainability through good financial	MFV&M	Production of annual Audit file	No of Audit files produced by mid-August	1	1	0		-	1	1	0



# Chapter 3

D18	Embed financial viability and sustainability through good financial management	MFV&M	Financial Viability: Debt coverage (Reg 796)	Debt coverage (Total operating revenue-operating grants received)/(debt service payments due within the year) (SA8)	>1	(0.05%)	(0.95%)	The Ratio shows that the municipality does not have sufficient funds to cover debts	Negotiating with creditors, restructuring debt, seeking external assistance and cutting costs	>1	(0.09)	(0.91)
D19	Embed financial viability and sustainability through good financial management	MFV&M	Monthly notification of awards over R 100 000	List of awards	12	12	0	-	-	12	12	0
D20	Embed financial viability and sustainability through good financial management	MFV&M	Effective management of payroll by providing the section 66 payroll report on a monthly basis	Monthly reports to management in terms of section 66 of the MFMA	12	12	0	-	-	12	12	0

# Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
D21	Embed financial viability and sustainability through good financial management	MFV&M	Ensure the submission of IRP5's	IRP5's submitted not later than 30 May 2025 to SARS	1	1	0	-	-	1	1	0
D22	Embed financial viability and sustainability through good financial management	MFV&M	Monthly salary reconciliations	No of reconciliations done	12	12	0	-	-	12	12	0
<b>DIRECTORATE: CORPORATE SERVICES</b>												
D23	Oversee the achievement of good governance through the implementation of council resolutions	GG&PP	Draw quarterly resolution execution report for all directorates	No. of execution reports where Council resolutions are captured on every sitting of Council	4	4	0	-	-	4	4	0

# Chapter 3

D24	Oversee the achievement of good governance through the implementation of council resolutions	GG&PP	Ensuring implementation of outstanding Council resolutions	Annual Resolution register submitted to Council on or before 30 June 2025	1	0	(1)	The Annual Resolution Register could not be submitted to Council at year-end as planned	The Annual Resolution Register will be presented to Council at the next sitting of the Ordinary Council in the new financial year	1	0	(1)
D25	To maintain a skilled, capable and diverse workforce in a good working environment	MT&ID	Development of the Works Skills Plan	WSP approved by the LLF and submitted to the LGSETA on or before 30 April 2025	1	1	0	-	-	1	1	0
D26	Sustain good corporate governance through effective and accountable clean administration	MT&ID	Provide secured Internet Services	Quarterly reports on the supplier's performance on the effectiveness of Internet Service Provider (ISP)	4	4	0	-	-	4	4	0
D27	Sustain good corporate governance	MT&ID	Labour Relations	No. of litigation cases instituted against the	0	3	(3)	The municipality faced three	The municipality will strengthen	0	4	(4)

# Chapter 3

	through effective and accountable clean administration			municipality at the end of the financial year				litigation cases during the year under review.	legal risk management by closely monitoring pending cases, enhancing compliance with applicable legislation, and implementing preventative measures to minimise future litigation.			
D28	Oversee the achievement of good governance through the implementation of council resolutions	GG&PP	Anti-Fraud and Corruption	Number of disciplinary cases for misconduct relating to fraud and corruption	0	0	0	-	-	0	0	0
D29	Oversee the achievement of good governance through the implementation of council	GG&PP	Development of Complaints Management System	Complaints/compliment/suggestions boxes installed in all municipal work stations	1	1	0	-	-	New KPI	New KPI	New KPI

# Chapter 3

resolutions	GG&PP	Public Participation	Review of public participation strategy on or before 30 June 2025	'1	0	'(1)	Public participation strategy could not be developed and approved by Council as planned	KPI to be reviewed in the new financial year	New KPI	New KPI	New KPI
D30 Oversee the achievement of good governance through the implementation of council resolutions											
D31 Sustain good corporate governance through effective and accountable clean administration	MT&ID	Declaration of Interest	No. of councillors that have declared their financial interests on or before 30 September 2024	16	16	0	-	-	16	16	0
D32 Coordinate sustainable social livelihood through developmental programmes	S&CD	Social Responsibility	100% utilisation of the Social Responsibility grant by 30 June 2025	100%	100%	0	-	-	110%	101	1

# Chapter 3

REF	IDP OBJECTIVE	KPA	KPI	UNIT OF MEASUREMENT	ANNUAL TARGET	ACTUAL	VARIANCE	REASON FOR DEVIATION	CORRECTIVE MEASURE/S TAKEN TO IMPROVE PERFORMANCE	PRIOR TARGET	PRIOR ACTUAL	PRIOR VARIANCE
<b>PLANNING AND SOCIAL DEVELOPMENT</b>												
D33	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Implementation of the Expanded Public Works Programme (EPWP)	No. of quarterly reports on the EPWP progress, grant, staff and wages paid submitted to the MMI/ Council	4	2	(2)	This is due to reports that were compiled but could not be presented to management because management meetings either did not take place or were postponed.	Management to sit as planned in the new financial year	4	3	(1)
D34	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Report on the implementation of the EPWP	No. of EPWP steering committee meetings held quarterly	4	3	(1)	The EPWP steering committee meeting could not proceed in quarter 2 due to lack of quorum, as local municipalities	Local municipalities will be encouraged to attend these meetings, as they are highly beneficial for the	4	4	0

# Chapter 3

										were absent	communities.			
D35	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Expenditure of the EPWP Grant	100% Expenditure by end of June 2025	100%	100%	0	0	-	-	-	100%	100%	0
D36	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Fostering local economy and development al strategies	Review of the LED Strategy on or before 30 June 2025	1	0	(1)	(1)	The LED Strategy is in a draft form due to further deliberations.	A meeting with COGTA has been scheduled for the finalisation of the LED Strategy	New KPI	New KPI	New KPI	New KPI
D37	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Preserving Culture and Heritage in communities	Culture and heritage event on or before 30 September 2024	1	0	(1)	(1)	The planned Culture and Heritage event could not take place due to budget constraints	Use staff members or local community members to perform or present, reducing the need for	New KPI	New KPI	New KPI	New KPI

# Chapter 3

D38	Facilitate investment and development of strategic infrastructure to unlock growth and job creation	LED	Making tourism awareness to schools and communities	No. of tourism awareness campaigns conducted quarterly	4	3	(1)	Tourism awareness campaigns could not be conducted in quarter one due to the vacancy of the Manager: LED	The municipality filled the vacancy of the Manager: LED	4	4	0
D39	Provide safe and healthy environment for the community	BSD&ID	Environmental Health services	No. of Health Education programmes/projects planned	4	4	0	-	-	4	4	0
D40	Provide safe and healthy environment for the community	BSD&ID	Water quality monitoring	No of quarterly water quality reports submitted to Management	4	2	(2)	Reports that were compiled but could not be presented to management because management meetings either did not take place or were	Management to sit as planned in the new financial year	4	4	0

# Chapter 3

D41	Provide safe and healthy environment for the community	BSD&ID	Waste Management (NEMWA)	No. of quarterly reports to management on the compliance status of landfill sites	1	1	0	postponed.	-	1	0	(1)
D42	Provide safe and healthy environment for the community	BSD&ID	Food monitoring as per R638	No. of food premises inspected per local municipality on a quarterly basis	Kopanong 80 Letsemeng 40	110 46	30 6	Due to the increasing number of alleged foodborne illness cases and the Spaza shop registration process announced by the President, Environmental Health Practitioners (EHPs) were required to conduct as many compliance inspections as possible.	-	Kopanong 80 Letsemeng 40	80 40	0 0
					Mohokare 40	105	65			Mohokare 40	40	0

# Chapter 3

D43	Provide safe and healthy environment for the community	BSD&ID	Water quality monitoring	No of water quality samples collected per local municipality	Mohokare 72	72	0	-	-	Mohokare 72	66	(6)
					Letsemeng 108	108	0			Letsemeng 108	99	(9)
					Kopanong 216	216	0			Kopanong 216	198	(18)
D44	Provide safe and healthy environment for the community	BSD&ID	Improve service delivery to communities	No. of quarterly waste water reports submitted to Management	4	2	(2)	Reports that were compiled but could not be presented to management because management meetings either did not take place or were postponed.	Management to sit as planned in the new financial year	4	4	0
D45	Provide safe and healthy environment for the community	BSD&ID	Improve service delivery to communities	No of quarterly waste water samples taken per local municipality	Mohokare 12	8	(4)	Four wastewater samples in Mohokare could not be collected as	XDM has engaged with Mohokare regarding the matter and is monitoring	Mohokare 12	12	0
					Kopanong 4	4	0			Kopanong 4	4	0

# Chapter 3

D46	Provide safe and healthy environment for the community	BSD&ID	Environmental Health services	No. of people reached for Health Education programmes	Letsemeng 4	4	0	planned because the Smithfield and Zastron plants were not operational	progress to ensure the plants are restored to operational status	Letsemeng 4	4	0
					200	1467	1267	More people showed interest in the Health Education programmes	-	200	1029	829
D47	Provide safe and healthy environment for the community	BSD&ID	Disaster Management	Review of Disaster Management plan and strategy on or before 30 June 2025	1	1	0	-	-	New KPI	New KPI	New KPI

# Chapter 3

D48	Provide safe and healthy environment for the community	BSD&ID	Disaster Management	No. of municipal disaster management advisory forum meetings held (section 51 of the Disaster Management Act 2002)	4	4	0	-	4	4	0
D49	Provide safe and healthy environment for the community	BSD&ID	Disaster Management	No. of Disaster Management awareness sessions held in the District	4	4	0	-	2	2	0

# Chapter 3

The following abbreviations are used in the service delivery targets and performance indicators:

KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
GGPP	-	Good Governance and Public Participation
MFVM	-	Municipal Financial Viability and Management
MTID	-	Municipal Transformation and Institutional Development
LED	-	Local Economic Development
BSD&ID	-	Basic Service Delivery and Infrastructure Development
MFMA	-	Municipal Finance Management Act 56 of 2003
MSA	-	Municipal Systems Act 32 of 2000
EEA	-	Employment Equity Act 55 of 1998
SDA	-	Skills Development Act 97 of 1998
MPPR	-	Local Government: Municipal Planning and Performance Management Regulations, 2001
MPR	-	Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly

# Chapter 4

## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

### (PERFORMANCE REPORT PART II)

#### INTRODUCTION

Organization Development (OD) is about improving performance at the individual, group, and Municipal organizational levels. It is about improving the organization's ability to effectively respond to changes in its external environment, and it's about increasing internal capabilities by ensuring the Xhariep District Municipal structures, human resources systems, job designs, communication systems, and leadership/managerial processes fully harness human motivation and help people function to their full potential.

Done well, such improvement can be transformational—producing fundamental changes in the way individuals, groups, and organizations functions.

T4.0.1

# Chapter 4

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Vacancy Rate: 2024-2025			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	0	0	0%
CFO	0	0	0%
Other S57 Managers (excluding Finance Posts)	2	0	0%
Other S57 Managers (Finance posts)	0	0	0%
Managers: Levels 0-3 (excluding Finance Posts)	13	1	7.7%
Senior management: Levels 0-3 (Finance posts)	3	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	9	2	22.2%
Highly skilled supervision: levels 9-12 (Finance posts)	5	1	20%
<b>Total</b>	<b>32</b>	<b>4</b>	<b>20.0%</b>

T4.1.2

# Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2022/2023	11	10	11%
2023/2024	4	5	5.92%
2024/2025	16	11	15.1%

T4.1.3

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

T4.3.1

# Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Finance Interns	21	0	3	4	5.2	8075.76
General Assistants/Maintenance (9-12)	73	10	7	8	9.1	90910.91
Drivers/Admin/Clerks (5-8)	181	15	15	18	10	21811.6
Accountants/Officers/Practitioners (4-6)	0	0	0	4	0	0
Middle Management (0-3)	201	20	14	21	9.5	321661.3
MM and S57	141	10	13	16	9	329864.9
<b>Total</b>	<b>48</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>12</b>	<b>224347.5</b>

T4.3.2

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Manager Communication	Insolence	11-03-2024	Demotion	07-10-2024
Manager Expenditure & Payroll	Insubordination	03-09-2024	Investigation Concluded, Management is weighing options	24-01-2025

T4.3.5

# Chapter 4

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>
No financial misconduct cases were reported in the 2024-2025 financial year			T4.3.6

# Chapter 4

## 4.5 SKILLS DEVELOPMENT AND TRAINING

Financial Competency Development: Progress Report						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>	11	0	11	0	0	11
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	0	0	0	0	0	0
<i>Any other financial officials</i>	0	0	0	0	0	0
<b>Supply Chain Management Officials</b>	1	0	1	0	0	1
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
<b>TOTAL</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>1</b>	<b>0</b>	<b>14</b>
						T4.5.2

# Chapter 4

R'000											
Management level	Gender	Employees as at the beginning of the financial year	Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	1	-	-	-	-	17 490	-	-	-	
	Male	-	-	-	-	-	-	-	-	-	
Councillors	Female	1	-	-	-	-	58 624.50	-	-	-	
	Male	2	-	-	-	10 400	36 150.07	-	-	-	
Managers	Female	3	-	-	-	-	-	-	-	-	
	Male	4	-	-	-	-	7 984	14 250	-	-	
Professionals	Female	1	-	-	-	-	-	-	-	-	
	Male	2	-	-	-	-	-	28 865	-	-	
Clerks	Female	-	-	-	-	-	-	-	-	-	

# Chapter 4

	Male	-	-	-	-	-	-	-	-	-	-	-
	Female	-	-	-	-	-	-	-	-	-	-	-
Elementary occupations	Male	1	-	-	29 088	-	-	-	-	-	-	-
	Female	6	-	-	-	-	-	-	-	-	-	-
Sub total	Male	9	-	-	-	-	-	-	-	-	-	-
	Female	6	-	-	-	-	-	-	-	-	-	-
Total		15	-	-	113 888	-	-	-	153 363.57	-	-	-
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.											%*	R267,251.57

T4.5.3

# Chapter 5

Repair and Maintenance Expenditure: 2024-2025				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	140	1 722	1 253	468
				T5.3.4

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the municipality was reviewed to ensure that it is in line with the Municipal Supply Chain Management Regulations, other applicable legislations and guidelines of National Treasury. The reviewed SCM policy of the municipality for 2024/25 financial year was approved by the Council in May 2024. The municipality also developed the Preferential Procurement Policy in line with the new Preferential Procurement Regulation of 2022, which was also part of the policies approved by Council in June 2023.

The municipality (as far as the National Treasury SCM implementation check list is concerned, both quarterly and annually) does not have IT related projects above R10m, hence it has not yet utilized the services of SITA to procure such goods or service; and Lastly, an institutional delegation of powers has to be established in collaboration with Free State Provincial Treasury.

No Councillor is a member of any committee handling Supply Chain processes. All three (3) Officials in Supply Chain have the MFMA minimum competency requirements in 2016.

Non – compliance with Supply Chain Management Policy and other applicable legislations which resulted in irregular expenditure – As a remedial action to this problem, such expenditure to be investigated by MPAC, consequence management to be implemented and the SCM checklist to be reviewed and implemented effectively to ensure for an example, that all transactions, prior to awarding, are given to suppliers/service providers that are CSD compliant and/or comply with all the necessary bidding requirements.

T5.12.1

# Chapter 5

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2024-2025

Auditor-General Report on Financial Performance 2024 – 2025	
<b>Audit Report Status*:</b>	<b>Unqualified Opinion ( 2024 -2025)</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Employee related costs	DC board resolved on the audit finding and the audit finding has been escalated to MPAC for further interrogation and resolution to submit to Council.
Consequence Management	MPAC is busy with the UIF&W investigation of prior years.
Operating Expenditure	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
Procurement and Contract management	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
Budget Management	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
<b>Internal Control Issues</b>	<b>Remedial Action Taken</b>
Employee related costs	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
VAT Receivables	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
Cash and cash equivalent	The findings are being resolved through the implementation of the AGSA recommendations through the audit action plan.
Property Plant and Equipment	The finding has been addressed.
Operating Expenditure	The finding has been addressed.
Procurement and contract management	All findings have been addressed.
Internal Audit and Audit Committees	All findings are addressed.
<p><i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i></p>	
T6.1.1	

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Auditor-General Report on Financial Performance 2024-2025	
Status of audit report: Unqualified Audit Opinion	
<b>Annual financial statements:</b>	
<i>Please refer to the report of the Auditor General in the next page for more details</i>	T6.2.1

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## COMPONENT B: AUDITOR-GENERAL OPINION 2024-2025 (CURRENT YEAR)

### Report of the auditor-general to the Free State Legislature and the council on the Xhariep District Municipality

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

1. I have audited the financial statements of the Xhariep District Municipality set out on pages 122 to 194, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Xhariep District Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Emphasis of matters

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

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## **Close call relating to going concern**

7. Note 33 in the financial statements, deals with the possible effects of the future continuing deterioration in operational results on the municipality's performance and cash flows. Management has also described how they plan to deal with these events and circumstances.

## **Unauthorised expenditure**

8. As disclosed in note 35 to the financial statements, unauthorised expenditure of R16 073 357 (2024: R15 706 893) was incurred, due to overspending of the budget.

## **Restatement of corresponding figures**

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality, and for the year ended, 30 June 2025.

## **Other matter**

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## **Unaudited disclosure notes**

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

## **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the

# Chapter 5

appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

## **Responsibilities of the auditor-general for the audit of the financial statements**

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page x, forms part of my auditor's report.

## **REPORT ON THE ANNUAL PERFORMANCE REPORT**

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure Development presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
  - Maintaining and improving the standard of water quality (compliance to SANS 241)
  - Wastewater sample compliant to water use license condition
  - Ensuring that the RRAMS grants is fully utilized by 30 June 2025
  - Play an oversight role in terms of the implementation of the RRAMS project
  - Ensuring compliance of funeral undertakers premises

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- Food monitoring as per R638
- Water quality monitoring
- Improve service delivery to communities

18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance

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

21. I did not raise any material findings on the reported performance information for the selected indicators.

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## Other matters

22. I draw attention to the matters below.

### Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

24. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

### Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 65%</i>		
<b>Key service delivery indicators not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Number of water samples tests that complied with SANS 241 requirements	396	330
Total wastewater samples tested for all determinants over the municipal financial year	20	16
Number of wastewater samples tested per determinant that meet compliance to specified water use licence requirements	20	2
Percentage of RRAMS grant spent on a quarterly basis	100%	99%
Number of reports to Management/Council on the implementation of the RRAMS project	4	0
No of quarterly water quality reports submitted to Management	4	2
No. of quarterly waste water reports submitted to Management	4	2

# Chapter 5

Number of quarterly waste water samples taken per local municipality	12	8
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## REPORT ON COMPLIANCE WITH LEGISLATION

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:
- 1. Annual financial statements**
29. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
- 2. Consequence management**
30. Some of the unauthorised expenditure incurred by the municipality was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
31. Irregular expenditure incurred by the municipality was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

# Chapter 5

32. Some of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

## **Expenditure management**

33. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R16 073 357 (2024: R15 706 893) as disclosed in note 35 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R166 649 (2024: R255 704), as disclosed in note 36 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged on late payments.
36. Reasonable steps were not taken to prevent irregular expenditure amounting to R115 082 (2024: R4 168 088) as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM requirements.

## **Utilisation of conditional grants**

37. The municipal infrastructure grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of Dora.

## **OTHER INFORMATION IN THE ANNUAL REPORT**

38. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in KPA presented in the annual performance report that have been specifically reported on in this auditor's report.
39. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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40. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. I did not receive the other information before the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## INTERNAL CONTROL DEFICIENCIES

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
44. Accounting officer did not adequately prepare financial statements that were accurate and were evidenced by the reliable supporting documentation. In addition, management did not review internal controls effectively in order to detect, correct and prevent these deficiencies. This resulted in repeat finding due to non-adherence to the audit action plan.
45. Senior managers did not adequately review compliance with the relevant laws and regulations, which resulted in material non-compliance being reported.

*Auditor - General*

**Bloemfontein**

**30 November 2025**



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

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## Annexure to the auditor's report

1. The annexure includes the following:
  - The auditor-general's responsibility for the audit
  - The selected legislative requirements for compliance testing
  - Auditor-general's responsibility for the audit

## Professional judgement and professional scepticism

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

## Financial statements

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

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auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Communication with those charged with governance**

4. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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## Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), Sections: 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), Sections: 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), Sections: 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), Sections: 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), Sections: 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), Sections: 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), Sections: 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, Sections: 122(1), 122(2), 126(1)(a), 126(1)(b), Sections: 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), Sections: 129(3), 133(1)(a), 133(1)(c)(i), Sections: 133(1)(c)(ii), 165(1), 165(2)a, 165(2)(b)(ii), Sections: 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), Sections: 166(2)(b), 166(2)(a)(iv), 166(5), 170, Sections: 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), Regulations: 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), Regulations: 17(1)(a), 17(1)(b), 17(1)(c), 19(a), Regulations: 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations: 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), Regulations: 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), Regulations: 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), Regulations: 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations: 44, 46(2)(e), 46(2)(f)

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Legislation	Sections or regulations
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act 24 of 2024	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), Sections: 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), Sections: 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), Sections: 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), Sections: 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, Regulations: 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), Regulations: 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), Regulations: 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), Regulation: 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)

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Legislation	Sections or regulations
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), Regulations: 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), Regulations: 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), Regulation: 5(4)

# Chapter 5

GLOSSARY	
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.

# Chapter 5

<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

# Chapter 5

	which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance				
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance
	FT/PT			%
ClIr AM Shasha	FT	Speaker	ANC	100%
ClIr.NI Mehlomakulu	FT	Executive Mayor	ANC	94%
ClIr MV Malgas	FT	Chairperson of Corporate Services Committee	ANC	94%
ClIr AM Molai	FT	Budget and Treasury Committee Member	EFF	88%
ClIr TI Phatsoane	FT	Chairperson of MPAC	ANC	88%
ClIr AJJ Van Rensburg	FT	Planning and Social Development Committee Member	DA	69%
ClIr AM Lebaka	FT	Chairperson of Budget and Treasury Committee Member	ANC	100%
ClIr MG Mokheseng	PT	Corporate Services Committee member	ANC	100%
ClIr RW Van Wyk	PT	Planning and Social Development Committee member	DA	75%
ClIr PM Dibe	PT	Budget and Treasury Committee member	ANC	88%

# APPENDICES

ClIr ME Lekoenea	PT	Corporate Services committee member	EEF	75%
ClIr AN November	FT	MPAC Member	ANC	100%
ClIr TD Mochechepa	FT	Chairperson of Planning and Social Development	ANC	81%
ClIr MM Potgieter	PT	Corporate Services committee member	DA	75%
ClIr S Riddle	PT	MPAC member	DA	75%
ClIr NA Adoons	PT	Planning and Social Development committee member	ANC	88%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>				T A

# APPENDICES

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
Oversight Committee	Playing an oversight Role over the finances and the administration of the Municipality
Audit Committee	Performing duties as stipulated in Section 166 of the MFMA
MPAC	Playing an oversight Role over the finances and the administration of the Municipality
	T B

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	Yes	
Building regulations	No	
Child care facilities	Yes	
Electricity and gas reticulation	No	
Firefighting services	No	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	
<i>Continued next page</i>		
<i>Continued from previous page</i>		
Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 5, Part B functions:</b>		
Beaches and amusement facilities	No	

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Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	No	
Control of public nuisances	No	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	
Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	No	
Local amenities	No	
Local sport facilities	No	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	No	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	No	
Public places	No	
Refuse removal, refuse dumps and solid waste disposal	No	
Street trading	No	
Street lighting	No	
Traffic and parking	No	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		T D

# APPENDICES

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024-2025

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2024-2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
<b>Ordinary Meeting</b> <b>27 July 2024 (Q1)</b>	<ul style="list-style-type: none"> <li>Audit Committee Members noted the Audit Committee Charter with the proposed changes and a report be tabled in the next Council after MM’s inputs for payments within 7 days of the meeting.</li> <li>The Audit Committee approved the Internal Audit Charter for 2024 – 2025 with no changes.</li> <li>The Audit Committee approved the Internal Audit Policy and Procedure Manual for 2024 – 2025 with no changes.</li> <li>The Audit Committee approved the Combined Assurance Policy and Framework for 2024 – 2025 with no changes.</li> <li>The Audit Committee approved the Internal Audit Methodology for 2024 – 2025 with no changes.</li> <li>The Audit Committee approved the Quality Assurance and Improvement Programme (QAIP) for 2024 – 2025 with no changes.</li> <li>The Audit Committee took note of the Section 71/52 report and requested CFO to look at INEP and all Grants spending</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> <li>Recommendations adopted</li> </ul>
<b>Special Meeting</b> <b>27 August 2024</b> <b>(Q1)</b>	<ul style="list-style-type: none"> <li>Draft Annual Financial Statements and Annual Performance Report review</li> </ul>	<ul style="list-style-type: none"> <li>Recommendations adopted</li> </ul>

# APPENDICES

<b>Special Meeting 31 August 2024 (Q1)</b>	<ul style="list-style-type: none"> <li>• Draft Annual Financial Statements review</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations adopted</li> </ul>
<b>Special Meeting 20 September 2024 (Q1)</b>	<ul style="list-style-type: none"> <li>• Draft Annual Financial Statements review</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations adopted</li> </ul>
<b>Special Meeting 25 November 2024 (Q2)</b>	<ul style="list-style-type: none"> <li>• Discussion of Final Audit report AGSA 2023-24 Financial year</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations adopted</li> </ul>
<b>Ordinary Meeting 19 March 2025 (Q3)</b>	<ul style="list-style-type: none"> <li>• The Audit Committee took note of the Section 71/52 report and requested CFO to look at INEP and all Grants spending.</li> <li>• Members of the Audit Committee proposed that the Municipality revisit its SCM policy concerning bank rotation.</li> <li>• The audit committee members proposed the establishment of policies and procedures to direct the personnel within the Payroll and Expenditure unit.</li> <li>• The audit committee resolved that the Section 52/71 reports will be presented by the ACFO in the next meeting and that they will include invoicing and reconciliation details.</li> <li>• Director Corporate Services resolved that management will provide a detailed written report on the outstanding issues on the audit action plan.</li> <li>• The Committee resolved that Audit Action Plan should be a standing agenda item in the upcoming meetings.</li> <li>• Audit Committee resolved that access to Municipality's Banking system need to be reviewed to clarify levels of authority.</li> <li>• Audit Committee resolved that there is a necessity to</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations adopted</li> <li>• Recommendations not adopted (SCM policies under review, the policies will be tabled to Council.)</li> <li>• Recommendations not adopted Policies in draft stage.</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> </ul>

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	<p>review and revise the BTO structure.</p>	<ul style="list-style-type: none"> <li>• Recommendations not adopted (Final prototype will be presented.)</li> </ul>
<p><b>Ordinary Meeting 17 June 2025 (Q4)</b></p>	<ul style="list-style-type: none"> <li>• Add Introduction as agenda item</li> <li>• Process on the appointment of the Acting CFO to permanent position, to be reported in the next meeting.</li> <li>• Defer the Risk Management Reports to the next Audit Committee meeting</li> <li>• Risk Management Biannual Assessment Report deferred to the next meeting.</li> <li>• Correction of 20/09/2025 and 25/11/2025 set of minutes by the Internal Audit Manager</li> <li>• Progress on review of BTO policies and approval by Council.</li> <li>• Weekly Audit Action Plan Reports to Audit Committee.</li> <li>• Progress on the review of the organizational structure (Final prototype to be presented in the next meeting)</li> <li>• Report on the carrying amounts on Non-currents assets (Cost or Carrying value)</li> <li>• Investigate on the classification and accounting of the MIG</li> <li>• Add a column Actual Payment</li> <li>• Progress on the eviction notice to Kopanong LM due to</li> </ul>	<ul style="list-style-type: none"> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations not adopted (In progress)</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations</li> </ul>

# APPENDICES

	<p>rental obligation not honored.</p> <ul style="list-style-type: none"> <li>• Check and verify the value of the depreciation so that it can be included in the report.</li> <li>• Progress on the appointment of service provider for the preparation of the annual financial statements.</li> <li>• Development and implementation of Consequence Management plan. (PMS)</li> <li>• Presentation and submissions of Governance reports.</li> <li>• Internal Audit Strategic Documents 2025/26 Financial Year</li> <li>• Amend the APC Schedule of meetings for 2024/25 Financial Year.</li> </ul>	<p>adopted</p> <ul style="list-style-type: none"> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> <li>• Recommendations adopted</li> </ul>
<p>Audit Committee was fully functional for the 2024 -25 Financial Year.</p>		<p>T G</p>

# APPENDICES

## APPENDIX H – LONG TERM CONTRACTS

Long Term Contracts (Largest Contracts Entered into 2024-2025)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Purim Consulting	Rural roads asset management system	06 Oct 2023	30 Sep 2026	Mr SL Majenge	R7 078 407.08
Musar Consulting	Internet Service Provision	05 Dec 2023	30 Nov 2026	Mr A. Tyhokolo	R1,537,744.88
CCG Systems	Integrated Financial Management Systems and Internal Controls (mSCOA)	1 Dec 2019	30 Nov 2022	Mr T. Matsiliso	6,012,694.00
CCG Systems	Compilation of the 2023/24 Annual Financial Statements and Review of Fixed Assets Register	26 Jul 2024	31 Dec 2024	Mr T. Matsiliso	853 357.50
AETOS	Repairs and maintenance of building	15 May 2024	15 Jul 2024	Mrs NY Augustus	401 650.67
Panel of attorneys	Legal Services	19 Dec 2024	30 Nov 2028	Mrs P Setshogoe	
University of the Free State	Water Analysis	04 Aug 2023	31 Jul 2024	Me Portia Mancoe	237 929.00
CCG Systems	Preparation and Compilation of Annual Financial Statements for 2024/2025 financial year	23 Jun 2025	31 Dec 2025	Mr T Matsiliso	935 157.00

T H.1

# APPENDICES

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Service Provider	Project Name	Contract Amount	Project Status	End User Remarks
Purim Consulting	Rural roads asset management system	R7 078 407.08	In progress	Good
Musar Consulting	Internet Service Provision	R1 537 744.88	In progress	Good
CCG Systems	Integrated Financial Management Systems and Internal Controls (mSCOA)	R 6 012 694.00	Contract end on 30 November 2022.	Good
CCG Systems	Compilation of the 2023/24 Annual Financial Statements and Review of Fixed Assets Register	R853 357.50	Contract end on 31 December 2024	Good
University of the Free State	Water Analysis	R237 929.00	Contract end on 31 July 2024.	Good
CCG Systems	Preparation and Compilation of Annual Financial Statements for 2024/2025 financial year	R935 157.00	In progress	Good
Lateral Unison	Short Term Insurance	R243 372,00	Contract end on 31 March 2025	Poor

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2024-2025 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
<b>(Executive) Mayor</b>	Cllr NI Mehlomakulu	Nil
<b>Member of MayCo / Exco</b>		
	MA Lebaka	Employment and Remuneration, Pension Fund(SALA)
	NJ Garekoe	Bond 100%
	TD Mochechepa	Nil
<b>Speaker</b>	AM Shasha	Nil
<b>Councillor</b>	NA Adoons	Employed at Department of Education, Pension(GEPF)
	M Mokheseng	Nil
	AN November	SALA , employment: Letsemeng local municipality
	MV Malgas	Nil
	MA Molai	Nil
	ME Lekoenea	Nil
	AJJ van Rensburg	OVK R10 000 BKB R10 000 Circle R Ranches: R100 000 Rustfontein Farm R2,500.000 Old Mutual Wealth R350 000
	RW Van Wyk	Nil
	TI Phatsoane	Employment and Remuneration
	MM Potgieter	Click Photography MSB Art Box SALGA( as gazetted) Remuneration: Letsemeng Local Municipality(As gazetted) Remuneration: Xhariep District Municipality(as gazette)
	J. Riddle	Nicks place(50% shareholder) Nicks Place Owner 2 million Porperty 2 million Old Mutual 1.5 million Dummer Trust (Trustee) Old Mutual Pension (R4000 000)

# APPENDICES

		Property(1.5 Million)
	PM Dibe	Nil
<b>Municipal Manager</b>	LY Moletsane	GEPF(pension fund) Erf R40 000( Trompsburg) Residential Property 1.5 million
<b>Chief Financial Officer</b>	PV Litabe	Share Holder: Calaria(PTY)Ltd (50%) Diabo Accountants & Consulting (80%) Property: 1.5 million(Business) Property: 1.3 million(Business) Residential Property: R760, 000
<b>Chief Financial Officer</b>	MM Tamasane	Nil
<b>Director: Corporate Services</b>	MA Jafta	Mbuyando Trading CC 30% shares Bethulie Partners(PTY LTD) 15% shares
<b>Director: Planning and Social Development</b>	OA Kale	Nil
<p><i>* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i></p> <p style="text-align: center;">T J</p>		

# APPENDICES

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2022-2023	2023-2024		2024-2025 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Agency services							
Transfers recognized - operational	70 979	58 417	60 190	60 191	62 140	62 440	
Other revenue	1 150	1 875		1 875	2 028	3 066	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>72 129</b>	<b>134 320</b>	<b>60 190</b>	<b>93 158</b>	<b>64 168</b>	<b>65 506</b>	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

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## APPENDIX T – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	N/A	
Output: Implementation of the Community Work Programme	N/A	
Output: Deepen democracy through a refined Ward Committee model	N/A	
Output: Administrative and financial capability	N/A	
<p><i>* Note: Some of the outputs detailed on this table might have been reported for in other chapters, the information thereof should correspond with previously reported information.</i></p>		

TT

# VOLUME II

## VOLUME II: ANNUAL FINANCIAL STATEMENTS



Xhariep District Municipality  
(Registration number DC16)  
Annual Financial Statements  
for the year ended 30 June 2025

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form of entity</b>	South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)
<b>Nature of business and principal activities</b>	<p>Xhariep District Municipality is a district municipality performing the function as set out in the constitution (Act no 105 of 1996).</p> <p>Xhariep District Municipality includes the municipal areas of Mohokare Local Municipality, Letsemeng Local Municipality and Kopanong Local Municipality.</p>
<b>Mayoral committee</b>	
Executive Mayor	Cllr IN Mehlomakulu
Speaker	Cllr AM Shasha
MMC: Corporate Services	Cllr MV Malgas
MMC: Planning and Social Development	Cllr TD Mochechepa Resigned 01 June 2025
MMC: Finance	Cllr MA Lebaka
Councillors	Cllr MA Adoons Cllr RW Van Wyk Cllr AJ Janse Van Rensburg Cllr IS Riddle Cllrs TI Phatsoane Cllr M Lekoenea Cllr MG Mokheseng Cllr MA Molai Cllr MM Potgieter Cllr AN November Cllr PM Dibe (joined 21/08/24)
<b>Grading of local authority</b>	3
<b>Municipal Manager/Accounting officer details</b>	Ms LY Moletsane
<b>Chief Finance Officer (CFO)</b>	Mr M.M Tamasane (Started 19 November 2024) Mr T.S Matsiliso (Acting) ended 15 November 2024
<b>Registered office</b>	20 Louw Street Trompsburg 9913
<b>Business address</b>	20 Louw Street Trompsburg 9913
<b>Postal address</b>	P.O Box 136 Trompsburg 9913
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor-General of South Africa

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# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Index

The reports and statements set out below comprise the annual financial statements presented to the Auditor General of South Africa:

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Statement of Comparison of Budget and Actual Amounts	131-133
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### Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases Act
GRAP	Generally Recognised Accounting Practise
MIG	Municipal Infrastructure Grant
INEP	Intergrated National Electrification Programme
DMRE	Department of Mineral Resources and Energy
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Responsibilities and Approval

---

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

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.

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

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on the government for continued funding of operations. The Annual Financial Statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's Annual Financial Statements.

The Annual Financial Statements set out from page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2025 and were signed on its behalf by:



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Ms LY Moletsane  
Accounting Officer

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Officer's Report

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The Accounting Officer submits her report for the year ended 30 June 2025.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in providing services and operates principally in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached Annual Financial Statements and do not in our opinion require any further comments.

### 2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated deficit of (21 476 535) and that the municipality's total liabilities exceed its total assets by (21 476 535).

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### 3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

### 4. Accounting policies

The Annual Financial Statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations of such statements issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 5. Accounting officer details

The Accounting Officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
LY Moletsane	South Africa

### 6. Bankers

The operating account of the municipality remained held with ABSA.

### 7. Auditors

Auditor-General of South Africa will continue in office for the next financial period.

The Annual Financial Statements have been prepared on the going concern basis and were approved by the Accounting Officer on 31 August 2025 and were signed by:



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**Ms LY Moletsane**  
**Accounting Officer**

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
VAT receivable from exchange transactions- statutory receivable	2	3 692 942	3 525 465
Trade and Other receivables	3	1 999 369	9 606 354
Cash and cash equivalents	4	15 633 621	307 532
		<b>21 325 932</b>	<b>13 439 351</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	7 531 077	8 398 382
Intangible assets	6	-	1 168
		<b>7 531 077</b>	<b>8 399 550</b>
<b>Total Assets</b>		<b>28 857 009</b>	<b>21 838 901</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	7	24 225 100	21 491 346
Payables from non-exchange transactions	8	23 345 508	11 990 567
Employee benefit obligation	9	104 000	492 309
Unspent conditional grants and receipts	10	7 933	1 136
		<b>47 682 541</b>	<b>33 975 358</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	9	2 651 000	2 503 847
<b>Total Liabilities</b>		<b>50 333 541</b>	<b>36 479 205</b>
<b>Net liabilities</b>		<b>(21 476 532)</b>	<b>(14 640 304)</b>
Accumulated deficit		(21 476 535)	(14 640 304)
<b>Total Net liabilities</b>		<b>(21 476 535)</b>	<b>(14 640 304)</b>

\* See Note 44

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities	11	722 775	695 911
Interest received (debtors)	12	1 347 576	1 084 629
Other income	13	349 656	123 918
Interest received (bank/ investments)	14	1 551 138	1 413 905
Actuarial gains	9	359 760	148 268
<b>Total revenue from exchange transactions</b>		<b>4 330 905</b>	<b>3 466 631</b>
<b>Revenue from non-exchange transactions</b>			
Contract revenue- INEP	15	-	23 972 003
Debt assistance (Non exchange)	16	2 191 136	609 401
<b>Transfer revenue</b>			
Government grants & subsidies	17	62 133 203	60 190 905
COGTA assistance grant	18.	-	11 510 791
LG SETA Income		254 564	619 274
<b>Total revenue from non-exchange transactions</b>		<b>64 578 903</b>	<b>96 902 374</b>
<b>Total revenue</b>		<b>68 909 808</b>	<b>100 369 005</b>
<b>EXPENDITURE</b>			
Employee related costs	19	(48 901 779)	(47 477 566)
Remuneration of councillors	20	(5 361 241)	(5 666 247)
Construction costs	21	-	(16 619 033)
Depreciation and amortisation	22	(1 090 890)	(1 123 491)
Finance costs	23	(544 438)	(630 426)
Debt Impairment	25	(2 779 809)	(1 859 413)
Contracted services	26	(3 065 513)	(3 394 495)
Transfers and Subsidies	27	-	(18 902 096)
Loss on disposal of assets and liabilities	5	(78 772)	(139 054)
General Expenses	28	(13 923 597)	(11 750 015)
<b>Total expenditure</b>		<b>(75 746 039)</b>	<b>(107 561 836)</b>
<b>Deficit for the year</b>		<b>(6 836 231)</b>	<b>(7 192 831)</b>

\* See Note 44

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 July 2023</b>	<b>(7 447 473)</b>	<b>(7 447 473)</b>
Changes in net assets		
Deficit for the year	(7 192 831)	(7 192 831)
Total changes	(7 192 831)	(7 192 831)
Opening balance as previously reported	(12 878 393)	(12 878 393)
Adjustments		
Prior year adjustments 44	(1 761 911)	(1 761 911)
<b>Balance at 01 July 2024</b>	<b>(14 640 304)</b>	<b>(14 640 304)</b>
Changes in net assets		
Deficit for the year	(6 836 231)	(6 836 231)
Total changes	(6 836 231)	(6 836 231)
<b>Balance at 30 June 2025</b>	<b>(21 476 535)</b>	<b>(21 476 535)</b>
Note(s)		

\* See Note 44

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Cash Flow Statement

Figures in Rand	2025	2024 Restated*
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Sale of goods and services	231 978	1 429 230
Grants and subsidies	69 731 355	84 783 277
Interest income	1 551 138	2 646 802
	<u>71 514 471</u>	<u>88 859 309</u>
<b>Payments</b>		
Employee costs	(52 985 958)	(54 611 691)
Suppliers	(2 731 951)	(33 589 426)
Finance costs	(169 284)	(544 088)
	<u>(55 887 193)</u>	<u>(88 745 205)</u>
<b>Net cash flows from operating activities</b>	<b>30 15 627 278</b>	<b>114 104</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	5 (301 189)	(200 676)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15 326 089</b>	<b>(86 572)</b>
Cash and cash equivalents at the beginning of the year	307 532	394 104
<b>Cash and cash equivalents at the end of the year</b>	<b>4 15 633 621</b>	<b>307 532</b>

\* See Note 44

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rental of facilities	755 000	76 000	<b>831 000</b>	722 775	<b>(108 225)</b>	i
Interest received (debtors)	5 000	6 000	<b>11 000</b>	1 347 576	<b>1 336 576</b>	ii
Other income	318 000	76 000	<b>394 000</b>	349 656	<b>(44 344)</b>	iii
Interest received - (bank/investment)	950 000	882 000	<b>1 832 000</b>	1 551 138	<b>(280 862)</b>	iv
<b>Total revenue from exchange transactions</b>	<b>2 028 000</b>	<b>1 040 000</b>	<b>3 068 000</b>	<b>3 971 145</b>	<b>903 145</b>	
<b>Revenue from non-exchange transactions</b>						
Debt assistance	-	-	-	2 191 136	<b>2 191 136</b>	v
<b>Transfer revenue</b>						
Government grants & subsidies	62 140 000	300 000	<b>62 440 000</b>	62 133 203	<b>(306 797)</b>	
LG SETA Income	-	-	-	254 564	<b>254 564</b>	vi
<b>Total revenue from non-exchange transactions</b>	<b>62 140 000</b>	<b>300 000</b>	<b>62 440 000</b>	<b>64 578 903</b>	<b>2 138 903</b>	
<b>Total revenue</b>	<b>64 168 000</b>	<b>1 340 000</b>	<b>65 508 000</b>	<b>68 550 048</b>	<b>3 042 048</b>	
<b>Expenditure</b>						
Employee related costs	(51 023 000)	3 130 000	<b>(47 893 000)</b>	(48 901 779)	<b>(1 008 779)</b>	
Remuneration of councillors	(4 892 000)	(448 000)	<b>(5 340 000)</b>	(5 361 241)	<b>(21 241)</b>	
Depreciation and amortisation	(500 000)	-	<b>(500 000)</b>	(1 090 890)	<b>(590 890)</b>	vii
Finance costs	(50 000)	-	<b>(50 000)</b>	(544 438)	<b>(494 438)</b>	viii
Debt Impairment	-	-	-	(2 779 809)	<b>(2 779 809)</b>	ix
Contracted services	(4 188 000)	(3 160 000)	<b>(7 348 000)</b>	(3 065 513)	<b>4 282 487</b>	x
Transfers and Subsidies	(62 000)	-	<b>(62 000)</b>	-	<b>62 000</b>	xi
General Expenses	(3 198 000)	(1 046 000)	<b>(4 244 000)</b>	(13 923 597)	<b>(9 679 597)</b>	xii
<b>Total expenditure</b>	<b>(63 913 000)</b>	<b>(1 524 000)</b>	<b>(65 437 000)</b>	<b>(75 667 267)</b>	<b>(10 230 267)</b>	
<b>Operating surplus/(deficit)</b>	<b>255 000</b>	<b>(184 000)</b>	<b>71 000</b>	<b>(7 117 219)</b>	<b>(7 188 219)</b>	
Loss on disposal of assets and liabilities	-	-	-	(78 772)	<b>(78 772)</b>	xiii
Actuarial gains/losses	-	-	-	359 760	<b>359 760</b>	xiv
	-	-	-	<b>280 988</b>	<b>280 988</b>	
<b>Surplus/ (Deficit)</b>	<b>255 000</b>	<b>(184 000)</b>	<b>71 000</b>	<b>(6 836 231)</b>	<b>(6 907 231)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>255 000</b>	<b>(184 000)</b>	<b>71 000</b>	<b>(6 836 231)</b>	<b>(6 907 231)</b>	

# Khariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

### Statement of Financial Position

#### Assets

##### Current Assets

VAT receivable from exchange transactions- statutory receivables	980 000	696 000	<b>1 676 000</b>	3 692 942	<b>2 016 942</b>
Trade and other receivables	5 000	6 000	<b>11 000</b>	1 999 369	<b>1 988 369</b>
Cash and cash equivalents	(269 000)	(1 048 000)	<b>(1 317 000)</b>	15 633 621	<b>16 950 621</b>
	<b>716 000</b>	<b>(346 000)</b>	<b>370 000</b>	<b>21 325 932</b>	<b>20 955 932</b>

##### Non-Current Assets

Property, plant and equipment	(300 000)	180 000	<b>(120 000)</b>	7 531 077	<b>7 651 077</b>
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#### Total Assets

	<b>416 000</b>	<b>(166 000)</b>	<b>250 000</b>	<b>28 857 009</b>	<b>28 607 009</b>
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#### Liabilities

##### Current Liabilities

Payables from exchange transactions	-	-	-	24 225 100	<b>24 225 100</b>
Payable from non exchange VAT payable	-	-	-	23 345 508	<b>23 345 508</b>
Employee benefit obligation	161 000	19 000	<b>180 000</b>	-	<b>(180 000)</b>
Unspent conditional grants and receipts	-	-	-	104 000	<b>104 000</b>
	-	-	-	7 933	<b>7 933</b>
	<b>161 000</b>	<b>19 000</b>	<b>180 000</b>	<b>47 682 541</b>	<b>47 502 541</b>

##### Non-Current Liabilities

Employee benefit obligation	-	-	-	2 651 000	<b>2 651 000</b>
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#### Total Liabilities

	<b>161 000</b>	<b>19 000</b>	<b>180 000</b>	<b>50 333 541</b>	<b>50 153 541</b>
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#### Net liabilities

	<b>255 000</b>	<b>(185 000)</b>	<b>70 000</b>	<b>(21 476 532)</b>	<b>(21 546 532)</b>
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#### Net liabilities

##### Reserves

Accumulated deficit	255 000	(185 000)	<b>70 000</b>	(21 476 532)	<b>(21 546 532)</b>
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# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
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Figures in Rand

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	2 184 000	1 052 000	<b>3 236 000</b>	231 978	<b>(3 004 022)</b>
Grant and subsidies	62 140 000	300 000	<b>62 440 000</b>	69 731 355	<b>7 291 355</b>
Interest income	-	-	-	1 551 138	<b>1 551 138</b>
	<b>64 324 000</b>	<b>1 352 000</b>	<b>65 676 000</b>	<b>71 514 471</b>	<b>5 838 471</b>

##### Payments

Employee costs	-	-	-	(52 985 958)	<b>(52 985 958)</b>
Suppliers	-	-	-	(2 731 951)	<b>(2 731 951)</b>
Finance costs	(50 000)	-	<b>(50 000)</b>	(169 284)	<b>(119 284)</b>
Transfers and subsidies	(62 000)	-	<b>(62 000)</b>	-	<b>62 000</b>
Employee costs and suppliers	(64 251 000)	(2 153 000)	<b>(66 404 000)</b>	-	<b>66 404 000</b>
	<b>(64 363 000)</b>	<b>(2 153 000)</b>	<b>(66 516 000)</b>	<b>(55 887 193)</b>	<b>10 628 807</b>

#### Net cash flows from operating activities

**(39 000) (801 000) (840 000) 15 627 278 16 467 278**

#### Cash flows from investing activities

Purchase of property, plant and equipment	(230 000)	(207 000)	<b>(437 000)</b>	(301 189)	<b>135 811</b>
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#### Cash flows from financing activities

Finance lease payments	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	(269 000)	(1 008 000)	<b>(1 277 000)</b>	15 326 089	<b>16 603 089</b>
Cash and cash equivalents at the beginning of the year	-	-	-	307 532	<b>307 532</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(269 000)</b>	<b>(1 008 000)</b>	<b>(1 277 000)</b>	<b>15 633 621</b>	<b>16 910 621</b>

# Khariiep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

Figures in Rand

2025

2024

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Materiality

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

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the 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. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

#### Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipal entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.4 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in Provisions note.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Useful lives and residual values

The municipality's management determine the useful lives and related depreciation changes for property, plant and equipment.

This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Long Service Award

The present value of the long service bonus obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future inflation, salary inflation, net discount rate and assumed retirement age.

Any changes in these assumptions will impact on the carrying amount of long service bonus obligations.

The municipality determines the appropriate discount rate at end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the long service bonus obligation. In determining the appropriate discount rate, the municipality consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have term to maturity approximating the terms of the related pension liability.

#### Leave and Bonus Accrual

The municipality used the leave and bonus paid date to estimate the provisions respectively.

### 1.5 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

# Khariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	25-30 years
Security system	Straight-line	5-10 years
Plant and machinery	Straight-line	3-15 years
Furniture and fixtures	Straight-line	3-15 years
Motor vehicles	Straight-line	4-7 years
Office equipment	Straight-line	5-10 years
IT equipment	Straight-line	3-10 years
Finance leased assets	Straight-line	The shorter of asset's useful life or the lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 5).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

No item of property, plant and equipment are pledged as security for liabilities.

### 1.6 Intangible assets

Intangible assets are non current asset that are held for use in the production or supply of goods or services, rental to other or for administrative purposes and are expected to be used during more than one period.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised 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 municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight-line	3 years

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### 1.6 Intangible assets (continued)

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

### 1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

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.

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

Derecognition is the removal of a previously recognised financial asset or financial liability from a municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash.
- a residual interest of another municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

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### 1.7 Financial instruments (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of a municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of a municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of a municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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### 1.7 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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### 1.7 Financial instruments (continued)

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<b>Class</b>	<b>Category</b>
Trade and other payables	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

The municipality classifies financial assets and financial liabilities into the following categories:

- Held to maturity investments.
- Loans and receivables.
- Available for sale financial assets.
- Financial liabilities measured at amortised.

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category:

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provision of the instrument.

The municipality classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value except for equity investment for which a fair value is not determinable, which are measured at cost and are classified as available-for sale financial assets.

For financial instruments which are at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement of financial assets and financial liabilities

Loans and receivable are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost. Using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This equity investment for which a fair value is not determinable, which is measured at cost less accumulated impairment losses.

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### 1.7 Financial instruments (continued)

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets is calculated using the effective interest method is recognised as surplus or deficit as part of other income. Dividends or similar distribution received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for sale financial asset denominated in foreign currency are analysed between translation difference resulting from changes in amortised cost and other changes in carrying amount. Translation differences on monetary items are recognised in surplus or deficit while translation difference on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Fair value measurement considerations

The fair value of a quoted investment is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These includes the use of recent arm's length transaction, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on municipality-specific inputs.

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

A gain or loss on a financial asset or financial liability classified as a fair value through surplus or deficit is recognised in surplus or deficit.

A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net asset, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net asset is recognised in surplus or deficit: and

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liabilities is derecognised or impaired, and through the amortisation process

#### Impairment of financial assets

At each of the reporting period the municipality assess all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial asset has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payment are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged declined in the fair value of the security below its cost is considered an indicator or impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised as surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised as surplus or deficit except for equity investments classified as available-for-sale.

# **Xhariep District Municipality**

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## **Accounting Policies**

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### **1.7 Financial instruments (continued)**

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### **Receivable from exchange transactions**

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised as surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

#### **Payable from exchange transactions**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Payables from non-exchange transactions**

Payables from non-exchange are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible to a known amount 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 on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loan and receivable.

#### **Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### **Investments**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

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### 1.7 Financial instruments (continued)

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

#### Financial liabilities

Financial liabilities are classified according to the substance of contractual agreements entered into.

Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities held at amortised cost, and are subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### Statutory Receivables

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### 1.8 Leased assets

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

# Xhariep District Municipality

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### 1.8 Leased assets (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of financial Position as a finance lease obligation.

Property, plant and equipment or intangible assets, subject to finance lease agreements, are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as finance lease liabilities. 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. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

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## Accounting Policies

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### 1.9 Construction contracts and receivables

The municipality received a grant from National Treasury towards the Integrated National Electrification Programme for the 2023/24 financial year as publicized in the Division of Revenue Act. Xhariep District Municipality implemented infrastructure projects on behalf of the Mohokare Local Municipality in line with the terms and conditions as outlined by the National Transferring Officer through Re-Gazetting of the allocation of the funds to the Xhariep District Municipality as outline in the suspensive condition of the agreement.

Grants received to implement the Integrated National Electrification Programme are recognised as contract revenue.

Contract revenue comprises:

- a) the initial amount of revenue agreed in the contract; and
- b) variations in contract work, claims and incentive payments to the extent that:
- c) it is probable that they will result in revenue; and
- d) they are capable of being reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised as revenue by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed with reference to a review of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- a) total contract revenue, if any, can be measured reliably;
  - b) it is probable that the economic benefits or service potential associated with the contract will flow to the entity
  - c) such other costs as are specifically chargeable to the customer under the terms of the contract.
- Contract costs include the costs attributable to a contract for the period from the date of securing the contract to the final completion of the contract. Costs that cannot be attributed to contract activity or cannot be allocated to a contract are excluded from the costs of a construction contract.

Construction costs include:

- a) general administration costs for which reimbursement is not specified in the contract;
- b) selling costs;
- c) research and development costs for which reimbursement is not specified in the contract; and
- d) depreciation of idle plant and equipment that is not used on a particular contract.

As with contract revenue, contract costs are recognised as expenses when the outcome of a construction contract can be estimated reliably, by reference to the stage of completion of the contract activity at the reporting date.

The cost basis will be utilised to compute the percentage of completion of the contract. The percentage of completion arises from the cost incurred in the current period over the estimated total cost.

### 1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

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### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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### 1.12 Impairment of non-cash-generating assets (continued)

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

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### 1.12 Impairment of non-cash-generating assets (continued)

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating 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 a non-cash-generating 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. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

#### Redesignation

The redesignation 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 only occur when there is clear evidence that such a redesignation is appropriate.

### 1.13 Employee benefits

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

The entity recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.13 Employee benefits (continued)

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Post-employment benefits: Defined contribution plans

The municipality contribution to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees unless another standard requires or permits the inclusion of contribution in the cost of an asset. Prepaid contribution are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Payments to defined contribution retirement benefit plan are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit plans the cost of providing the benefits is determined using the projected credit method

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuations performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees.

Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan

# Xhariep District Municipality

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## Accounting Policies

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### 1.14 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficit.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

### 1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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## Accounting Policies

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### 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Sale of goods

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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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 stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in the surplus or deficit using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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## Accounting Policies

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### 1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

#### Measurement

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any criteria, conditions or obligation embodied in the agreement. To the extent that the criteria, conditions or obligation have not met, a liability is recognised

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

# Xhariep District Municipality

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## Accounting Policies

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### 1.17 Revenue from non-exchange transactions (continued)

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Detailed disclosure were in the notes to the financial statement as required by the MFMA.

### 1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Detailed disclosure were in the notes to the financial statement as required by the MFMA.

### 1.23 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Detailed disclosure were made in the notes to the financial statement as required by the MFMA.

### 1.24 Segment information

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.

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

### 1.25 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.25 Budget information (continued)

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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.

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

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

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.27 Events after reporting date

Events after 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).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.28 Use of Estimates

The preparation of annual financial statement in conformity with Standards of GRAP required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involved a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statement are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and action they may undertake in the future, actual result ultimately may differ from those estimates.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Accounting Policies

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### 1.29 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

Decreases in fair values of financial instruments classified as held at fair value.

Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Repairs and maintenance - inclusive of repairs and maintenance to buildings, motor vehicles;

Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property Asset register verification costs, software support costs and security services costs.

Transfers and grants which relate to expenditure pertaining to free basic services; and

General expenses which constitute several expense items which are not individually significant.

Employee cost - relating to cost associated with employee contracts.

Transfers and subsidies- relating to funds which are transferred to other municipalities after being received from treasury on behalf of the other municipalities.

Depreciation and amortisation - Cost associated with the amortisation of property, plant and equipment.

Remuneration of councillors- relating to cost associated with councillors.

Finance costs- relating to interest charged on overdue accounts.

Debt impairment- relates to the write offs of debtors.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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Figures in Rand

2025

2024

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# Xhariep District Municipality

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## Notes to the Annual Financial Statements

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### 1.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2025 or later periods:

GRAP 104 (as revised): Finance Instruments

Following the global finance crisis, a number of concerns were raised about the accounting for financial instruments.

This included that:

- information on credit losses and defaults on financial assets received too late to enable proper decision-making.
- using fair value in certain instances was inappropriate, and
- some of the existing accounting requirements were seen as too rules based.

The revision better align the standards of GRAP with recent international development. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the standard affect:

- Financial guarantee contracts issued;
- Loan commitments issued;
- Classification of financial assets;
- Amortised cost of financial assets
- Impairment of financial assets; and
- Disclosure

The effective date of the revisions is for years beginning on or after 01 April 2025.

The municipality expects to adopt the revision for the first time in the 2025/2026 annual financial statements.

The municipality of this standard is currently being assessed, however, the impact is low.

### 1.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2025 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<b>Amendments to GRAP 1</b>	<b>To be determined by minister of finance.</b>	<b>Low</b>
<b>Amendments to GRAP 103</b>	<b>To be determined by minister of finance.</b>	<b>Low</b>
<b>Amendments to GRAP 104</b>	<b>1 April 2025</b>	<b>Low</b>
<b>Amendments to GRAP 105</b>	<b>To be determined by minister of finance.</b>	<b>Low</b>
<b>Amendments to GRAP 106</b>	<b>To be determined by minister of finance.</b>	<b>Low</b>
<b>Amendments to GRAP 107</b>	<b>To be determined by minister of finance.</b>	<b>Low</b>

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>2. VAT receivable from exchange transactions</b>		
VAT	3 692 942	3 525 465
<p>VAT is a statutory receivable arising from exchange transactions. The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.</p>		
<b>3. Trade and Other receivables</b>		
<b>Gross balances</b>		
Trade Debtors	11 858 021	9 312 161
Prepaid expenses	488 223	488 223
Other debtors	2 000 684	9 373 720
	<b>14 346 928</b>	<b>19 174 104</b>
<b>Less: Allowance for impairment</b>		
Trade Debtors	(11 507 639)	(8 727 830)
Other debtors	(839 920)	(839 920)
	<b>(12 347 559)</b>	<b>(9 567 750)</b>
<b>Net balance</b>		
Trade Debtors	350 382	584 331
Prepaid expenses	488 223	488 223
Other debtors	1 160 764	8 533 800
	<b>1 999 369</b>	<b>9 606 354</b>
<b>Trade debtors ageing</b>		
Current (0 -30 days)	2 145 350	1 723 222
61 - 90 days	102 543	40 946
> 365 days	9 610 128	7 547 993
	<b>11 858 021</b>	<b>9 312 161</b>

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>3. Trade and Other receivables (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Industrial/ commercial</b>		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
121 - 365 days	-	-
> 365 days	321 586	240 000
	<u>321 586</u>	<u>240 000</u>
Less: Allowance for impairment	(240 000)	(240 000)
	<u><b>81 586</b></u>	<u>-</u>
<b>National and provincial government</b>		
Current (0 -30 days)	2 083 205	1 723 222
31 - 60 days	62 145	40 946
91 - 120 days	143 489	40 946
> 365 days	9 247 595	7 267 047
	<u>11 536 434</u>	<u>9 072 161</u>
Less: Allowance for impairment	(11 267 639)	(8 487 830)
	<u><b>268 795</b></u>	<u><b>584 331</b></u>
<b>Total</b>		
Current (0 -30 days)	2 083 205	1 723 222
31 - 60 days	62 145	40 946
91 - 120 days	143 489	40 946
> 365 days	9 569 182	7 507 047
	<u>11 858 021</u>	<u>9 312 161</u>
Less: Allowance for impairment	(11 507 639)	(8 727 830)
	<u><b>350 382</b></u>	<u><b>584 331</b></u>
	-	-
	-	-
	-	-
	-	-

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

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### 3. Trade and Other receivables (continued)

#### Reconciliation of allowance for impairment

Balance at beginning of the year

(9 567 750)

(7 708 337)

Contributions to allowance

(2 779 809)

(1 859 413)

**(12 347 559)**

**(9 567 750)**

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 3. Trade and Other receivables (continued)

#### Trade receivables 2025

Kopanong Local municipality owes R11 858 021 which is 97% of the trade receivables. As at 30 June 2025 the municipality had started processes to recover this amount.

#### Other Receivables - 30 June 2025

Other receivables has the following balances:

Khumo Solutions R857 633

This relates to a court case which was awarded in favour of Xhariep District Municipality.

Mohokare Local Municipality- R1 044 512

Relates to amount owed by Mohokare Local Municipality.

Investment accrued interest- R94 273

This is interest accrued from investments not yet received.

Amount receivable from DMRE - R3 004

The amount relates to the amount receivable from DMRE for the INEP project.

Treasury deduction - R1 262

The amount relates to the amount which was deducted by treasury and due to rounding which is done by treasury the deduction was more by the R1 262.

#### Other Receivables - 30 June 2024

Other receivables has the following balances:

COGTA receivable- R7 336 791.

It relates to salaries paid on behalf of Kopanong Local Municipality and the amount will be refunded.

Mohokare Local Municipality- R1 044 512

Relates to amount owed by Mohokare Local Municipality.

Khumo Solution - R857 633

This relates to a court case with was awarded in favour of Xhariep District Municipality.

Investment accrued interest R36 659

This is interest accrued from investments not yet received.

Creditors with Debit balances R95 121

These relate to reclassified creditors with debit balances.

Amount receivable from DMRE - R3 004

The amount relates to the amount receivable from DMRE for the INEP project.

#### Prepaid expenses 2025

Finance lease prepayment R441 061.

Prepayments for Mayor's fuel and car rental R47 162.

#### Prepaid expenses 2024

Finance lease prepayment R441 061.

Prepayments for Mayor's fuel and car rental R47 162.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### 3. Trade and Other receivables (continued)

#### Trade debtors pledged as security

None of the debtors were pledged as security during the current year.

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	44
Bank balances	4 156 342	(33 030)
Short-term deposits	11 477 279	340 518
	<b>15 633 621</b>	<b>307 532</b>

#### Cash and cash equivalents pledged as collateral

None of the cash has been pledged as security.

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA - Cheque Account - 4053628182	4 156 342	(32 977)	155 489	4 156 342	(33 030)	155 489
ABSA - Call Account - 9309672913	27 846	13 162	6 594	27 846	13 162	6 594
ABSA - Invest Tracker - 9358190966	13 355	212 500	125 998	13 355	212 500	125 998
Nedbank - Call Deposit - 03/7662022528/000016	124 138	114 856	105 978	124 138	114 856	105 978
ABSA Call account - 9384564278	11 311 940	-	-	11 311 940	-	-
<b>Total</b>	<b>15 633 621</b>	<b>307 541</b>	<b>394 059</b>	<b>15 633 621</b>	<b>307 488</b>	<b>394 059</b>

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Property, plant and equipment

	2025		2024			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	16 788 895	(11 039 100)	5 749 795	16 788 895	(10 427 430)	6 361 465
Plant and machinery	624 658	(624 656)	2	2 732 528	(2 732 508)	20
Furniture and Office Equipment	5 106 372	(4 993 605)	112 767	5 120 388	(4 915 543)	204 845
Motor vehicles	1 435 306	(811 926)	623 380	1 435 306	(587 775)	847 531
IT equipment	2 216 220	(1 171 087)	1 045 133	3 129 015	(2 144 494)	984 521
<b>Total</b>	<b>26 171 451</b>	<b>(18 640 374)</b>	<b>7 531 077</b>	<b>29 206 132</b>	<b>(20 807 750)</b>	<b>8 398 382</b>

### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	6 361 465	-	-	(611 670)	5 749 795
Plant and machinery	20	-	(18)	-	2
Furniture and Office Equipment	204 845	-	(414)	(91 664)	112 767
Motor vehicles	847 531	-	-	(224 151)	623 380
IT equipment	984 521	301 189	(78 340)	(162 237)	1 045 133
	<b>8 398 382</b>	<b>301 189</b>	<b>(78 772)</b>	<b>(1 089 722)</b>	<b>7 531 077</b>

The disposal is as a result of the asset write-offs.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	6 973 136	-	-	(611 671)	6 361 465
Plant and machinery	20	-	-	-	20
Furniture and Office Equipment	357 999	-	-	(153 154)	204 845
Motor vehicles	1 168 083	-	(105 071)	(215 481)	847 531
IT equipment	959 842	200 676	(33 982)	(142 015)	984 521
	<b>9 459 080</b>	<b>200 676</b>	<b>(139 053)</b>	<b>(1 122 321)</b>	<b>8 398 382</b>

The asset disposal in 2023/2024 was as a result of IT equipment write-off

#### Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

General expenses 1 253 372 633 069

#### Change in estimate

There is no change in the current year

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

### 6. Intangible assets

	2025		2024			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer Software	2 440 568	(2 440 568)	-	2 440 568	(2 439 400)	1 168

#### Reconciliation of intangible assets - 2025

Computer Software	Opening balance	Amortisation	Total
	1 168	(1 168)	-

The Municipality did not have any system to capitalise as there was no active system license which was running for more than a year therefore there was no need to a review of the useful life of the intangible assets.

#### Reconciliation of intangible assets - 2024

Computer software	Opening balance	Amortisation	Total
	2 337	(1 169)	1 168

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>7. Payables from exchange transactions</b>		
Trade payables	12 027 413	11 230 152
COIDA	4 791 137	4 291 655
Auditor General South Africa	-	100 000
Sundry Creditors	340 943	340 943
Bonus Accrual	1 031 354	1 052 058
Leave pay Accrual	4 111 620	4 036 132
Third party payables	1 922 633	440 406
	<b>24 225 100</b>	<b>21 491 346</b>

## 8. Payables from non-exchange transactions

Payables from non-exchange transactions	23 345 508	11 990 567
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### Payables from non-exchange 30 June 2025

Below is the details of the unspent grants payable: which is payable:

MIG Grant received on behalf of Mohokare Local Municipality - R9 248 510.  
MIG Grant received on behalf of Kopanong Local Municipality- R10 330 844.

MIG Kopanong retention - R1 792 759  
COGTA - Provincial Infrastructure Grant (PIG) of R87 689.80.

Kopanong COGTA advance - R1 138 209.

Mangaung Metro Motheo grant of R 711 416

Thetha Grant of R 36 080

### Payables from non-exchange 30 June 2024

Below is the details of the unspent grants payable: which is payable:  
MIG Grant received on behalf of Kopanong R10 593 313.

MIG Kopanong retention 562 069.  
Mangaung Metro Motheo grant of R 711 416

COGTA - Provincial Infrastructure Grant (PIG) of R87 689.80

Thetha Grant of R 36 080

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand 2025 2024

### 9. Employee benefit obligations

#### Defined benefit plan

The long service award liability arises from Xhariep District Municipality being a party to the collective agreement on condition of service for the Free State Division of SALGA. This agreement is effective from 1 July 2010.

Xhariep District Municipality has a policy to provide long service awards to employees who have been in service of the municipality for a certain period of time. The municipality offers bonuses for every 5 years of completed service from 5 years to 45 years.

The long service awards plan is a defined benefit plan. At period end 60 employees were eligible for the long service bonuses.

The Long Service Award valuation was conducted as at 30 June 2025 by ZAQEN Actuaries (Pty) Ltd.

The current service cost for the year is estimated to be R262 450 (30 June 2024: R252 248) whereas the interest cost for the ensuring year is estimated to be R375 154 (30 June 2024: R377 041).

#### Reconciliation of obligation

##### Carrying value

Accrued liability as at 30 June 2024	2 996 156	2 733 966
Current service cost	262 450	252 248
Benefits paid	(519 000)	(218 831)
Interest cost	375 154	377 041
Actuarial gain	(359 760)	(148 268)
	<b>2 755 000</b>	<b>2 996 156</b>
Non-current liabilities	(2 651 000)	(2 503 847)
Current liabilities	(104 000)	(492 309)
	<b>(2 755 000)</b>	<b>(2 996 156)</b>

The expected value of each employee's long service awards is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. The average leave has been converted into a percentage of the employee's annual salary. The conversion is based on a 250 working days year per year and therefore the benefits awarded can be expressed as follows:

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	2 996 156	2 733 966
Net expense recognised in the statement of financial performance	(241 156)	262 190
	<b>2 755 000</b>	<b>2 996 156</b>

#### Net expense recognised in the statement of financial performance

Current service cost	262 450	252 248
Interest cost	375 154	377 041
Actuarial (gains) losses	(359 760)	(148 268)
Settlement	(519 000)	(218 831)
	<b>(241 156)</b>	<b>262 190</b>

#### Key assumptions used

Assumptions used at the reporting date:

# Khariiep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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### 9. Employee benefit obligations (continued)

Discount rates used	9,43 %	13,00 %
Medical cost trend rates	4,22 %	7,49 %
Expected increase in salaries	5,22 %	8,49 %
Expected pension increases	4,01 %	4,17 %

#### Discount rate assumption

The discount rate reflects the estimated timing of benefit payments.

The discount rate reflects the estimated timing of benefit payments. In practice, an Entity often achieves this by applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments and the currency in which the benefits are to be paid.

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. We have used the nominal yield curve for zero-coupon SA Government bonds with an average duration between 10 and 15 years as at 30 June 2025. The resultant discount rate was 9.43%. The source is the Johannesburg Stock Exchange through IRESS data services.

#### Future inflation assumption

The general inflation assumption is used to estimate the base rate for determining the rate at which the future subsidies will increase.

We have estimated the market's pricing of inflation by comparing the yields on zero-coupon index linked government bonds and zero-coupon government bonds both of an average of 10 to 15 year duration consistent with the duration of the liabilities. The implied inflation assumption is therefore 4.22% per annum for future inflation. The source of the data is the Johannesburg Stock Exchange through IRESS data service.

#### Future salary inflation assumption

The general inflation assumption is used to estimate the base rate for determining the rate at which the future salaries will increase.

We assumed that salary inflation will exceed general inflation by 1.0% per annum. Therefore, we have used a salary inflation assumption of 5.22% per annum.

Even though the actual values used for the discount rate and the expected increase in salary inflation are important, the "gap" between the two assumptions is more important. This "gap" is referred to as the net discount rate. The net discount rate is 4.17% per annum (derived from a discount rate of 13.00% and the expected salary inflation rate of 8.49%).

The implied net discount rate was 4.17% at the previous valuation.

#### Net discount rate

4.01% for 2025

#### Demographic valuation assumptions

We have retained the demographic assumptions used in the previous year's valuation.

#### Pre-retirement mortality

We have assumed that the pre-retirement mortality will be in line with the SA85-90 table, which is a table reflecting mortality experience in South Africa. This assumption is consistent with that of the previous valuation.

#### Withdrawal rates

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

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### 9. Employee benefit obligations (continued)

The table below used reflect the rates of withdrawal used to value the liabilities for both males and females:

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	2 755 000	2 966 156	2 733 966	2 695 035	2 656 923

### 10. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Rural Roads Asset Management Systems	7 933	1 136
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#### Movement during the year

Balance at the beginning of the year	1 136	41
Additions during the year	2 411 000	26 277 000
Income recognition during the year	(2 404 203)	(26 275 905)
	<b>7 933</b>	<b>1 136</b>

The nature and extent of government grants recognised in the annual financial statements are an indication of other forms of government assistance from which the municipality has directly benefited.

See note 17 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 11. Rental of facilities

#### Premises

Rental income	722 775	695 911
	<b>722 775</b>	<b>695 911</b>

The amounts emanates from the rental of a section of the building to Kopanong Local Municipality and the Free State Gambling Board and National Youth Development Agency (NYDA).

The rentals increase by the 10% every year as per the lease agreement.

### 12. Interest received (debtors)

Interest received receivables	1 347 576	1 084 629
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The interest on debtors is mainly from Kopanong Local Municipality debt. The local municipality has not been paying for rental and their portion for service charges for the past years.

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>13. Other income</b>		
Bylaw certificates Income	259 255	44 452
Parking fee income	88 227	78 509
Tender documents	2 174	957
	<b>349 656</b>	<b>123 918</b>
<b>14. Interest received (bank/ investments)</b>		
<b>Interest revenue</b>		
Bank	30 816	48 217
Interest received (Investments)	1 520 322	1 365 688
	<b>1 551 138</b>	<b>1 413 905</b>
<b>15. Contract revenue</b>		
Contract revenue - INEP	-	23 972 003
<b>16. Debt assistance (Non exchange)</b>		
Debt assistance (Non Exchange)	2 191 136	609 401

This revenue arise from the electrification project being implemented by Xhariep District Municipality on behalf of Mohokare Local Municipality.

The Debt assistance is relate to audit fees owed by the district municipality, which were paid by provincial treasury to AGSA on behalf of district municipality.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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### 17. Government grants & subsidies

#### Operating grants

Equitable share	52 396 000	50 851 000
Provincial Financial Assistance Grant	4 392 000	4 392 000
Expanded Public Works Programme	1 241 000	921 000
Rural Roads Asset Management Systems	2 404 203	2 306 905
Financial Management Grant	1 700 000	1 720 000
	<b>62 133 203</b>	<b>60 190 905</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	5 345 203	4 947 905
Unconditional grants received	56 788 000	55 243 000
	<b>62 133 203</b>	<b>60 190 905</b>

#### Equitable Share

The grant is intended to subsidise the municipality while excluding both strategic and operational responsibilities.

#### Financial Management Grant

Current-year receipts	1 700 000	1 720 000
Conditions met - transferred to revenue	(1 700 000)	(1 720 000)
	<b>-</b>	<b>-</b>

Conditions have been met - no liabilities recognised (see note 10).

The purpose of the grant is to assist municipalities in building in house capacity, promote and support reform to financial management and implementation of the Municipal Financial Management Act (MFMA) 56 of 2003.

#### Expanded Public Works Programme

Current-year receipts	1 241 000	921 000
Conditions met - transferred to revenue	(1 241 000)	(921 000)
	<b>-</b>	<b>-</b>

Conditions have been met - no liabilities recognised (see note 10).

The purpose of the grant is to expand job creation programs in the district.

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>17. Government grants &amp; subsidies (continued)</b>		
<b>Rural Road Asset Management</b>		
Balance unspent at beginning of year	1 136	-
Current-year receipts	2 411 000	2 308 000
Conditions met - transferred to revenue	(2 404 203)	(2 306 864)
	<b>7 933</b>	<b>1 136</b>

Partial conditions have been met - liabilities recognised (see note 10).

The purpose of this grant is to assist the municipality monitor the conditions of the municipal roads.

### Provincial Financial Assistance Grant

Current-year receipts	4 392 000	4 392 000
Conditions met - transferred to revenue	(4 392 000)	(4 392 000)
	-	-

The grant is not a conditional grant and the funds are to assist the municipality with operational expenditure.

### Provincial Financial Assistance Grant

Balance unspent at beginning of year	-	-
Current-year receipts	-	4 392 000
Conditions met - transferred to revenue	-	(4 392 000)
	-	-

Conditions have been met - no liabilities recognised (see note 10).

The grant is intended to assist the municipality with electrification projects.

### 18. COGTA assistance grant

COGTA assistance grant- Kopanong	-	11 510 791
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This grant is to be received from COGTA in relation to the funds paid by Xhariep to Kopanong Local Municipality to assist the local municipality with its financial needs.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>19. Employee related costs</b>		
Basic	32 978 916	32 010 036
Bonus	2 125 708	2 144 103
Medical aid - company contributions	2 520 319	2 396 979
UIF	169 782	165 091
SDL	404 224	383 917
SALGBC	10 958	10 277
Leave pay	879 669	575 068
Long-service awards	(7 683)	91 614
Acting allowances	676 234	296 687
Car allowance	3 328 447	3 410 345
Housing benefits and allowances	382 562	334 393
Cellular and Telephone	327 224	250 702
Pension	5 105 419	5 408 354
	<b>48 901 779</b>	<b>47 477 566</b>

### Remuneration of Municipal Manager (Ms.L.Y Moletsane)

Annual Remuneration	955 800	900 242
Car Allowance	180 000	180 000
Performance Bonuses	79 685	70 060
Contributions to UIF, Medical and Pension Funds	211 286	183 175
Telephone allowance	10 200	-
Non Pensionable Allowance and Leave Pay	-	13 560
	<b>1 436 971</b>	<b>1 347 037</b>

### Remuneration of Chief Finance Officer (Mr. P.V. Litabe)

Annual Remuneration	-	849 519
Car Allowance	-	100 000
Termination benefits	-	236 492
Contributions to UIF, Medical and Pension Funds	-	221 138
Non Pensionable Allowance and leave pay	-	20 340
Cellphone allowance	-	8 000
	-	<b>1 435 489</b>

The Chief Financial Officer's contract expired on 28 April 2024 and was not renewed.

### Remuneration of Acting Chief Finance Officer: (Mr T. S. Matsiliso)

Acting allowance	154 523	131 636
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Acting period - 1 May 2024 to 15 November 2024.

In April it was from 1 April to 15 April then resumed from 1 July to 31 July 2024.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand

	2025	2024
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### 19. Employee related costs (continued)

#### Remuneration of Director: Corporate Services (Mr M. A. Jafta)

Annual Remuneration	872 260	859 857
Car Allowance	120 000	120 000
Telephone allowance	10 200	-
Contributions to UIF, Medical and Pension Funds	191 248	157 815
Acting allowance	25 872	-
	<b>1 219 580</b>	<b>1 137 672</b>

#### Remuneration of Director: Planning and Development Services (Mr. O. A. Kale)

Annual Remuneration	837 301	211 292
Telephone allowance	26 700	2 750
Travel allowance	96 000	12 000
Contributions to UIF, Medical and Pension Funds	187 190	27 982
	<b>1 147 191</b>	<b>254 024</b>

Appointed 28 March 2024 and started on 1 April 2024.

#### Remuneration of Chief Financial Officer: Mr MMD. Tamasane

Annual Remuneration	443 097	-
Car Allowance	30 000	-
Telephone allowance	10 200	-
Contributions to UIF, Medical and Pension Funds	15 116	-
Acting Allowance	190 685	-
	<b>689 098</b>	<b>-</b>

Start date - 18 November 2024.

### 20. Remuneration of councillors

Executive Mayor	1 062 440	1 018 182
Speaker	859 448	825 460
Mayoral Committee Members	1 251 040	1 664 975
Councillors	2 188 313	2 157 630
	<b>5 361 241</b>	<b>5 666 247</b>

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>21. Construction contracts- INEP</b>		
At 30 June 2025 and 30 June 2024 there is no retention of contracts in progress.		
<b>Agreements that meet all the criteria as per GRAP 11</b>		
The entity determines which agreements meet all the criteria of the Standard of GRAP on Revenue as construction revenue progresses in the following manner:		
<b>The total amount of revenue received from DMRE 2024</b>	<b>R23 969 000</b>	
Debt payment for the amount owed to the supplier (VAT exclusive)	R 7 391 304	
Total construction costs in the period (VAT exclusive)	R16 619 033	
VAT	R 3 601 551	
The amount overspent on the project	R 3 642 888	
The cost basis was utilised to compute the percentage of completion of the contract. The percentage of completion arises from the cost incurred in the current period over the estimated total cost. Contract Revenue is measured at the fair value of the contract revenue received. The revenue measurement is affected by uncertainties that depend on outcomes of future events.		
<b>22. Depreciation and amortisation</b>		
Property, plant and equipment	1 089 722	1 122 322
Intangible assets	1 168	1 169
	<b>1 090 890</b>	<b>1 123 491</b>
<b>23. Finance costs</b>		
Interest charges-bank	67	-
Interest charges- Creditors	169 217	166 786
Employee benefit obligation	375 154	463 640
	<b>544 438</b>	<b>630 426</b>
<b>24. Auditors' remuneration</b>		
Fees	3 891 994	3 295 162
<b>25. Debt impairment</b>		
Debt impairment	2 779 809	1 859 413
<b>26. Contracted services</b>		
<b>Presented previously</b>		
Specialist Services - RRAMS, IT Services	2 635 165	2 924 933
Other Contractors - Mscoa, Water Testing	430 348	469 562
	<b>3 065 513</b>	<b>3 394 495</b>
<b>27. Transfers and subsidies</b>		
Transfers and Subsidies	-	18 902 096

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>27. Transfers and subsidies (continued)</b>		
The expense arose as a result of payments made to Centlec on behalf of Mohokare Municipality out of the INEP Grant as per the the DMRE Directive total amount paid R7 391 304.		
Total amount paid to Kopanong for assistance R4 300 000.		
Amount paid to Vaal Central on behalf of Kopanong R4 174 000		
Amount paid for the sewer spillage on behalf of Kopanong R3 036 791.		
<b>28. General expenses</b>		
Advertising	34 560	131 140
Auditors remuneration	3 891 994	3 295 162
Bank charges	60 213	57 961
Consulting and professional fees	2 423 839	1 199 224
Entertainment	14 108	519
Conferences and seminars	2 922	8 825
Motor vehicle expenses	17 605	10 234
Fuel and oil	471 869	615 114
Printing and stationery	156 425	160 851
Protective clothing and uniform	33 194	56 104
Repairs and maintenance	1 253 372	633 069
Telephone, data and fax	460 671	450 553
Training and staff bursaries	165 371	1 332 615
Travel - local	676 438	721 934
Accommodation	689 302	665 561
SALGA	583 753	546 600
COIDA	462 519	290 373
Other expenses	2 525 442	1 574 176
	<b>13 923 597</b>	<b>11 750 015</b>
<b>29. (Losses) on disposal of assets</b>		
Gains on disposal of property, plant and equipment	(78 772)	(139 054)
<b>30. Cash generated from operations</b>		
Deficit	(6 836 231)	(7 192 831)
<b>Adjustments for:</b>		
Depreciation and amortisation	1 090 890	1 123 491
Profit on sale of assets and liabilities	78 772	139 054
Actuarial gains	(359 760)	-
Interest on debtors	(1 347 576)	-
Debt impairment & bad debts write off	2 779 809	1 859 413
Movements in retirement benefit assets and liabilities	375 154	262 189
Employee obligation benefits	(519 000)	-
Employee obligation service cost	262 450	-
<b>Changes in working capital:</b>		
Receivables	6 174 755	(9 344 829)
Payables from exchange transactions	2 733 754	3 163 278
VAT	(167 477)	(1 052 137)
Taxes and transfers payable (non-exchange)	11 354 941	11 155 381
Unspent conditional grants and receipts	6 797	1 095
	<b>15 627 278</b>	<b>114 104</b>

# Xhariep District Municipality

(Registration number DC16)

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### 31. Contingencies

#### 30 June 2025

##### Contingent liabilities

Tefo Lebaka // Xhariep District Municipality, Employment Equity Act claim. The municipality is being sued for salary parity. The municipality is now waiting for the union to arrange the hearing date. The estimated liability is R150 000.

Lobamba Enterprise (PTY) LTD// Xhariep District Municipality- The municipality has been taken to court by Lobamba Enterprise who are claiming R415 575 for breach of contract.

##### Contingent Assets

The municipality did not have any contingent asset at year end.

#### Contingent liabilities

#### 30 June 2024

Lobamba Enterprise (PTY) LTD// Xhariep District Municipality- The municipality has been taken to court by Lobamba Enterprise who are claiming R415 575 for breach of contract.

Tefo Lebaka // Xhariep District Municipality, Employment Equity Act claim. The municipality is being sued for salary parity. The municipality is now waiting for the union to arrange the hearing date. The estimated liability is R150 000.

##### Contingent Assets

The municipality did not have any contingent asset at year end.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

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### 32. Related parties

Relationships

Accounting Officer

Compensation to key management

Compensation to councillors

Refer to officer's report

Refer to employee related cost note

Refer to note on remuneration of councillors

### Remuneration of Council

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

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### 32. Related parties (continued)

#### Management class: Councillors

2025

Name	Basic salary	Medical Aid	Pension	Travel Allowance	Telephone Allowance	Telephone	Other benefits received	Total
Executive Mayor	934 569	70 348	-	-	-	43 200	14 323	1 062 440
Speaker	803 935	-	-	-	-	43 200	12 313	859 448
Mayoral committee members	1 183 601	-	-	-	-	46 800	20 638	1 251 039
Other Councillors	1 573 522	70 964	79 253	84 000	318 794	61 781	61 781	2 188 314
	<b>4 495 627</b>	<b>141 312</b>	<b>79 253</b>	<b>84 000</b>	<b>451 994</b>	<b>109 055</b>	<b>109 055</b>	<b>5 361 241</b>

2024

Name	Basic salary	Medical Aid	Pension	Telephone Allowance	Telephone Allowance	Other benefits received	Total
Executive Mayor	850 179	103 894	-	-	45 600	18 509	1 018 182
Speaker	763 259	-	-	-	45 600	16 601	825 460
Mayoral Committee Members	1 470 166	-	-	-	151 708	43 101	1 664 975
Other Councillors	1 387 938	33 712	46 057	573 973	573 973	115 950	2 157 630
	<b>4 471 542</b>	<b>137 606</b>	<b>46 057</b>	<b>816 881</b>	<b>816 881</b>	<b>194 161</b>	<b>5 666 247</b>

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 33. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated deficit of (21 476 535) and that the municipality's total liabilities exceed its assets by (21 476 535).

The municipality notes that the current liabilities as at 30 June 2025 R 47 682 541 exceeds the current assets R 21 325 932 by R 26 356 609. This is mainly due to cashflow problems which ends up with creditors not being paid when due. The municipality mainly relies on funding from the Government grants and an increase on Provincial Assistance Grant has been noted which has significantly impacted the municipality's financial standing. The municipality has put in place measures to ensure that the municipality is able to pay its short term debts on time.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality had a deficit for the period ending 30 June 2025 amounting to R (6 836 231) and as compared to the previous financial year surplus of R (7 192 831).

The municipality mainly relies on the funding from National and Provincial Government Grants on its day-to-day operations.

The funding for the municipality is likely to continue as per the approved budget for the 2025/2026 financial year by Council. The approved budget has been assessed and approved by Treasury.

Management assessed the revenue streams and notes that the trading revenue accounts for 10% and Grant accounts for 90% of the total revenue.

The major debtors were assessed and noted that they were already in financial difficulties before the pandemic and have been impaired.

The municipality is highly reliant on the grants and if these are reduced, will have impact on the municipality's going concern. However, no intention to reduced the grants has been noted and no further intention to close or scale down the municipality has been noted from the National and Provincial Government.

The ability of the municipality to continue as a going concern is dependent on the fact that most of the municipality's funding is from grant funding which is guaranteed to be received as allocated in the Division of Revenue Act (DORA) and Provincial Gazette. This funding is expected to slightly increase in the next financial year as shown in the DORA and this will assist the municipality in incurring what we budget properly in our expenditures. Management is actively looking for cost-cutting measures as evidenced by the reduction in current year expenditure. The measures include reducing physical meetings and have virtual meetings, reducing the catering expenses when events are being hosted by the municipality.

Based on the above assessment, the municipality incurred a net deficit of R (6 836 231) during the year ended 30 June 2025 and, as of that date, the municipality's current liabilities exceeded its current assets by R 26 356 609. The municipality is unable to pay its creditors' accounts when they fall due, as it takes the municipality more than 200 days to settle creditors. The total liabilities exceeded its total assets by R (21 476 532). These events or conditions, along with other matters as set forth above have been mitigated by the strategies above.

### 34. Events after the reporting date

At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.

# Xhariep District Municipality

(Registration number DC16)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	2025	2024
<b>35. Unauthorised expenditure</b>		
Opening balance as previously reported	44 450 541	35 072 743
Add: Unauthorised expenditure - current	16 073 357	15 706 893
Less: Amount written-off 2021/2022	(6 661 781)	-
Less: Amount written-off 2022/2023	(6 724 033)	-
Less: Amount written-off - current	-	(6 329 095)
Less: Amount written-off 2023/2024	(12 670 102)	-
<b>Closing balance</b>	<b>34 467 982</b>	<b>44 450 541</b>
<b>The over expenditure incurred by municipal departments during the year is attributable to the following categories:</b>		
Non-cash	3 644 281	2 464 403
Cash	12 429 076	13 242 490
	<b>16 073 357</b>	<b>15 706 893</b>
<b>Analysed as follows: non-cash</b>		
Depreciation and amortisation	864 472	604 990
Debt impairments	2 779 809	1 859 413
	<b>3 644 281</b>	<b>2 464 403</b>
<b>Analysed as follows: Cash</b>		
Financial assistance to Kopanong (COGTA receivable)	-	7 336 791
General expenditure	6 919 733	2 827 944
Employee related costs	3 377 769	1 878 813
Finance cost	494 345	476 088
Contracted services	1 637 229	722 854
	<b>12 429 076</b>	<b>13 242 490</b>
<b>36. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	2 322 344	2 392 329
Add: Fruitless and wasteful expenditure identified - current	166 649	255 704
Less: Amount written off - 2022/2023	(396 756)	(325 689)
Less: Amount written off - 2023/2024	(395 706)	-
Less: Amount written off - 2024/2025	(132 839)	-
<b>Closing balance</b>	<b>1 563 692</b>	<b>2 322 344</b>
Fruitless and wasteful expenditure is presented inclusive of VAT		
<b>Attributable to:</b>	<b>166 649</b>	<b>255 704</b>
<b>Analysed as follows:</b>		
Interest-Audit fees	129 619	60 056
Accommodation	-	2 580
Interest ABSA overdraft	67	4 607
Penalty SARS	-	160 485
COIDA penalty	36 963	27 976
	<b>166 649</b>	<b>255 704</b>

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

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<b>37. Irregular expenditure</b>		
Opening balance as previously reported	56 931 949	52 763 861
Add: Irregular expenditure - (Non-compliance with laws and regulations) - current	115 082	4 168 088
<b>Closing balance</b>	<b>57 047 031</b>	<b>56 931 949</b>

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 37. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Overpayment of Section 56/57 Managers			179 751
	<b>Disciplinary steps taken/criminal proceedings</b>	-	
	The expenditure was identified in the prior years and is being assessed on how to regularise the expenditure as it is ongoing.		
Where competitive bidding process could not be followed.		115 082	3 979 157
Where three quotation could not be obtained.		-	9 180
		<b>115 082</b>	<b>4 168 088</b>

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### 38. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

For the financial year there were instances where goods and services were procured and deviated from the normal supply chain management policy, of which amounted to R2 352 842 - 30 June 2025 (30 June 2024: R1 960 240).

The reasons for these deviations were documented and reported to the who considered them and subsequently approved the deviation from the normal supply chain management regulations.

#### Reasons for deviation

Sole Provider 2025: 9 incidents (2024: 8 incident)

Impractical 2025: 35 incidents (2024: 57 incident)

	139 630	152 847
	2 213 212	1 807 393
	<b>2 352 842</b>	<b>1 960 240</b>

#### Categories

Membership fees

Flight tickets

Vehicle and equipment repairs

Mscosa System

Legal fees

ICT repairs

Bursaries

Staff training

Licenses

Advertising

Insurance

Recruitment expenses

Accommodation

	30 June 2025	30 June 2024
Membership fees	52 446	11 830
Flight tickets	54 563	46 544
Vehicle and equipment repairs	159 024	55 971
Mscosa System	1 608 179	-
Legal fees	89 413	-
ICT repairs	26 378	-
Bursaries	282 704	838 168
Staff training	80 135	64 482
Licenses	-	753 298
Advertising	-	128 560
Insurance	-	2 199
Recruitment expenses	-	25 000
Accommodation	-	34 188
	<b>2 352 842</b>	<b>1 960 240</b>

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 39. Financial instruments disclosure

#### Categories of financial instruments

#### 2025

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1 999 369	1 999 369
Cash and cash equivalents	15 633 621	15 633 621
	<b>17 632 990</b>	<b>17 632 990</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	19 467 866	19 467 866
Payables from non exchange transactions	23 345 508	23 345 508
	-	-
	<b>42 813 374</b>	<b>42 813 374</b>

#### 2024

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	9 606 354	9 606 354
Cash and cash equivalents	340 609	340 609
	<b>9 946 963</b>	<b>9 946 963</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	16 403 156	16 403 156
Payables from non-exchange transactions	11 990 567	11 990 567
Bank overdraft	33 077	33 077
	<b>28 426 800</b>	<b>28 426 800</b>

### 40. Risk management

#### Financial risk management

##### Liquidity risk

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.

# Xhariep District Municipality

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### 40. Risk management (continued)

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Nedbank - Call Deposit	124 138	114 856
ABSA- Cheque account	4 156 342	-
ABSA - Invest Tracker	13 355	212 500
ABSA - Call Account	27 846	13 162
Receivables	1 999 369	9 606 354

#### Market risk

##### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from short term loans and investment. These are issued at variable rate and expose the Municipality to cash flow interest rate risk.

Financial instruments that are issued at fixed rate expose the municipality to fair value interest rate risk.

# Khariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

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### 41. Budget differences

#### Material differences between budget and actual amounts

The excess of actual over the final budget of 5% is deemed to be material. Reasons are provided below. Generally, the actual has been higher than the budgeted amounts for the year.

#### Statement of Financial Performance

##### i. Rental of Facilities

Actual Rental of facilities income is less than amount budgeted as there were no significant rental escalations implemented during the year due to the financial condition of the municipality's biggest lessee.

##### ii. Interest Received from debtors

The difference was as a result of the interest charged to Kopanong for the outstanding rental balance which was not budgeted for.

##### iii. Other Income

The difference was as a result of the municipality collecting less on licenses and permits.

##### iv. Interest received -(bank/investments)

The difference was as a result of receiving less interest from the banks, Investment accounts accrued less interest due to less funds invested.

##### v. Debt Assistance (Non-Exchange)

The difference was as a result of a debt waiver which was given by the Auditor General of South Africa to the municipality in its efforts to help the municipality clear its audit fees arrears.

##### vi. LG SETA Income

LGSETA income was not budgeted for in the current year.

##### vii. Depreciation and amortisation

Municipality under-budgeted for depreciation and amortisation

##### viii. Finance costs

The variance is as a result of the year end employee benefits obligations.

##### ix. Debt impairment

Municipality did not budget for debt impairment.

##### xi. Contracted services

Contracted services were over budgeted for. The municipality implemented cost containment measures to ensure that contracted costs are not high.

##### x. Transfers and subsidies

The variance is as a result of the municipality not incurring any transfers and subsidies during the financial year.

##### xii. General Expenses

Municipality under budgeted for general expenses.

##### xiii. Loss on disposal

Municipality did not budget for loss on disposal of assets.

# Xhariep District Municipality

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Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

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### 41. Budget differences (continued)

#### xiv. Actuarial gains

The municipality did not budget for Actuarial gain.

### Statement of Financial Position

#### xv. VAT receivables

The variance was as a result of the municipality under budgeting for VAT receivable.

#### xvi. Trade and other receivables

Actual trade and other receivables is higher than the amount budgeted for as a result of non-payment of the outstanding balance from the municipality's biggest debtor.

#### xvii. Cash and cash equivalents

The actual cash balance is higher than the budgeted amounts as a result of the MIG funds that were held by the municipality at year end.

#### xviii. Property, plant and equipment

Municipality under budgeted for Property, plant and equipment.

#### xix. Payables from exchange transaction

The variance is as a result of payables from exchange transactions that were not budgeted for.

#### xx. Payables from non exchange transactions

The variance is mainly as a result of Municipal Infrastructure Grant which was still held by the municipality as at year end and not budgeted for as a liability

#### xxi. Employee benefit obligation

Municipality did not budget for employee benefit obligations.

#### xxii. VAT Payable

The municipality had a VAT receivable at year end and not a VAT payable hence the variance

#### xxiii. Employee benefit obligation

Municipality did not budget for employee benefit obligations.

#### xxiv. Unspent conditional grants

The municipality anticipated to spend all the grants received hence the variance.

#### xxv. Accumulated deficit

The variance is as a result of all the movements on the Statement of financial position.

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

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<b>42. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government (SALGBC)</b>		
Opening balance as previously reported	3 857	3 184
Add: Charge for the year	20 889	23 256
Less: Amounts paid - current	(22 906)	(22 583)
	<b>1 840</b>	<b>3 857</b>
<b>VAT</b>		
Opening balance as previously reported	3 525 465	2 392 080
Add: Charge for the year	1 390 930	4 765 591
Less: Amounts recovered - current	(1 223 453)	(3 632 206)
	<b>3 692 942</b>	<b>3 525 465</b>
<b>Audit fees</b>		
Opening balance	100 000	437 481
Charge for the year	3 891 994	3 295 162
Amount paid - current year	(3 991 994)	(3 632 643)
	<b>-</b>	<b>100 000</b>
<b>PAYE UIF and SDL</b>		
Opening balance	-	823 445
Current year charge	9 801 537	9 319 771
Amount paid - current year	(8 988 716)	(9 393 917)
Amount paid - previous years	-	(749 299)
	<b>812 821</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	(8 634)	912 141
Current year charge	12 532 707	7 810 677
Amount paid - current year	(11 440 158)	(7 793 791)
Amount paid - previous years	-	(937 661)
	<b>1 083 915</b>	<b>(8 634)</b>
<b>VAT</b>		
VAT receivable	15 180 879	13 709 060
VAT payable	11 487 937	10 183 595
	<b>3 692 942</b>	<b>3 525 465</b>

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

### 43. Segment information

#### General information

# Xhariep District Municipality

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## Notes to the Annual Financial Statements

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### 43. Segment information (continued)

#### Identification of segments

The municipality does not have any reportable segments which generates economic benefits. The financial information is already disclosed in the Annual Financial Statements.

### 44. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

##### VAT receivable

VAT receivable was restated as a result of restating the prepayments for RRAMS expenditure and expenses.

##### Trade and other receivables

Trade and other receivables was restated as a result of the funds that were paid by the municipality which were supposed to be recovered from COGTA. The funds were previously accounted for as part of MIG liability under Payables from non exchange transactions. These funds were still owing from COGTA as at 30 June 2024.

##### Property, plant and equipment

This was restated as a result of depreciation that had not been correctly calculated during the 2024 financial year.

##### Payables from exchange

The payables from exchange was restated as a result of the Kopanong Local Municipality invoice not captured and the Rethuseng Live Line invoice correction.

##### Payables from non-exchange transactions

These were restated as a result of an error where funds that were receivable from COGTA were incorrectly accounted for as part of MIG liability under Payables from non exchange transactions

##### Accumulated deficit

This was restated as a result of the net effect of all restatements effected on all Statement of Financial Position.

#### Statement of financial performance

##### COGTA assistance grant

This was restated as a result of funds that were received and receivable from COGTA and not previously accounted for as part of the COGTA assistance grant

##### Construction costs

The construction costs were restated as a result of an incorrect invoice being captured.

##### Depreciation and amortisation

This was restated as a result of depreciation that had not been correctly calculated during the 2024 financial year

##### Transfers and subsidies

This was restated as a result of the donation that was made during the 2024 financial year and not accounted for as part of Transfers and subsidies.

##### Loss on disposal of assets

The loss on disposal of assets was restated as a result of a disposal of IT equipment which was not adjusted.

##### General expenses

The general expenses were restated as a result of the utility bills from Kopanong not being captured.

#### Statement of financial position

# Xhariep District Municipality

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### 44. Prior-year adjustments (continued)

#### 2024

	As previously reported	Correction of error	Restated
Trade and other receivables	7 084 772	2 521 582	9 606 354
VAT receivable	3 297 211	228 254	3 525 465
Property, plant and equipment	8 455 935	(57 553)	8 398 382
Payables from exchange transactions	(21 118 456)	(372 891)	(21 491 347)
Payables from non exchange transactions	(7 909 264)	(4 081 303)	(11 990 567)
Accumulated deficit	(12 878 394)	(1 761 911)	(14 640 305)
	<b>(23 068 196)</b>	<b>(3 523 822)</b>	<b>(26 592 018)</b>

### Statement of financial performance

#### 2024

	As previously reported	Correction of error	Restated
COGTA assistance	4 300 000	7 210 791	11 510 791
Depreciation and amortisation	(1 204 990)	81 499	(1 123 491)
Transfers and subsidies	(11 691 304)	(7 210 792)	(18 902 096)
Loss on disposal	-	(139 054)	(139 054)
Construction costs	(16 456 815)	(162 218)	(16 619 033)
General expenses	(11 587 983)	(162 032)	(11 750 015)
<b>Surplus for the year</b>	<b>(36 641 092)</b>	<b>(381 806)</b>	<b>(37 022 898)</b>

### Disclosures

The following prior period errors adjustments occurred:

#### Financial Instruments - Financial liabilities

Audited balance	29 060 797	-
Adjustments made	(633 997)	-
<b>Restated opening balance</b>	<b>28 426 800</b>	<b>-</b>

The Adjustment made to the financial liabilities was as a result of including leave and bonus accrual.

#### Unauthorised expenditure

Opening balance	41 413 750	-
Adjustments made	3 036 791	-
<b>Restated opening balance</b>	<b>44 450 541</b>	<b>-</b>

Adjustment made to opening balance of unauthorised expenditure is due to an error of including expenses not related to the Kopanong LM MIG grant.

Audit Action Plan Status: All						
Reference	Section	Finding	Root Cause	Action Plan	Responsible Person	Due Date Dev
AAP87623-2025	Misstatements in annual financial statements	CoAF 35 of 2025 - Cash flow statement – Differences identified between amount disclosed and auditor calculations	This occurred due to a lack of review by management to ensure that the cashflow statement agrees with all the applicable supporting disclosure notes and is in accordance with the GRAP requirements.		Mpho Tamasane	28/Feb/2026
AAP87664-2025	Other reported information	CoAF 36 of 2025 - Financial Instruments – Financial instruments include the items which does not form part of the financial instrument	This occurred due to a lack of review by management to ensure that the cashflow statement agrees with all the applicable supporting disclosure notes and is in accordance with the GRAP requirements	The AFS were adjusted and the Employee related costs were removed from financial instruments disclosure.	Gracious Mmolawa	28/Feb/2026
AAP87667-2025	Other reported information	CoAF 30 of 2025 - Financial Instrument disclosure - Disclosure is not in accordance with GRAP 104	Inadequate monitoring of control in place by management over review of AFS to ensure AFS are supported by sufficient and appropriate evidence		Gracious Mmolawa	28/Feb/2026
AAP87669-2025	Non-compliance with laws and regulations	CoAF 20 of 2025 - Unspent conditional grant not backed by the cash in bank account of the municipality	The above occurred due to management not implementing sufficient control to ensure that the conditional grants are fully utilised for their intended purposes.	Ringfencing of conditional grants will be implemented to prevent the funds from being used for purpose not relating to conditions of grants.	Gracious Mmolawa	28/Feb/2026
AAP87673-2025	Non-compliance with laws and regulations	CoAF 08 of 2025 - Consequence management: Non-compliance with section 32(2)(b) of the MFMA	This was due to management inability to refer the incidents of unauthorised, irregular, fruitless and wasteful expenditure to determine the extent of consequence management.		Ntombi Augustus	28/Feb/2026
AAP87674-2025	Non-compliance with laws and regulations	CoAF 33 of 2025 - Expenditure Management – UIFW was not investigated by MPAC	Management did not monitor the control in place to ensure municipality comply with law and regulation.		Ntombi Augustus	28/Feb/2026

AAP87678-2025	Non-compliance with laws and regulations	CoAF 02 of 2025 - Payments to suppliers not made within 30 days	This was caused by inadequate oversight over the budgeting process and lack of adequate cash flow to cover financial obligations as they arise.	The municipality depends 100% on grants and does not generate its own income, there will always be cash challenges. Municipality is showing progress with some invoices paid within 30 days. An invoice tracker has been developed to track invoice dates, due dates and actual payment dates.	Lerato Motloung	28/Feb/2026
AAP87679-2025	Non-compliance with laws and regulations	CoAF 37 of 2025 - Payments to suppliers not made within 30 days	This was caused by inadequate oversight over the budgeting process and lack of adequate cash flow to cover financial obligations as they arise.	Invoice tracker is being developed to avoid not paying within 30 days. Municipality is showing progress as some invoices are paid within 30 days.	Lerato Motloung	28/Feb/2026
AAP87794-2025	Non-compliance with laws and regulations	CoAF 07 of 2025 - Consequence Management - Reasonable steps not taken to prevent UIFW	This was due to management did not take reasonable steps to ensure that unauthorised, irregular, fruitless and wasteful expenditure were prevented and did not incur.		Mpho Tamasane	28/Feb/2026
AAP87796-2025	Non-compliance with laws and regulations	CoAF 18 of 2025 - Monthly budget statement no explanation of variances	Lack of review and oversight of the monitoring monthly budgets.		Thabo Matsiliso	28/Feb/2026
AAP87798-2025	Non-compliance with laws and regulations	CoAF 06 of 2025 - Audit action plan - Remedial action not fully implement	The above occurred due to lack of regular reviews of the audit action plan by the management and lack of implementation of corrective actions. Furthermore, the audit action plan prepared was not adequate as it did not outline the remedial actions to address the root cause		Mpho Tamasane	28/Feb/2026
AAP87799-2025	Non-compliance with laws and regulations	CoAF 05 of 2025 - Non-compliance with municipal budget and reporting reg 26(1), 26(2)(c): Adjustment budget not made public within 10 days after council approval	This is as a result of not adhering to the requirement of the MFMA.		Thabo Matsiliso	28/Feb/2026

AAP87800-2025	Non-compliance with laws and regulations	CoAF 03 of 2025 - Understanding of the Audit committee - Internal control deficiency and non-compliance	This was due to ineffectiveness of the internal audit unit and oversight functions required not be performed by the audit committee.	Meiki Kumalo	28/Feb/2026
AAP87804-2025	Other reported information	CoAF 15 of 2025 - Assets with zero useful lives not re-assessed at the end of each reporting period	This was due to lack of reviews to ensure that the useful lives and residual values are re-assessed at the end of each reporting period, adjusted for assets in instances where assets are still in use but have been fully depreciated.	Thabo Matsiliso	28/Feb/2026
AAP87795-2025	Other reported information	CoAF 32 of 2025 - Skills and capacity - No personal development plans	This was due to management not ensuring that the timely implemented the personal performance agreements and personal development plans for its employee in accordance with Section 55(2)(a) of the Municipal Staff Regulations.	Tefo Lebaka	28/Feb/2026
AAP87797-2025	Non-compliance with laws and regulations	CoAF 09 of 2025 - Internal audit function - Compliance and Internal control deficiency	Lack of oversight by management on internal control deficiencies in internal audit.	Meiki Kumalo	28/Feb/2026
AAP87801-2025	Misstatements in annual financial statements	CoAF 34 of 2025 - Incorrect disclosure of Principle Agent Arrangement	Lack of review and oversight from management of the financial statement.	Mpho Tamasane	28/Feb/2026
AAP87802-2025	Other reported information	CoAF 01 of 2025 - High-level review AFS - Differences	Inadequate review of the annual financial statements by management, internal audit and audit committee by ensure that the AFS are adequately supported by schedules, before submission to AGSA.	Mpho Tamasane	28/Feb/2026
AAP87803-2025	Non-compliance with laws and regulations	CoAF 23 of 2025 - MFMA Additional Disclosure - Differences	The matter is due to management's lack of oversight in ensuring that the supporting information agrees to the disclosure per the financial statements.	Lerato Motloung	28/Feb/2026
AAP87805-2025	Other reported information	CoAF 28 of 2025 - Follow-up of Prior Year issue - CoAF 84 of 2024 - General expenses: Accuracy of expenditure incurred	Internal review by management has been enhanced, capturing of information is done on a weekly basis and any challenges are followed up.  Internal review by management has been enhanced, capturing is done on weekly basis and monthly reconciliations are also done.	Lerato Motloung	28/Feb/2026

AAP87806-2025	Other reported information	CoAF 27 of 2025 - Follow-up of Prior year issue - CoAF 78 of 2024 - General Expenses: Misclassification of Staff Welfare	This is as a result of lack of oversight by management to ensure the transactions recorded are reviewed for accuracy.	Internal review by management has been enhanced. Capturing is done on weekly basis and monthly reconciliations are performed.	Lerato Motloung	28/Feb/2026
AAP87807-2025	Other reported information	CoAF 25 of 2025 - Differences between trade Creditors listing/age analysis and Statement	The cause is the lack of review by management to ensure that the Trade creditor's listing/Age analysis agrees to the Trade creditor's statements.	Internal review by management has been enhanced, capturing is done on a weekly basis, and monthly reconciliations are performed.	Lerato Motloung	28/Feb/2026
AAP87808-2025	Other reported information	CoAF 22 of 2025 - Differences noted in recalculation of leave accrual CoAF 19 of 2025 - Follow-up of Prior year issue - CoAF 59 of 2024 - Payables from exchange transactions: Trade payables - The difference between age analysis and supplier statements/invoices	The cause is the lack of review by management to ensure that the calculation of leave accrual is accurate.	The matter was resolved and recalculations were performed.	Lerato Motloung	28/Feb/2026
AAP87809-2025	Other reported information	CoAF 39 of 2025 - Third party payables - Differences between thirty party payments recalculation and AFS amount	This was caused by lack of oversight by management to ensure adequate reviews and internal control of the age analysis and creditor's accounts.	Internal review by management has been improved, capturing is done on a weekly basis and monthly reconciliations are being performed. Invoice tracker is being developed.	Lerato Motloung	28/Feb/2026
AAP87810-2025	Misstatements in annual financial statements	CoAF 17 of 2025 - Contract Management - Extension, expansion or variation is justifiable and not indicative circumvention of SCM processes	This was caused by lack of oversight by management to ensure adequate reviews of the third-party payment listing.	Internal review by management has been enhanced. Monthly reconciliations are performed.	Lerato Motloung	28/Feb/2026
AAP87811-2025	Non-compliance with laws and regulations	CoAF 17 of 2025 - Contract Management - Extension, expansion or variation is justifiable and not indicative circumvention of SCM processes	Management did not monitor the percentage of the expenditure that exceeded the contract value against the prescribed threshold.	Procurement processes underway awaiting finalization of the tender	Thandeka Tshabalala	28/Feb/2026

AAP87812-2025	Other reported information	CoAF 26 of 2025 - Follow-up of Prior year issue - CoAF 92 of 2024 - Receivables from exchange (Legacy Debt) - Indicators for impairment not appropriately assessed and accounted for	Lack of management oversight to ensure that external confirmations align to the presentation disclosure of the financial statements.	Mpho Tamasane	28/Feb/2026
AAP87813-2025	Misstatements in annual financial statements	COAF 40 - Fruitless and wasteful expenditure: Incomplete disclosure of the note 36 due to council resolution of write-off of some of the Fruitless and wasteful expenditure	This was due to management not implementing adequate quality review processes over the financial statements prior to submission for audit.	Mpho Tamasane	28/Feb/2026
AAP87814-2025	Other reported information	3. CoAF 10 of 2025 - Internal Control Deficiency - EPWP Attendance Register	Oversight controls not implemented over daily signing of the attendance registers as well as the authorisation of the attendance registers.	Tefo Lebaka	28/Feb/2026